

Moving to Work (MTW) 2014 Annual Report

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

September 30, 2014



HOUSING AUTHORITY OF THE COUNTY OF SANTA CLARA (HACSC)

Board of Commissioners

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HACSC’s mission is to provide and inspire affordable housing solutions to enable low-income people in Santa Clara County to achieve financial stability and self-reliance.

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I. INTRODUCTION

Purpose of This Report

The Housing Authority of the County of Santa Clara (HACSC) was established by the Santa Clara County Board of Supervisors in 1967. HACSC is an independent local government agency whose mission is to provide and inspire affordable housing solutions to enable low-income people in Santa Clara County to achieve financial stability and self-reliance.

HACSC, along with the Housing Authority of the City of San José (HACSJ) administered by HACSC, entered into a ten-year agreement with the Department of Housing and Urban Development (HUD) in the beginning of 2008 to become a Moving to Work (MTW) agency. This report demonstrates the status of HACSC's sixth full year as an MTW agency during FY2014 (July 1, 2013 through June 30, 2014).

What is MTW?

The MTW program, established by Congress in 1996, is a federal demonstration program that links federal goals with locally-designed actions. Through the MTW program, select housing authorities are encouraged to propose and implement innovative changes to the way 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 housing choices for low-income households.

HACSC strives to achieve these goals while assisting at least as many households and as diverse households (in terms of income level and family size) as before receiving MTW designation.

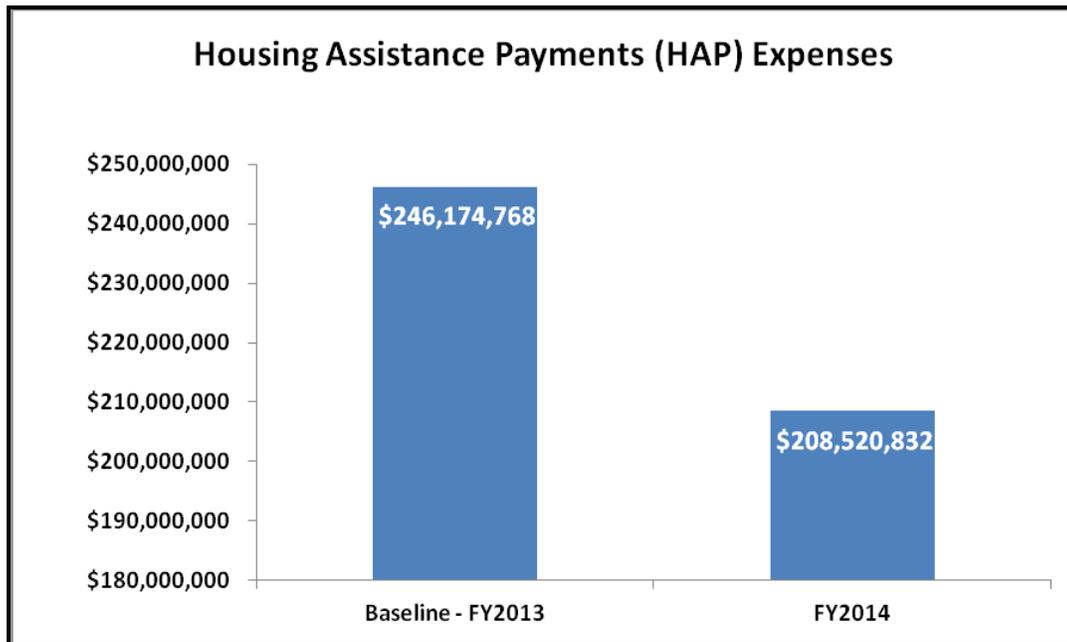
Fiscal Year 2014: HACSC's Overall MTW Progress

In response to the March 2013 Congressional reduction in HACSC's Section 8 funding for CY2013 of more than \$16 million, HACSC's Board of Commissioners considered several options to reduce program costs in lieu of terminating households from the program. Three of the changes required the Agency to amend its FY2014 MTW Plan to add two activities and to revise a current, approved activity. Below is a brief description of these activities.

1. Activity 2014-3: Freeze on Contract Rent Increases. This activity, implemented July 1, 2013, imposed a moratorium on any owner requests to increase their current, approved contract rent. The moratorium would be in place for one year, and the decision on whether and when to impose any subsequent increases would be subject to HACSC's Board of Commissioner's approval.
2. Activity 2014-4: Increased Tenant Contribution to 35% of Gross Income. This activity, implemented September 1, 2013, simplified the rental assistance calculation by setting the participant's rent portion as (1) a flat 35 percent of their household's gross monthly income; or (2) \$50, whichever is higher. Allowances, including utility allowances, were eliminated from the calculation, as well as various expenses and deductions that are currently allowed.

3. Revision to Activity 2009-14: Payment Standard Changes Between Regular Reexaminations. This activity previously allowed HACSC to change a household’s voucher size (the number of bedrooms HACSC approves for a family based on their family composition) when a family’s composition changed between regular reexaminations. HACSC revised the activity to allow HACSC to implement policy changes on the number of bedrooms a family is eligible for under the program and reduce a household's voucher size following a minimum 30 days notice, when necessary (and process a rent calculation using the new voucher size). The revised activity was implemented effective September 1, 2013 for families under an ongoing Housing Assistance Payment contract.

In FY2014, the sequestration-related cost savings measures described above resulted in \$37.6 million annual Housing Assistance Payment savings.



HACSC engaged with community partners and stakeholders during the implementation of these major cost-saving activities. HACSC hosted a Tenant Resource Fair where 13 partner agencies attended and disseminated information to tenants. Over 1,640 people attended the fair to collect resources and communicate with a variety of agencies that provide legal services, food bank assistance, information on reduced rate utilities, rental assistance and more. The Fair also provided the opportunity for tenants to submit hardship requests, ask general questions, and learn more about the changes to the rent calculation and the subsidy size as a result of the implementation of activities relating to sequestration.

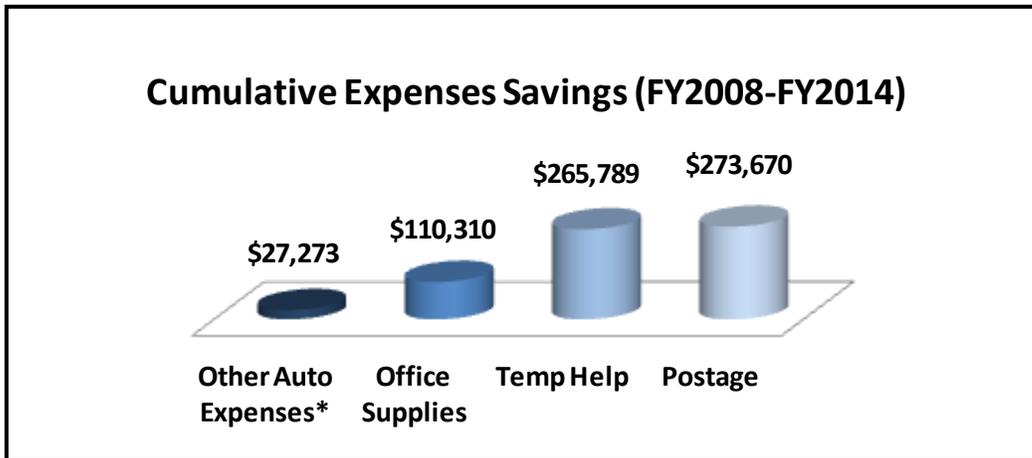
In addition, HACSC in partnership with other local governments and agencies created the Sequester Eviction Prevention Program to help households impacted by the reduction of Section 8 funding and program changes that increased tenants’ rent portion. The program was designed to help Section 8 participants who received a rent increase of \$300 or more, or were late with their rent payment because of sequestration-related activities and were at risk of eviction. Financial assistance was provided to cover the unpaid portion of the tenants’ rent (up to \$3,500), which allowed the family to avoid eviction and immediate displacement. In addition, financial assistance provided up to \$2,000 in deposit assistance for families to secure replacement housing. Free legal services were also provided to help tenants avoid eviction, to negotiate extra time with the property owner if they were behind on their

rent, and to assist with related lease issues. Over 290 households were assisted by the program.

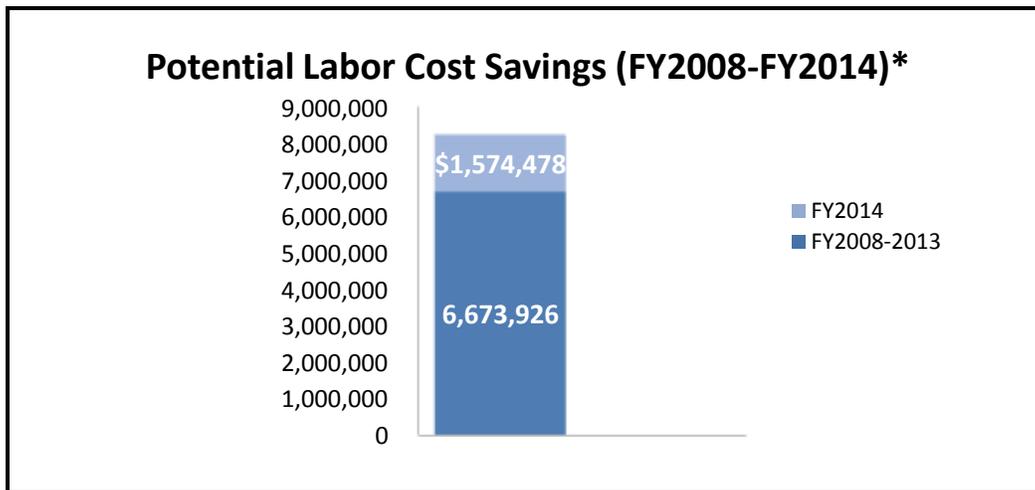
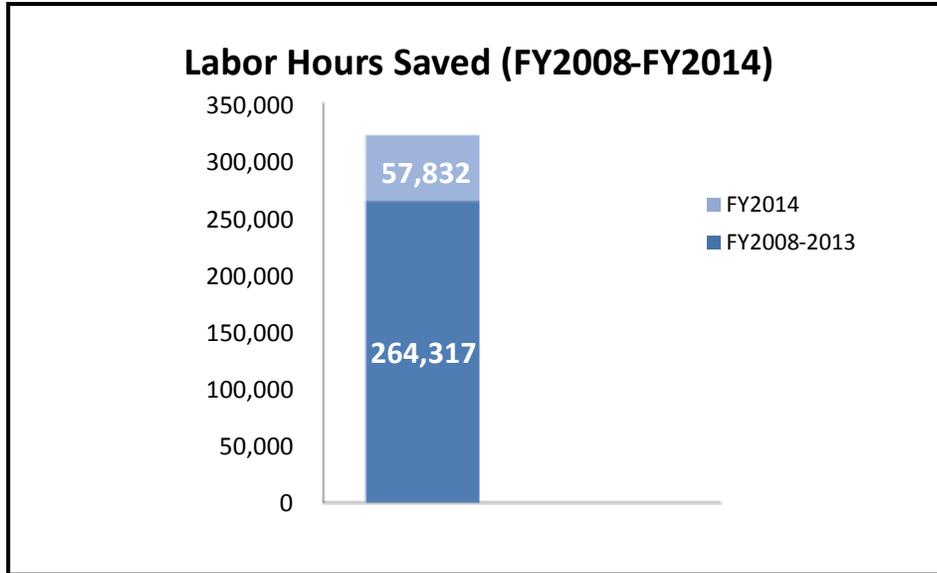
Since 2008, HACSC has developed 31 MTW activities, 27 of which have been successfully implemented, and 25 of them still ongoing. Section IV of this report describes the status and impact of each of the 25 ongoing activities. Appendix Two provides an activity summary.

The majority of HACSC’s implemented MTW activities were designed to improve administrative processes and promote systematic efficiencies. In FY2014, HACSC continued to innovate streamlining and cost savings measures within the tight fiscal climate that resulted from the recent federal sequestration, which reduced administrative and operating funds.

As an MTW demonstration agency for the past six years, HACSC has realized \$677,042 in direct expense savings (such as office supplies, postage, and temporary help). The graph below illustrates the cumulative expense savings realized from administrative streamlining.



Additionally, in FY2014, HACSC realized a cumulative labor savings of 322,149 hours through administrative streamlining activities. By eliminating certain regulatory processes and requirements that reduced key work tasks, an estimated cumulative potential labor savings of \$8,248,404 was realized between FY2008-FY2014.



*For reporting purposes, HACSC labor savings have been calculated as a theoretical figure, using the number of labor hours saved multiplied by the average salaries for the specific streamlined functions. As of FY2012, HACSC realized these savings through time increases re-allocated to other work functions (such as customer service), and increased training time. In FY2013, HACSC began to realize these savings by reducing its workforce through early retirement, attrition, job reclassification and layoffs due to new software system and business process streamlining measures.

Successful HACSC Initiatives

HACSC made significant progress in FY2014 in the administration of established initiatives and development of new initiatives. These efforts were designed to facilitate and stabilize HACSC’s financial security around the impacts of the federal sequestration. These initiatives included:

1. Continual cross-departmental coordination and collaboration with external stakeholders to assist with the administration of programs serving special populations, including Veterans Affairs Supportive Housing (VASH), Continuum of Care (CoC), Chronically Homeless Direct Referral

(CHDR) program, and Non-Elderly Disabled Vouchers (NED).

2. Approval of HACSC’s five-year strategic plan, which included goals in the areas of development, client services, finance and administration, and in the Housing Choice Voucher program.
3. Utilization of MTW funds for the preservation of Housing Authority owned/controlled affordable housing and for the pre-development of 180 units of housing in San José (the Park Avenue property).

HACSC’s Mission

HACSC’s mission is focused on innovating administrative, programmatic, and system-wide improvements with the goal of providing affordable housing for the people of Santa Clara County.

For the past five years, HACSC has taken carefully considered steps to assess and modify its business model as its MTW mandate requires. These actions proved to be strategic in the face of the current fiscal climate and financial challenges faced by all housing authorities operating Section 8 and 9 housing programs. Following a series of work flow, business processes, and staffing studies, HACSC reduced its staffing levels over a three-year period (from FY2011 through FY2013) and, as a result, continues to realize labor costs savings. HACSC will continue to assess optimal operational capacities and efficiencies that do not compromise program compliance and service.

In FY2014, HACSC adopted a five-year strategic plan. By defining goals and core values in a multi-year strategic plan, HACSC hopes to better respond to the needs of the community and have a clear focus on its priorities and objectives when allocating resources.

While carrying out its five-year plan, HACSC will endeavor to achieve its mission and vision through the following goals:

1. Optimizing Moving to Work (MTW) flexibility;
2. Maintaining a leadership role in improving existing housing and expanding the availability of new affordable housing to meet community needs, both directly and through mutually beneficial partnerships;
3. Maintaining a leadership role in using Housing Choice Vouchers (HCV) to optimize the affordable housing options;
4. Promoting client financial stability and self-reliance, as appropriate to their specific needs;
5. Operating in an innovative, financially responsible manner; and
6. Providing leadership for, collaboration with, and sharing information related to HACSC’s mission with community organizations, public agencies, and the public.

II. GENERAL HACSC OPERATING INFORMATION

Annual MTW Report

II.4.Report.HousingStock

A. MTW Report: Housing Stock Information

New Housing Choice Vouchers that were Project-Based During the Fiscal Year

Property Name	Anticipated Number of New Vouchers to be Project-Based *	Actual Number of New Vouchers that were Project-Based	Description of Project
San Veron	0	6	The project is an existing family housing complex consisting of 32 units (2, 3 and 4 bedroom units). Six units were converted to PBVs to assist Certain At-Risk Households in Low Vacancy Areas based on PIH Notice 2013-08.

Anticipated Total Number of New Vouchers to be Project-Based *	Actual Total Number of New Vouchers that were Project-Based	Anticipated Total Number of Project-Based Vouchers Committed at the End of the Fiscal Year *	Anticipated Total Number of Project-Based Vouchers Leased Up or Issued to a Potential Tenant at the End of the Fiscal Year *
16	6	1,299	1,299
		Actual Total Number of Project-Based Vouchers Committed at the End of the Fiscal Year	Actual Total Number of Project-Based Vouchers Leased Up or Issued to a Potential Tenant at the End of the Fiscal Year
		1,286	1,286

* From the Plan

Other Changes to the Housing Stock that Occurred During the Fiscal Year

Three (3) PBV units opted out due to termination of the contract.

Examples of the types of other changes can include but are not limited to units that are held off-line due to the relocation of residents, units that are off-line due to substantial rehabilitation and potential plans for acquiring units.

General Description of Actual Capital Fund Expenditures During the Plan Year		
Capital funds in the amount of \$22,000 were used for minor repairs at the remaining public housing units.		
Overview of Other Housing Owned and/or Managed by the PHA at Fiscal Year End		
Housing Program *	Total Units	Overview of the Program
Tax Credit	1,153	Senior Tax Credit Housing. This program includes non-elderly disabled and Project Based Vouchers or Project Based Assistance.
Tax Credit	945	Family Tax Credit Housing. This program includes Project Based Vouchers or Project Based Assistance.
Other	123	Public and Other HUD Assisted Housing. This program includes Project Based Vouchers or Project Based Assistance.
Total Other Housing Owned and/or Managed	2,221	
<p>* Select Housing Program from: Tax-Credit, State Funded, Locally Funded, Market-Rate, Non-MTW HUD Funded, Managing Developments for other non-MTW Public Housing Authorities, or Other.</p> <p>If Other, please describe: Public and Other HUD Assisted Housing. This program includes Project Based Vouchers or Project Based Assistance.</p>		

II.5.Report.Leasing

B. MTW Report: Leasing Information

Actual Number of Households Served at the End of the Fiscal Year

Housing Program:	Number of Households Served*	
	Planned	Actual
Number of Units that were Occupied/Leased through Local Non-Traditional MTW Funded Property-Based Assistance Programs **	513	340
Number of Units that were Occupied/Leased through Local Non-Traditional MTW Funded Tenant-Based Assistance Programs **	0	0
Port-In Vouchers (not absorbed)	294	294
Total Projected and Actual Households Served	807	634

* Calculated by dividing the planned/actual number of unit months occupied/leased by 12.

** In instances when a Local, Non-Traditional program provides a certain subsidy level but does not specify a number of units/Households Served, the PHA should estimate the number of Households served.

Housing Program:	Unit Months Occupied/Leased****	
	Planned	Actual
Number of Units that were Occupied/Leased through Local Non-Traditional MTW Funded Property-Based Assistance Programs ***	6,156	4,080
Number of Units that were Occupied/Leased through Local Non-Traditional MTW Funded Tenant-Based Assistance Programs ***	0	0
Port-In Vouchers (not absorbed)	3,528	3,528
Total Projected and Annual Unit Months Occupied/Leased	9,684	7,608

The MTW funds were used in FY2014 to successfully complete rehabilitation of Villa Garcia and buyouts for four properties (Pinmore, Klamath, Poco Way and Morrone) serving 340 of planned 513 households.

*** In instances when a local, non-traditional program provides a certain subsidy level but does not specify a number of units/Households Served, the PHA should estimate the number of households served.

**** Unit Months Occupied/Leased is the total number of months the housing PHA has occupied/leased units, according to unit category during the year.

	Average Number of Households Served Per Month	Total Number of Households Served During the Year
Households Served through Local Non-Traditional Services Only	94	1,139

Reporting Compliance with Statutory MTW Requirements: 75% of Families Assisted are Very Low-Income								
<p>HUD will verify compliance with the statutory objective of “assuring that at least 75 percent of the families assisted by the Agency are very low-income families” is being achieved by examining public housing and Housing Choice Voucher family characteristics as submitted into the PIC or its successor system utilizing current resident data at the end of the agency’s fiscal year. The PHA will provide information on local, non-traditional families provided with housing assistance at the end of the PHA fiscal year, not reported in PIC or its successor system, in the following format:</p>								
Fiscal Year:	2011	2012	2013	2014	2015	2016	2017	2018
Total Number of Local, Non-Traditional MTW Households Assisted	N/A	N/A	279	425				
Number of Local, Non-Traditional MTW Households with Incomes Below 50% of Area Median Income	N/A	N/A	238	372				
Percentage of Local, Non-Traditional MTW Households with Incomes Below 50% of Area Median Income	N/A	N/A	85%	88%				

Reporting Compliance with Statutory MTW Requirements: Maintain Comparable Mix

In order to demonstrate that the statutory objective of “maintaining a comparable mix of families (by family size) are served, as would have been provided had the amounts not been used under the demonstration” is being achieved, the PHA will provide information in the following formats:

Baseline for the Mix of Family Sizes Served

Family Size:	Occupied Number of Public Housing units by Household Size when PHA Entered MTW	Utilized Number of Section 8 Vouchers by Household Size when PHA Entered MTW	Non-MTW Adjustments to the Distribution of Household Sizes *	Baseline Number of Household Sizes to be Maintained	Baseline Percentages of Family Sizes to be Maintained
1 Person	418	5,109	N/A	5,527	33%
2 Person	107	3,767	N/A	3,874	23%
3 Person	12	2,919	N/A	2,931	18%
4 Person	13	2,152	N/A	2,165	13%
5 Person	3	1,181	N/A	1,184	7%
6+ Person	2	914	N/A	916	6%
Totals	555	16,042	N/A	16,597	100%

Explanation for Baseline Adjustments to the Distribution of Household Sizes Utilized

Non-Applicable

Mix of Family Sizes Served

	1 Person	2 Person	3 Person	4 Person	5 Person	6+ Person	Totals
Baseline Percentages of Household Sizes to be Maintained **	33%	23%	18%	13%	7%	6%	100%
Number of Households Served by Family Size this Fiscal Year ***	6,659	4,118	2,420	1,842	1,088	823	16,950
Percentages of Households Served by Household Size this Fiscal Year ****	39%	24%	14%	11%	7%	5%	100%
Percentage Change	6%	1%	-4%	-2%	0%	-1%	0%

<p>Justification and Explanation for Family Size Variations of Over 5% from the Baseline Percentages</p>	<p>HACSC believes this variance in 1 person households would have occurred irrespective of its MTW status. The Agency has not pulled from the Section 8 HCV waiting list for several years due to over-leasing and most recently, funding shortages due to federal sequestration. During this period, the only new families admitted to the program have been selected from the Project Based Voucher (PBV) waiting list to fill PBV vacancies and for targeted and pre-committed voucher programs, such as Veterans Affairs Supportive Housing and the Chronically Homeless Direct Referral Program. 82% of HACSC's PBV units are SRO's, Studios and 1 Bedrooms (most are for senior housing projects) and the CHDR/VASH programs assist homeless and chronically homeless individuals who typically have a family size of one. HACSC pulled data during the last year on the average family size of households leaving the program (2 person households) and households entering the program (1 person households) . This data supports the percentage change in 1 Person families.</p>	
<p>* “Non-MTW adjustments to the distribution of family sizes” are defined as factors that are outside the control of the PHA. Acceptable “non-MTW adjustments” include, but are not limited to, demographic changes in the community’s population. If the PHA includes non-MTW adjustments, HUD expects the explanations of the factors to be thorough and to include information substantiating the numbers used.</p>		
<p>** The numbers in this row will be the same numbers in the chart above listed under the column “Baseline percentages of family sizes to be maintained.”</p>		
<p>*** The methodology used to obtain these figures will be the same methodology used to determine the “Occupied number of Public Housing units by family size when PHA entered MTW” and “Utilized number of Section 8 Vouchers by family size when PHA entered MTW” in the table immediately above.</p>		
<p>**** The “Percentages of families served by family size this fiscal year” will reflect adjustments to the mix of families served that are directly due to decisions the PHA has made. HUD expects that in the course of the demonstration, PHAs will make decisions that may alter the number of families served.</p>		
<p>Description of any Issues Related to Leasing of Public Housing, Housing Choice Vouchers or Local, Non-Traditional Units and Solutions at Fiscal Year End</p>		
<p>Housing Program</p>	<p>Description of Leasing Issues and Solutions</p>	
<p>Federal MTW Public Housing Units</p>	<p>HACSC did not have any issues related to the leasing of these units.</p>	
<p>Federal MTW Housing Choice Voucher Program</p>	<p>The rental market in Santa Clara County is one of the most expensive in the nation. In FY2014, the average open market contract rent in Santa Clara County was \$2,320 (a 9% increase from last year) and vacancy rates were less than 4%. This has resulted in continuing issues in voucher holders ability to find a rental unit that will accept Section 8. HACSC is taking alleviating steps by increasing its owner outreach and other solutions. However, the long-term solution is to increase the affordable housing stock in the county.</p>	
<p>Federal MTW Non-Traditional Activities</p>	<p>HACSC did not have any issues related to the leasing of these units.</p>	
<p>Number of Households Transitioned To Self-Sufficiency by Fiscal Year End</p>		
<p>Reduced Frequency of Tenants Reexaminations/2009-1</p>	<p>359</p>	<p>Households who leave assistance voluntarily, or after 180 days of zero Housing Assistance Payments.</p>
<p>Expand Tenant Services at HACSC- or Affiliate-owned Affordable Housing Properties/2012-5</p>	<p>Unknown</p>	<p>HACSC is still working on how it will define self-sufficiency for this activity.</p>
<p>Households Duplicated Across Activities/Definitions</p>	<p>0</p>	<p>* The number provided here should match the outcome reported where metric SS #8 is used.</p>
<p>ANNUAL TOTAL NUMBER OF HOUSEHOLDS TRANSITIONED TO SELF SUFFICIENCY</p>	<p>359</p>	

C. MTW Report: Wait List Information				
Wait List Information at Fiscal Year End				
Housing Program(s) *	Wait List Type **	Number of Households on Wait List	Wait List Open, Partially Open or Closed ***	Was the Wait List Opened During the Fiscal Year
Federal MTW Public Housing Units	Community-Wide	750	Closed	No
Federal MTW Housing Choice Voucher Program	Program Specific	21,256	Closed	No
Federal MTW Non-Traditional Activities	Site Based	18,713	Varies	No
More can be added if needed.				
<p>* <i>Select Housing Program</i> : Federal MTW Public Housing Units; Federal MTW Housing Choice Voucher Program; Federal non-MTW Housing Choice Voucher Units; Tenant-Based Local, Non-Traditional MTW Housing Assistance Program; Project-Based Local, Non-Traditional MTW Housing Assistance Program; and Combined Tenant-Based and Project-Based Local, Non-Traditional MTW Housing Assistance Program.</p>				
<p>** <i>Select Wait List Types</i>: Community-Wide, Site-Based, Merged (Combined Public Housing or Voucher Wait List), Program Specific (Limited by HUD or Local PHA Rules to Certain Categories of Households which are Described in the Rules for Program Participation), None (If the Program is a New Wait List, Not an Existing Wait List), or Other (Please Provide a Brief Description of this Wait List Type).</p>				
<p>*** For Partially Open Wait Lists, provide a description of the populations for which the waiting list is open.</p>				
N/A				
If Local, Non-Traditional Program, please describe:				
Most Non-Traditional units at sites have site based wait lists and number of households varies from month to month. Some are open and some are closed depending on the funding source and demand.				
If Other Wait List Type, please describe:				
N/A				
If there are any changes to the organizational structure of the wait list or policy changes regarding the wait list, provide a narrative detailing these changes.				
N/A				

III. PROPOSED MTW ACTIVITIES

All proposed activities that are granted approval by HUD are reported on in Section IV as “Approved Activities.”

IV. APPROVED MTW ACTIVITIES: HUD APPROVAL PREVIOUSLY GRANTED

To date, HACSC has had thirty-one (31) activities approved by HUD. Of these, six (6) were closed out. The Agency has updated each activity’s metrics and reported outcomes according to HUD Standard Metrics as described in current HUD-50900 (Attachment B).

A. IMPLEMENTED ACTIVITIES

ACTIVITY 2009-1: REDUCED FREQUENCY OF TENANT REEXAMINATIONS

DESCRIPTION OF MTW ACTIVITY

This activity reduces the frequency of reexaminations of family income and composition from annually to once every three years for households with only fixed income sources and once every two years for all other households. The activity was implemented in 2009 and is continuing to the present. HACSC amended and re-proposed Activity 2009-1 in FY2015 to include its remaining public housing units under the activity.

IMPACT OF ACTIVITY

The labor hours saved as a result of this activity allows HACSC to improve the assistance it provides to clients, stakeholders and partners. Additionally, HACSC continually works to enhance and refine program efficiencies. In FY2013, the reduction in reexamination workload, combined with the completion of a business process streamlining, allowed the Agency to reduce each caseload by an average of 112 participants per Specialist. This reduction in caseload furthers HACSC’s progress in improving the quality of service delivered to its clients.

This activity can promote economic self-sufficiency by creating an incentive for families to seek and retain employment. HACSC’s current interim reexamination policy allows families to retain the savings resulting from income increases between regular reexaminations. HACSC will not apply the higher income and resulting increased tenant rent portion until the next scheduled reexamination. Therefore, families have a longer period of time between regular reexaminations to enjoy the benefits of higher income.

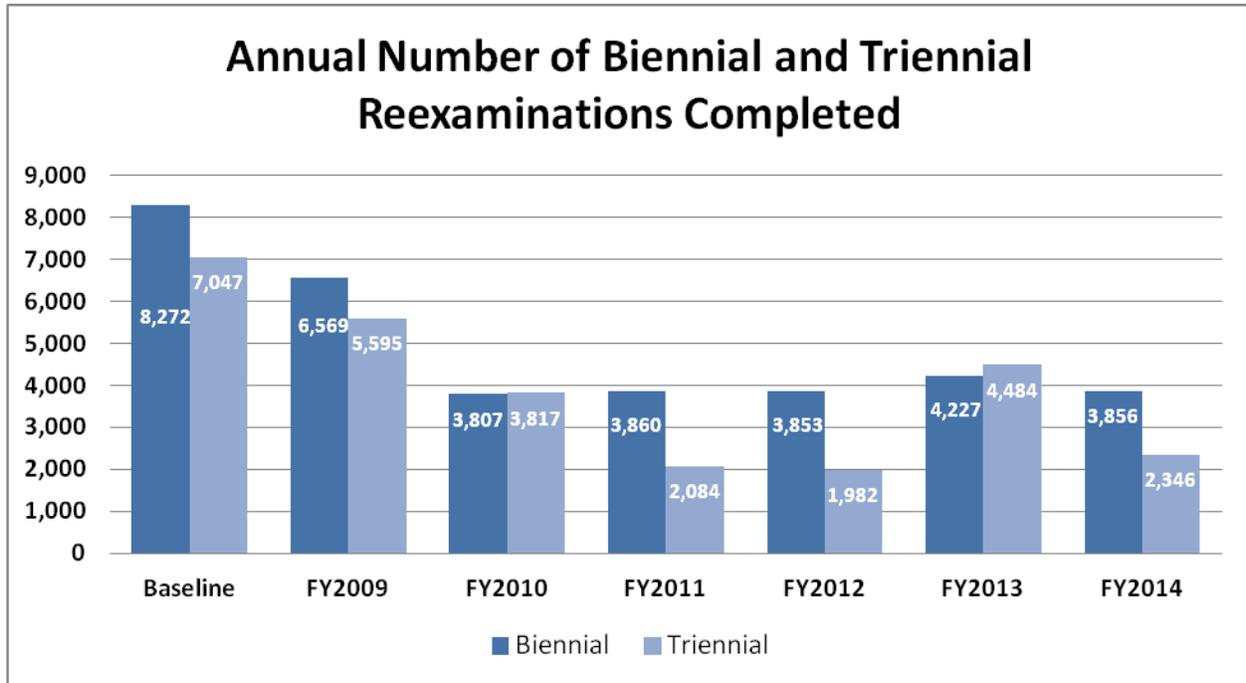
IMPACT OF RENT REFORM ACTIVITY

This activity qualifies as a Rent Reform Initiative because it involves a change in the rent calculation method.

In FY2014, no participants requested a hardship exemption from this activity. However, if a hardship request is received it will be handled on a case by case basis.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

In FY2014, 6,302 biennial and triennial reexaminations were completed, which demonstrates a 59% reduction from the baseline year.



HACSC spent 26,118 labor hours when processing regular reexaminations in FY2014 which resulted in a labor savings of 35,812 hours as compared to the baseline year. The potential savings resulting from this reduction of workload is valued at approximately \$981,041 in total labor cost savings when compared to the established baseline.

In FY2014, the participants who were affected by this activity experienced an increase in their tenant share to a total of \$8,524,033. However, the tenant rent portion did not increase due to Activity #2009-1. The increase in tenant rent share can be attributed to Activity #2014-4, which raised the Tenant’s Rent Portion to the 35% percent of their gross income and the immediate implementation of a more restrictive subsidy size policy allowed by Activity #2009-14. The outcome on the metric for the average earned income of households affected by Activity #2009-1 reflects a decrease this year rather than an increase.

Additionally, when HACSC changed the family’s rent contribution (Activity #2014-4) it caused an increase in the number of families whose tenant rent portion covered the entire amount of contract rent and who received no Housing Assistance Payments (HAP). Based on HUD regulation and HACSC policy, the family’s assistance is automatically terminated 180 days after the last HAP to the owner. The families, who became zero HAP upon implementation of Activity #2014-4, were terminated beginning in March of FY2014. Therefore, the increase in End of Participations (EOPs) because of zero HAP can be an explanation as to why there was a small increase in families who became self sufficient in FY2014.

Activity 2009-1: Reduced Frequency of Tenant Reexaminations				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease)	\$1,640,509	\$820,254	\$659,468	Yes
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease)	61,930	30,965	26,118	Yes
CE #5: Increase in Tenant Rent Share				
Tenant rent share in dollars (increase)	\$8,065,166	\$8,065,166*	\$8,524,033	Yes
SS #1: Increase in Household Income				
Average earned income of households affected by this policy in dollars (increase)	\$23,021	\$23,021**	\$18,084	No
SS # 3: Increase in Positive Outcomes in Employment Status				
	4,317	4,317*	4,197	No
Number of Head of Households employed	N/A***			
Number of Head of Households employed full-time				
Number of Head of Households employed part-time				
Number of Head of Households enrolled in an educational program	N/A****			
Number of Head of Households enrolled in job training program	N/A****			
Number of Head of Households unemployed	436	436*	418	Yes
Number of Head of Households in Other Category (ex: receiving TANF, SSI, Child Support, General Assistance, etc.)	15,211	15,211*	15,276	No
SS # 4: Households Removed from Temporary Assistance for Needy Families (TANF)				
Number of households receiving TANF assistance (decrease)	1,955	1,955*	1,877	Yes
SS #8: Households Transitioned to Self-Sufficiency				
Number of households transitioned to self-sufficiency (increase)*****	322	322**	359	Yes

*HACSC does not anticipate that this activity will increase the Agency’s rental revenue, increase positive outcomes in employment status, or decrease the number of households on TANF assistance. The “tenant rent share in dollars” baseline amount is the total amount that households pay toward rent per month as of the beginning of FY2015. HACSC is working on obtaining historical ‘pre-activity’ data for its baseline.

**HACSC does not expect that this activity will lead to increases in average earned household income or households transitioning to self-sufficiency.

***HACSC does not track whether employment is full-time or part-time.

****HACSC does not track whether a Head of Household is enrolled in an educational program and/or a job training program.

*****Self-sufficiency is defined as households who leave assistance voluntarily, or after 180 days of zero Housing Assistance Payments.

REVISIONS TO BENCHMARKS AND METRICS

HACSC has revised the benchmarks, metrics, and data collection methodologies to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

ACTIVITY 2009-2: EXPEDITING INITIAL ELIGIBILITY INCOME VERIFICATION PROCESS

DESCRIPTION OF MTW ACTIVITY

In FY2009, this activity was implemented to extend the time period in which application documents are valid, from 60 days to 120 days.

IMPACT OF ACTIVITY

Extending the documentation timeframe provides administrative relief, both to applicants and to HACSC. With this activity, applicants do not need to continually provide newly updated documentation if the previously provided information becomes too old (dated older than 60 days) before voucher issuance. This activity also allows HACSC to transfer residents affected by the public housing disposition to the Project Based Voucher program with no lapse in assistance.

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

During FY2014, HACSC did not utilize the extended 120-day document submission window. All applicant documents were processed within the regulatory 60 days.

Activity 2009-2: Expediting the Initial Eligibility Income Verification Process				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease)	\$810	\$0	N/A	N/A
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease)	30	0	N/A	N/A

REVISIONS TO BENCHMARKS AND METRICS

HACSC has revised the benchmarks, metrics, and data collection methodologies to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

ACTIVITY 2009-3: REDUCED FREQUENCY OF INSPECTIONS

DESCRIPTION OF MTW ACTIVITY

This activity was implemented in FY2009. Under this activity, HACSC conducts biennial inspections of assisted units occupied by MTW families. This activity was implemented to alleviate the staff time and administrative costs associated with conducting annual inspections. Staff continues to conduct special inspections as needed upon participant’s request.

IMPACT OF ACTIVITY

This activity reduces federal expenditures by reducing the number of inspections. By reducing the number of inspections, the administrative savings allow HACSC to improve the assistance it provides to clients, stakeholders and partners without sacrificing the quality and safety of its housing units.

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

In FY2014, the total number of inspections decreased to 6,758. As a result, the time to complete the task of performing the required unit inspections declined to 11,319 hours, resulting in a total labor savings of \$528,684.

Activity 2009-3: Reduced Frequency of Inspections				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease).	\$817,623	\$315,294	\$288,939	Yes
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease).	32,186	12,331	11,319	Yes
CE #3: Decrease in Error Rate of Task Execution				
Average error rate in completing a task as a percentage (decrease).*	19%	10%	1%	Yes

* Average error rate in HQS audit inspections.

REVISIONS TO BENCHMARKS AND METRICS

HACSC has revised the benchmarks, metrics, and data collection methodologies to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

ACTIVITY 2009-5: EXPLORING NEW HOUSING OPPORTUNITIES FOR THE CHRONICALLY HOMELESS

DESCRIPTION OF MTW ACTIVITY

The Chronically Homeless Direct Referral (CHDR) program is a locally-designed voucher referral program launched in FY2009 that serves the chronically homeless population in Santa Clara County. Following a housing-first model, identified chronically homeless families not on the standard voucher waiting list are referred for tenant-based housing assistance and connected to case management services. These services can include assistance with the initial process of securing housing, as well as various referrals and services to help the families maintain housing stability and achieve reintegration into the community. Since the program's inception, HACSC has worked closely with community partners and service providers to continually adapt the program design to address ongoing local needs.

IMPACT OF ACTIVITY

This activity increases housing choices and mobility by assisting the homeless population through a more targeted and efficient process than the standard voucher waiting list system. CHDR program participants are directly referred from the streets and connected to supportive services. Since its inception, HACSC has committed a total of 300 vouchers to the chronically homeless population in Santa Clara County.

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

During FY2014, 51 families were housed through the CHDR program. A total of 264 households received assistance and experienced an increase in residential mobility since the program's inception. CHDR participants are closely connected to case management assistance and supportive services, and therefore, are less likely to leave the program. In FY2014, 16 participants exited the CHDR program for an average annual program attrition rate of 6 percent.

Due to a tight rental market and substantial credit and rental history barriers, CHDR voucher holders face significant difficulties in leasing a private market unit. HACSC continues to work closely with case management providers and community partners to lease the remaining 36 vouchers. Eleven vouchers have been committed to chronically homeless participants who are either in the application process or in housing search. HACSC, in agreement with other program stakeholders, set aside the remaining 25 CHDR vouchers to be project-based. A Request for Proposal (RFP) was issued in December 2013 and developers were chosen through a competitive selection process in February 2014 to build new units. The 25 project-based vouchers will be set aside until construction completion.

Activity 2009-5: Exploring New Housing Opportunities for the Chronically Homeless				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
HC #3: Decrease in Wait List Time				
Average applicant time on wait list in months (decrease).	87	0	0	Yes
HC #5: Increase in Resident Mobility				
Number of households able to move to a better unit and/or neighborhood of opportunity as a result of the activity (increase).	0	300 (with an annual 5% attrition rate)	264 (with an annual 6% attrition rate)	No
HC #7: Households Assisted by Services that Increase Housing Choice				
Number of households receiving services aimed to increase housing choice (increase).	0	300 once fully leased up (with an annual 5% attrition rate)	264 (with an annual 6% attrition rate)	No

REVISIONS TO BENCHMARKS AND METRICS

HACSC has revised the benchmarks, metrics, and data collection methodologies to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

ACTIVITY 2009-8: 30-DAY REFERRAL PROCESS FOR PROJECT-BASED VACANCIES

DESCRIPTION OF MTW ACTIVITY

This activity was implemented in FY2010 and allows owners to directly refer applicants after 30 days of unsuccessful attempts to fill the unit using referrals from the HACSC waiting list. This activity reduces the vacancy time for owners and the resultant loss in money, thus ensuring the continuation of the PBV contract and the affordability of the units for low-income households.

IMPACT OF ACTIVITY

This activity was designed to reduce the necessary outreach to fill a vacant PBV unit from the HACSC waiting list, and reduce the vacancy time for owners and resultant loss in money. In the first three years of implementation, the activity was highly successful, reducing the average number of days a PBV unit is vacant by 25 days.

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

There were 106 PBV vacancies that occurred in FY2014. HACSC saved approximately 15 minutes per vacancies by allowing owner referrals after 30 days of unsuccessful attempts by owners to fill their

vacancies through HACSC’s referrals. This amounted to a total labor savings of 27 hours this year resulting in labor cost savings of \$1,219.

Activity 2009-8: 30-Day Referral Process for Project-Based Vacancies				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease).	\$35 per transaction	\$23 per transaction	\$23 per transaction	N/A
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease).	45 minutes per transaction	30 minutes per transaction	30 minutes per transaction	N/A

REVISIONS TO BENCHMARKS AND METRICS

HACSC has revised the benchmarks, metrics, and data collection methodologies to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

ACTIVITY 2009-9: UTILIZATION OF LOW INCOME HOUSING TAX CREDIT (LIHTC) TENANT INCOME CERTIFICATION (TIC) FOR INCOME AND ASSET VERIFICATION

DESCRIPTION OF MTW ACTIVITY

This activity, first implemented in FY2010, allows HACSC to use the Tenant Income Certification (TIC) form required under the LIHTC Program as verification of the family’s income and assets, thereby streamlining the process. HACSC staff currently uses property-owner TIC documentation to verify applicant income and assets, saving staff time to gather and calculate annual household income.

IMPACT OF ACTIVITY

HACSC staff used property-owner TIC documentation to verify applicant income and assets. Using TIC documentation saves 50 minutes of staff time on processing for each of the new admissions, resulting in a labor time reduction of 22% for each transaction.

Additionally, the length of time to process an application was reduced from an average of 46 days to an average of 23 days. Besides providing a benefit to applicants, this activity also reduces HACSC’s administrative burden and achieves greater cost effectiveness in federal spending.

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

In FY2014, HACSC completed a total of 46 initial certifications, each taking approximately three hours.

Through this activity, HACSC saved approximately 38 staff hours to gather and calculate the annual household income of 46 families, and reduced the total cost by approximately \$900 to verify their income and assets.

Activity 2009- 9: Utilization of Low Income Housing Tax Credit (LIHTC) Tenant Income Certification (TIC) for Income and Asset Verification				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease)	\$87.52 per transaction	\$68.33 per transaction	\$68.33 per transaction	Yes
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease)	3 hours, 50 minutes	3 hours	3 hours	Yes

The Agency has saved 458 total labor hours since this activity’s implementation by using the owner-provided TIC to verify a PBV applicant family’s income and assets, resulting in a total direct labor savings of \$10,572. Annual savings continue to vary year-by-year, depending on the number of PBV applicants at LIHTC properties.

Activity 2009-9 Aggregate Savings						
Metrics	FY2010	FY2011	FY2012	FY2013	FY2014	Totals
# of Tax-Credit New Admissions Completed Using Owner-Provided TIC	199	77	170	58	46	550
# of Labor Hours Saved	166	64	142	48	38	458
Labor Dollars Saved	3819	\$1,478	\$3,262	\$1,113	\$900	\$10,572

REVISIONS TO BENCHMARKS AND METRICS

HACSC has revised the benchmarks, metrics, and data collection methodologies to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

ACTIVITY 2009-10: SELECTION OF HACSC-OWNED PUBLIC HOUSING PROJECTS FOR PBV WITHOUT COMPETITION

DESCRIPTION OF MTW ACTIVITY

This activity, implemented in FY2009, allows HACSC to select HACSC-owned public housing projects for project-based voucher assistance without a competitive process. Additionally, this activity provides an efficient means of preserving affordable public housing units.

IMPACT OF ACTIVITY

HACSC avoids the lengthy three-month competitive project-basing process for HACSC-owned public housing properties, which saves staff time, labor costs, and administrative costs. This activity significantly shortens the disposition conversion schedule.

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

In FY2014, HACSC did not project-base any of its former public housing units. Sixteen units of public housing were planned to be disposed and project-based in FY2014. However, the timeline extended into early FY2015.

Activity 2009-10: Selection of HACSC-owned Public Housing Project for PBV without Competition				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease).	\$8,578	\$0	N/A	N/A
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease).	158	0	N/A	N/A

REVISIONS TO BENCHMARKS AND METRICS

HACSC has revised the benchmarks, metrics, and data collection methodologies to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

ACTIVITY 2009-11: PROJECT-BASE 100% OF UNITS IN FAMILY PROJECTS

DESCRIPTION OF MTW ACTIVITY

This activity, implemented in FY2010, allows HACSC to project-base more than 25% of the units in existing multi-family complexes without requiring participation in supportive services. Services must be provided, and families must be made aware of and encouraged to participate in these services; however, participation is not mandatory. The activity increases housing choices for low-income families by making the units more attractive to families who do not want or need supportive services. The activity continues to reduce HACSC’s administrative burden by removing the required compliance monitoring for families living in the “excepted” units (i.e. units above the 25% cap).

IMPACT OF ACTIVITY

HACSC saves approximately one staff labor hour per unit annually by eliminating the required quarterly compliance reviews to ensure that families are using supportive services.

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

In FY2014, HACSC did not project base any family housing projects. But supportive services were made available on-site for the three previously project-based family projects (Miramar Way, Julian Gardens, and Lucretia Gardens) throughout all of FY2014.

Activity 2009-11: Project Base 100% of Units in Family Projects				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
HC #4: Displacement Prevention				
Number of households at or below 80% AMI that would lose assistance or need to move (decrease). These units serve families.	28*	0	0	Yes

*Eklund I is the remaining family public housing project. When Eklund I is project-based, the baseline will increase to 36.

REVISIONS TO BENCHMARKS AND METRICS

HACSC has revised the benchmarks, metrics, and data collection methodologies to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

ACTIVITY 2009-13: COMBINED WAITING LIST FOR THE COUNTY OF SANTA CLARA AND THE CITY OF SAN JOSÉ

DESCRIPTION OF MTW ACTIVITY

In 1976, HACSC signed an agreement to administer housing assistance programs on behalf of both the City of San José and the County of Santa Clara. In accordance with this agreement, in FY2009, this activity was implemented to allow HACSC to operate under one Annual Plan, one Administrative Plan, and one MTW plan for both housing authorities. This activity allows HACSC to operate using one Waiting List for both housing authorities.

This activity applies to a joint waiting list of the Housing Choice Voucher (HCV) and the Project-Based Voucher (PBV) Programs.

IMPACT OF ACTIVITY

This activity allows HACSC to reduce its overall cost and to increase cost effectiveness in federal expenditures. The implementation of a combined Waiting List also increases housing choices for low-income families who now have the ability to rent throughout Santa Clara County.

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

As indicated in the table below, the value of the labor time saved has remained consistent with the benchmark. If this activity was removed, the labor time related to administering two waiting lists would reinstate an administrative cost burden at a minimum of \$8,325 annually.

Activity 2009-13: Combined Waiting List for the County of Santa Clara and the City of San José				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease).	\$8,325	\$0	\$0	Yes
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease).	380	0	0	Yes

REVISIONS TO BENCHMARKS AND METRICS

HACSC has revised the benchmarks, metrics, and data collection methodologies to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

ACTIVITY 2009-14: PAYMENT STANDARD CHANGES BETWEEN REGULAR REEXAMINATIONS

DESCRIPTION OF MTW ACTIVITY

Current HUD regulations require that if a family’s unit (voucher) size changes between regular reexaminations, the new voucher size and corresponding payment standard will be effective when the family moves or at the first regular reexamination following the change, whichever comes first. Given the reduction in frequency of regular reexaminations for HACSC’s MTW families, a program participant who reports a family composition change that decreases its voucher size between regular reexaminations may be over-housed up to three years and cause HACSC to pay a higher portion of Housing Assistance Payment (HAP).

Under this activity, HACSC will implement a change in voucher size as a result of family composition changes or subsidy size policy changes between regular reexaminations. HACSC continues to follow HUD regulations by using the lower of the payment standard for the family’s new voucher size or the payment standard for the dwelling unit when processing the interim reexamination. If the application of the new payment standard results in a decrease of the tenant’s rent portion, the interim reexamination will be effective on the first of the month following the change. If the application of the new payment standard results in an increase of the tenant’s rent portion, the interim reexamination will be effective on the first of the month following a 30-day notice to the tenant and owner.

IMPACT OF ACTIVITY

This activity allows HACSC to effectuate an immediate change in voucher size and its corresponding payment standard when a change in family composition or a change in HACSC’s voucher size policy occurs between regular reexaminations. HACSC realizes substantial HAP cost savings, which were

anticipated by allowing new payment standards to take effect at the time of interim reexaminations instead of regular reexaminations. Based on the data outlined below, this activity is on schedule and meets the MTW objective of reducing federal expenditures.

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

HACSC exceeded its benchmark with a total of \$208,520,832 in HAP payments for FY2014. The Agency processed 2,574 interim reexaminations that resulted in a change in voucher size in FY2014, with 1,761 of them resulting from the new voucher size policy. In response to the recent reduction of HUD funding, HACSC had implemented strategic solutions in September 2013 to maintain housing assistance for over 1,000 families at risk of termination due to sequestration-related funding cuts. One strategy was the new voucher size policy, which reduced many families’ voucher size by enforcing a minimum of two family members per bedroom (excluding the head of household’s bedroom).

HACSC experienced a net increase in HAP cost savings that enabled families to maintain their housing assistance. HACSC may not fully attribute the actual HAP savings amounts in FY2014 solely to this activity because it proved extremely difficult to clearly identify what portion of the overall HAP savings is due to the immediate implementation of its new voucher size policy. A range of other factors contributed to HACSC’s overall reduction of HAP payments, which included other cost-savings MTW activities, including the increase of tenants’ rent portion from 30 percent to 35 percent of their gross monthly income and economic and rental market conditions in Santa Clara County.

Activity 2009-14: Payment Standard Changes Between Regular Reexaminations				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease)*	\$246,174,768	\$246,059,768	\$208,520,832	Yes

*This metric reflects HAP savings realized through this activity and Activity 2014-4 (Increased Tenant Contribution). Changes in HAP may also be attributable to multiple causes – the combined effect of several MTW activities and/or economic factors unrelated to MTW.

REVISIONS TO BENCHMARKS AND METRICS

HACSC has revised the benchmarks, metrics, and data collection methodologies to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

ACTIVITY 2010-2: EXCLUDING ASSET INCOME FROM INCOME CALCULATIONS FOR FAMILIES WITH ASSETS UNDER \$50,000

With this activity, HACSC no longer calculates and includes income received from family assets under \$50,000. Since implementation in FY2010, HACSC has met the statutory objective of reducing administrative costs and has encouraged families to increase their savings. HACSC continues to realize savings in staff hours and cost of tasks.

IMPACT OF ACTIVITY

This activity addresses the statutory objective of reducing administrative costs and may help families move toward economic self-sufficiency by encouraging saving. The majority of participant families have assets under \$50,000.

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a rent reform initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

In FY2014, 4,407 MTW families with assets under \$50,000 had income calculations completed. With an approximate 10 minutes per transaction labor savings by no longer calculating asset income for these families, a total labor savings of 735 hours was realized. As a result, the Agency saved \$55,528.

Activity 2010-2: Excluding Asset Income from Income Calculations for Families with Assets Under \$50,000				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease).	\$87.52 per transaction	\$74.92 per transaction	\$74.92 per transaction	Yes
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease).	3 hours, 50 minutes	3 hours, 40 minutes	3 hours, 40 minutes	Yes
CE #3: Decrease in Error Rate of Task Execution				
Average error rate in completing a task as a percentage (decrease)	0%	0%	0%	0%

HACSC has saved a total of 3,851 labor hours since the activity’s implementation by eliminating the calculation of income from family assets under \$50,000. The number of families reporting assets may vary from year to year and therefore the amount of savings will vary each year.

Activity 2010-2: Aggregate Savings						
Metrics	FY2010	FY2011	FY2012	FY2013	FY2014	Totals
# of transactions completed for families reporting assets under \$50,000	1,451	5,308	6,164	5,768	4,407	23,098
# of Labor Hours Saved	242	885	1,027	962	735	3,851
Labor Cost Saved	\$18,283	\$66,881	\$77,666	\$71,639	\$55,528	\$289,997

REVISIONS TO BENCHMARKS AND METRICS

HACSC has revised the benchmarks, metrics, and data collection methodologies to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

ACTIVITY 2010-3: APPLYING CURRENT INCREASED PAYMENT STANDARDS AT INTERIM REEXAMINATIONS

DESCRIPTION OF MTW ACTIVITY

This activity, implemented in FY2010, allows the application of the current payment standard (if the payment standard has increased since the family’s last regular reexamination) to the rental assistance calculation at interim reexaminations.

IMPACT OF THE ACTIVITY

By using a higher payment standard at interim reexaminations, this activity lessens the rent burden for MTW families and, thereby, increases their housing choices by helping maintain their unit’s affordability. This activity also reduces administrative costs in staff time required to process family moves into a less expensive unit. Since the activity’s inception, HACSC has only increased its Payment Standards once.

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a rent reform initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

HACSC did not use this activity in FY2014 because the Agency has not changed its Payment Standards since March 2011. Payment standards remain between 90% and 110% of current Fair Market Rents. Should there be any increases to the current payment standard, HACSC will track and report on this activity.

Activity 2010-3: Applying Current Payment Standards at Interim Reexaminations				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total Cost of Task in dollars (decrease)	\$37,973	\$30,368	N/A	N/A
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease).	1,393	1,114	N/A	N/A

REVISIONS TO BENCHMARKS AND METRICS

HACSC has revised the benchmarks, metrics, and data collection methodologies to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

ACTIVITY 2010-4: ALLOCATING PROJECT-BASED VOUCHERS TO HACSC-OWNED PROJECTS WITHOUT COMPETITION

DESCRIPTION OF MTW ACTIVITY

This activity, implemented in FY2010, allows HACSC to select HACSC-owned non-public housing sites for project-based assistance without a competitive process, saving staff time through labor hours and increased costs associated with a competitive process.

IMPACT OF THE ACTIVITY

This activity eliminates the lengthy three-month competitive project-basing process for HACSC-owned properties, saving staff time, labor costs, and administrative costs. Therefore, HACSC can accelerate its production and/or preservation of affordable housing, thereby increasing housing options for low-income families.

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

There were no Project Based Vouchers allocated to HACSC-owned properties in FY2014. HACSC will continue to monitor this activity and report on this activity in the near future.

Activity 2010-4: Allocating Project-Based Vouchers to HACSC-Owned Projects Without Competition				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease).	\$8,578	\$0	N/A	N/A
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease).	158	0	N/A	N/A

REVISIONS TO BENCHMARKS AND METRICS; CHANGES TO DATA COLLECTION METHODOLOGY

HACSC has revised the benchmarks, metrics, and data collection methodologies to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

ACTIVITY 2010-5: ASSISTING OVER-INCOME FAMILIES RESIDING AT HACSC-OWNED PROJECT-BASED VOUCHER PROPERTIES

DESCRIPTION OF MTW ACTIVITY

This activity, implemented in FY2010, waives PBV regulations relating to preference for in-place families

to continue committing tax-exempt bonds and tax credits to the disposed public housing properties. Families with income below the PBV limit but above the tax-credit limit will receive Section 8 voucher and relocation assistance. The activity helps maintain the affordability of units that would otherwise become unaffordable to very-low income families by applying tax credits in unison with PBV assistance. It also increases housing choices for low-income families by preserving and improving the affordable housing stock in Santa Clara County.

IMPACT OF ACTIVITY

By applying tax credits simultaneously with PBV assistance, this activity maintains the affordability of units that would otherwise become unaffordable to very-low income families. The activity also increases housing options for low-income families by preserving and improving the affordable housing stock in Santa Clara County.

IMPACT OF RENT REFORM ACTIVITY

Activity 2010-5 does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

Since the activity’s implementation, there has not been a need to use this waiver as no HACSC-owned properties have been project-based this year.

Activity 2010-5: Assisting Over-Income Families Residing at HACSC-owned Project-Based Voucher Properties				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Number of families with income between 50% and 80% of the Area Median Income who are able to successfully move to another unit using the voucher assistance (increase).	0	1*	0	N/A

* Represents 5% of the remaining 20 units at HACSC-owned properties to be project-based.

REVISIONS TO BENCHMARKS AND METRICS

HACSC has revised the benchmarks, metrics, and data collection methodologies to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

ACTIVITY 2011-1: STREAMLINED APPROVAL PROCESS FOR EXCEPTION PAYMENT STANDARD FOR REASONABLE ACCOMMODATION – HCV

DESCRIPTION OF MTW ACTIVITY

This activity, implemented in FY2011, allows HACSC to approve any requests for an exception payment standard above 110% of the published Fair Market Rent (FMR), but not to exceed 120% of the FMR, as a reasonable accommodation for persons with disabilities. Under current HUD regulations, HUD approves the requests for an exception standard above 110% of the published FMRs. The duration of HUD’s

review and approval process for each exception payment standard request affects the tenant’s opportunities to secure an accessible unit expeditiously.

IMPACT OF ACTIVITY

This activity improves HACSC’s responsiveness to the needs of persons with disabilities who may have special housing requirements by relegating from HUD the approval process of an exception payment standard as a reasonable accommodation. As a result, families with members that have disabilities encounter increased housing choices.

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

During FY2014, HACSC authorized exception payment standards above 110% of the FMR as a reasonable accommodation for two households. As a result, the two households were no longer at risk of losing their assistance and moved to a more suitable unit that accommodated their special housing needs.

Activity 2011-1: Streamlined Approval Process for Exception Payment Standard for Reasonable Accommodation				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
HC #4: Displacement Prevention				
Number of households at or below 80% AMI that would lose assistance or need to move (decrease).	3	0	2	Yes
HC #5: Increase in Resident Mobility				
Number of households able to move to a better unit and/or neighborhood of opportunity as a result of the activity (increase).	0	3	2	No

REVISIONS TO BENCHMARKS AND METRICS

HACSC has revised the benchmarks, metrics, and data collection methodologies to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

ACTIVITY 2011-2: SIMPLIFY REQUIREMENTS REGARDING THIRD-PARTY INSPECTIONS AND RENT SERVICES

DESCRIPTION OF MTW ACTIVITY

This activity, implemented in FY2011, waives the regulatory requirement in which HUD must approve a designated, qualified independent agency to conduct housing quality standards (HQS) inspections and

rent reasonableness services for HACSC-owned units. This qualified independent agency conducts both initial and regularly scheduled Housing Quality Standards (HQS) inspections, as well as rent reasonable services for initial contracts and requested rent adjustments. In addition, this activity allows HACSC to waive the second part of the HUD regulation that requires the independent agency to supply copies of each inspection report and rent reasonableness determination to the HUD field office.

IMPACT OF ACTIVITY

HACSC continues to benefit from the reduced costs and administrative streamlining related to this activity. The reduction in costs is achieved by eliminating unnecessary copying and mailing of inspection reports to HUD.

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

HACSC has continued to work with its third-party inspection and rent reasonableness vendor for services related to all HACSC-owned or affiliated units. Savings for this activity are ongoing.

Activity 2011-2: Simplify Requirements Regarding Third-party Inspections and Rent Services				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease).	\$1,621	\$0	\$0	Yes
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease).	45	0	0	Yes

REVISIONS TO BENCHMARKS AND METRICS

HACSC has revised the benchmarks, metrics, and data collection methodologies to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

ACTIVITY 2012-3: CREATE AFFORDABLE HOUSING ACQUISITION AND DEVELOPMENT FUND

DESCRIPTION OF MTW ACTIVITY

This activity, implemented in FY2012, allows HACSC to use MTW funds to continue to seek and pursue opportunities to build new rental housing units. It also allows for the acquisition of existing land and/or units for new construction or rehabilitation.

With the implementation of this activity, HACSC’s goals are to increase the supply of quality rental housing, and to serve a diverse range of resident populations many of which have special needs or are vulnerable populations.

ACTIVITY 2012-3: CREATE AFFORDABLE HOUSING ACQUISITION AND DEVELOPMENT FUND

This activity implemented in FY2012 allows HACSC to use MTW funds to continue to seek and pursue opportunities to build new rental housing units. It also allows for the acquisition of existing land and/or units for new construction or rehabilitation.

With the implementation of this activity, HACSC’s goals are to increase the supply of quality rental housing, and to serve a diverse range of resident populations many of which have special needs or are vulnerable populations.

IMPACT OF ACTIVITY

The exceptionally high cost of land and high market rents in Santa Clara County create a special challenge for developers of affordable housing. The situation has worsened in recent years due to a decrease in federal, state, and local funds for affordable housing. HACSC created this activity to generate more development activities throughout Santa Clara County. The activity was anticipated to lead to the development or rehabilitation of up to 250 units over five years, with affordability for low-income tenants and with an affordability restriction on the properties of up to 55 years.

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

During this fiscal year, two projects, Eden Housing and Park Avenue, went through pre-development and development phases, spending close to \$15 million from the development fund. Eden Housing received a loan of \$6.5 million for development of 75 tax-credit units to serve very low and extremely low income household. The project is still in progress and will be completed in FY2015. Park Avenue’s development rezoning application and planned development permit are scheduled for an approval by the City and of San Jose in early October 2014.

Activity 2012-3: Create Affordable Housing Acquisition and Development Fund				
Unit of Measurement	Baseline	Benchmark (5 year)	Outcome	Benchmark Achieved?
CE #4: Increase in Resources Leveraged				
Amount of funds leveraged in dollars (increase).	\$0	\$75 million	\$15 million	Yes
HC #1: Additional Units of Housing Made Available				
Number of new housing units made available for households at or below 80% AMI as a result of the activity (increase).	0	250 units	0	No

REVISIONS TO BENCHMARKS AND METRICS

HACSC has revised the benchmarks, metrics, and data collection methodologies to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

ACTIVITY 2012-4: CREATE AFFORDABLE HOUSING PRESERVATION FUND FOR HACSC AND AFFILIATE OWNED PROPERTIES

Using its broader use of funds authority, HACSC ensures the long-term stability and viability of existing HACSC- and affiliate-owned rental housing properties through the creation of an affordable housing preservation fund. The preservation fund, established in FY2012, currently allows HACSC to respond to both planned and unforeseen events and conditions that may impact the Agency’s housing portfolio.

Additionally, the preservation fund provides predevelopment financing for existing low-income housing projects developed or owned by HACSC and allows HACSC, either directly, or through its affiliates, to leverage funds from other sources and to secure various guarantees (such as operating deficit, tax indemnification, and loan repayment guarantees) associated with the properties. Use of the fund also enables HACSC to conduct detailed capital needs assessments, review financial projections at each site, establish priorities for rehabilitation and refinancing, explore options for upgrading units and conduct other ongoing asset management activities.

IMPACT OF ACTIVITY

By 2017, HACSC expects to have used the fund to preserve up to 500 units of affordable housing, with an affordability restriction of at least 55 years. The preservation fund also allows HACSC to respond to both planned and unforeseen events and conditions that may impact the Agency’s housing portfolio. Additionally, the preservation fund provides predevelopment financing for existing low-income housing projects developed or owned by HACSC and allows HACSC, either directly or through its affiliates, to leverage funds from other sources and secure various guarantees (such as operating deficit, tax indemnification, and loan repayment guarantees) associated with the properties.

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

The rehabilitation of 80 family units at Villa Garcia Family Housing, which serves 59 households at or below 50% of median income and 21 households at or below 60% of medial income, has been successfully completed. The rehabilitation of Villa San Pedro Family Housing, 100 units of family housing is in progress and expected to be completed in FY2015.

The MTW Preservation Fund was used in FY2014 to successfully complete the buyouts of Klamath Gardens, Pinmore Gardens and Poco Way from the credit limited partners and, therefore, preserving 197 family units serving households earning below 80% AMI.

Activity 2012-4: Create Affordable Housing Preservation Fund for HACSC and Affiliate-Owned Properties				
Unit of Measurement	Baseline	Benchmark (5 year)	Outcome	Benchmark Achieved?
CE #4: Increase in Resources Leveraged				
Amount of funds leveraged in dollars (increase)	\$0	\$20 million	\$367,000	Yes
HC #2: Units of Housing Preserved				
Number of housing units preserved for households at or below 80% AMI (increase)	0	500	277	Yes

REVISIONS TO BENCHMARKS AND METRICS

HACSC has revised the benchmarks, metrics, and data collection methodologies to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

ACTIVITY 2012-5: EXPAND TENANT SERVICES AT HACSC- OR AFFILIATE-OWNED AFFORDABLE HOUSING PROPERTIES

DESCRIPTION OF MTW ACTIVITY

This activity, implemented in FY2012, allows HACSC a broader use of funds authority to expand its provision of programs and services for tenants living in HACSC- or affiliate-owned non-Section 8/9 affordable rental properties.

HACSC anticipates that tenants may gain some or all of the necessary skills to address daily living requirements, maintain housing and, for work-able residents, re-enter or advance in the work force.

Prior to this activity, HACSC was not tracking the number of households receiving services aimed to increase self-sufficiency. HACSC provides tenant services to 2,132 units at 29 of its owned or affiliate-owned properties. HACSC’s goal is to provide services to 25% of the households living in those properties. Therefore, HACSC is setting its baseline at zero and benchmark at 533 (which is 25% of the total households who could be served).

IMPACT OF ACTIVITY

Recognizing that housing alone is often not enough to provide stability, HACSC has partnered with third-party providers, and now offers a range of services and programs to its 29 HACSC or affiliate-owned properties, including the 16 non-Section 8/9 sites. Regular resident-needs surveys are conducted to identify and prioritize potentially appropriate services at each site. By deliberately tailoring programs and services to each community, HACSC anticipates that tenants will gain some or all of the necessary skills to address daily living requirements, maintain housing, and, for work-able residents, possibly re-enter or move up in the work force. Another benefit is a greater sense of community among residents through participation in services and programs. Besides benefits for tenants, HACSC staff will also realize greater productivity in property management by the reduction of administrative burden of processing avoidable evictions.

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

In FY2014, HACSC provided resident services to 29 of its HACSC-owned or affiliated properties. From a pool of 2,132 units, 1,139 unduplicated households were served, exceeding HACSC’s benchmark of providing services to 25% of the total units.

Activity 2012-5: Expand Tenant Services at HACSC- or Affiliate-owned Affordable Housing Properties				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
SS #5: Households Assisted by Services that Increase Self Sufficiency				
Number of households receiving services aimed to increase self sufficiency (increase).	0	533	1,139	Yes
SS #8: Households Transitioned to Self-Sufficiency				
Number of households transitioned to self-sufficiency (increase).*	Unknown	Unknown	Unknown	Unknown

*Self-Sufficiency #8. Tenant services provided to families, seniors and adults with special needs are designed to: allow tenants to maintain their housing, encourage educational and health growth, encourage independent living for seniors, and build confidence and dignity through everyday living activities. HACSC is still working on how it will define self-sufficiency for the purposes of this metric.

REVISIONS TO BENCHMARKS AND METRICS

HACSC has revised the benchmarks, metrics, and data collection methodologies to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

ACTIVITY 2014-3: FREEZE ON CONTRACT RENT INCREASES

DESCRIPTION OF MTW ACTIVITY

Implemented in FY2014, this activity imposes a freeze on any owner-requested increase to their contract rents for a period of one year. Subsequent freezes on owner-requested rent increases are subject to HACSC’s Board of Commissioners’ approval and are limited to a one-year term. This activity helps reduce costs by controlling increases to Housing Assistance Payments (HAP) during periods of funding shortfalls, and provides staff time savings.

IMPACT OF ACTIVITY

This activity was created to reduce federal costs through decreased HAP costs and staff time savings. Staff time saved by this activity enabled staff to spend more time on quality control, training, educating and advising owners about the Section 8 program.

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a rent reform initiative because it does not change the way rental assistance is calculated.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

In FY2014, HACSC received 1,488 owner requests for rent adjustments. The number of requests for rent adjustments was lower than prior years because HACSC conducted extensive outreach to owners and participants about the cost savings measures it was enacting to address budget shortfalls, including freeze in contract rents. HACSC has lifted the rent freeze effective July 1, 2014, and has received well over 4,000 owner requests for rent increases since then.

This activity had a negative impact on owner retention and housing choice. During the period the freeze was enacted, Santa Clara County was experiencing an economic upsurge. Open market rents increased in double-digit numbers, and vacancy rates plummeted. We believe that implementing this activity during that time resulted in a number of owners leaving the Section 8 program, although precise data is not available because owners do not have to specify a reason for leaving the program. Another adverse outcome occurred as Section 8 owners evicted their current tenants to start a new Section 8 contract at a higher rent with a new tenant. MTW agencies considering this activity should carefully consider all potential consequences before implementing a contract rent freeze.

HACSC has seen improvements in its rent calculation audit error rates as a result of additional time for staff cross-training and re-training since implementing several labor savings activities, but has not yet realized its benchmark goal. HACSC will continue to monitor its error rates closely and will continue to review and improve its training processes.

Activity 2014-3: Freeze on Contract Rent Increases				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease).	\$509,343	\$8,156	\$3,327	Yes
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease).	2,551	304	124	Yes
CE #3: Decrease in Error Rate of Task Execution				
Average error rate in completing a task as a percentage (decrease)	11%	5%	8%	No

REVISIONS TO BENCHMARKS AND METRICS

HACSC has revised the benchmarks, metrics, and data collection methodologies to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

ACTIVITY 2014-4: INCREASED TENANT CONTRIBUTION - UP TO 35% OF GROSS INCOME

DESCRIPTION OF MTW ACTIVITY

This activity, implemented in FY2014, simplifies the calculation of TTP by removing all standard deductions and allowances, and calculating a TTP between 30% and 35% of the gross monthly income or \$50 (minimum rent), whichever is higher. The activity also eliminates the inclusion of a utility allowance in the tenant rent calculation. Having the ability to adjust the percentage allows HACSC to fine-tune the necessary balance between the Agency's fiscal stability and resulting financial impacts to participants. In lean years with budget cuts and funding shortfalls (such as the sequestration impacts the Agency faced in FY2013), HACSC is able to analyze its fiscal health and set a percentage accordingly. In the event funding is enhanced, HACSC can lower the percentage of gross income used to calculate a participant's TTP. The simplified rent calculation is also conducive for the development of future programs that can address community needs, such as a shallow subsidy program that can assist more families or targeted self-sufficiency programs for special populations. HACSC is amending and re-proposing this activity in FY2015 to include its public housing units under this activity.

IMPACT OF ACTIVITY

This activity allowed HACSC to address an immediate and urgent need to reduce program costs as a result of reduced funding by removing all standard deductions and allowances, and calculating a TTP between 30% and 35% of the gross monthly income or \$50 (minimum rent), whichever is higher. The simplified calculation also provides time savings to staff. Time savings allows staff to provide higher quality service to families and reduce fraud through tenant education and increased fraud detection efforts.

IMPACT OF RENT REFORM ACTIVITY

To minimize the impact of this activity, HACSC offered a hardship exemption for qualified households. Eligible households are those who experienced a \$50 or greater increase in their rent portion under the new calculation or through a combination of the new calculation and a reduction in voucher size. To qualify, the household must have minors under the age of 13 and have out-of-pocket child care expenses and/or qualify as an elderly/disabled household with out-of-pocket medical/disability assistance expenses. For a period of 90 days, those requesting and qualifying for the hardship received a revised TTP based on 35% of gross income less deductions for those two categories of expenses. HACSC recognized that elderly/disabled households and families with minors were the most likely to be affected by the new calculation and the hardship policy was crafted with these families in mind.

HACSC received 946 requests for hardship exemption, of which 414 were determined qualified and granted the exemption. The average monthly tenant rent portion reduction received during the three-month hardship exemption period was \$121.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

In FY2014, over 16,000 households were affected by the implementation of Activity #2014-4. This activity saved HACSC approximately \$3.1 million in decreased monthly HAP payments. Other factors contributed to the overall Agency annual cost savings of \$37.6 million, including a reduced subsidy size

(MTW Activity #2009-14) and a moratorium on owner-requested rent increases (MTW Activity #2014-3). HACSC’s Section 8 budget increased in 2014. Based on this increased funding, HACSC decreased the tenant rent portion from 35% of monthly gross income to 32% of monthly gross income. This change was made effective September 1, 2014 and will be reported in the FY2015 MTW Report.

The continued savings achieved through this activity will allow HACSC to assist more low-income families in Santa Clara County. During FY 2015, HACSC’s Board of Commissioners will develop a voucher allocation policy that will address competing needs in the community, such as requests for additional Project Based Vouchers to leverage construction of new affordable units, requests for vouchers targeted to certain at-risk populations, such as the homeless or persons with disabilities, and the need to provide assistance to the over 21,000 low-income families waiting on HACSC’s Section 8 Housing Choice Voucher waiting list.

HACSC has seen improvements in its rent calculation audit error rates as a result of additional time for staff cross-training and re-training since implementing several labor savings activities, but has not yet realized its benchmark goal. HACSC will continue to monitor its error rates closely and will continue to review and improve its training processes.

Activity 2014-4: Increased Tenant Contribution - 35% of Gross Income				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease)*	\$246,174,768	\$210,174,768	\$208,520,832	Yes
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease) **	796	0	0	Yes
CE #3: Decrease in Error Rate of Task Execution				
Average error rate in completing a task as a percentage (decrease)	12%	5%	8%	No
CE #5: Increase in Tenant Rent Share				
Tenant rent share in dollars*** (increase)	\$8,065,166	\$8,065,166	\$8,524,033	Yes

*This metric reflects HAP savings realized through this activity and Activity #2009-14 (Payment Standard Changes between Regular Reexaminations). Changes in HAP may also be attributable to multiple causes – the combined effect of several MTW activities and/or economic factors unrelated to MTW.

** The baseline represents the staff time it takes to collect and calculate allowances and expenses as part of the rent calculation process.

***The “tenant rent share in dollars” baseline amount is the total amount that households pay toward rent per month as of the beginning of FY2015. HACSC is working on obtaining historical ‘pre-activity’ data for its baseline.

REVISIONS TO BENCHMARKS AND METRICS

HACSC has revised the benchmarks, metrics, and data collection methodologies to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

B. NOT YET IMPLEMENTED ACTIVITIES

Activity	Year Approved	Action Taken During the Fiscal Year
Activity 2012-2: Minimum Two-year Occupancy in Project-Based Unit	FY2012	Due to competing staff priorities and ongoing development of a voucher allocation policy, this activity has not yet been implemented. HACSC continues to monitor and track project-based participants who would be affected by this activity. The agency expects to implement this activity in FY2015.
Activity 2013-1: Elimination of the Earned Income Disallowance (EID) Calculation	FY2013	HACSC placed the reviewing and developing of this activity on hold to allow for the implementation of other activities which significantly addressed the potential financial shortfall. The agency expects to implement this activity in FY2015.
Activity 2014-1: Focus Forward Program	FY2014	HACSC is considering some revisions to this activity in FY2015 to increase the program’s potential effectiveness.
Activity 2014-2: Eliminate Requirement to Re-Determine Rent Reasonableness when HUD Decreased Fair Market Rents (FMRs)	FY2014	HACSC monitored the FY2014 FMRs, but no action was taken in FY2014 because HUD increased the FY2014 FMRs for Santa Clara County. HACSC’s implementation of this activity is contingent on HUD decreasing FMRs by 5% or more.

C. ACTIVITIES ON HOLD

HACSC has no implemented activities that are currently placed on hold.

D. CLOSED OUT ACTIVITIES

Activity	Year Approved/ Implemented	Was Activity Implemented (Yes/No)	Year Closed	Final Outcome and Lessons Learned	Statutory Exception Outside of Current MTW Flexibilities
2009-4: Timeline to Correct HQS Deficiencies	FY2009/ FY2010*	Yes	FY2012	Handhelds are now utilized by the inspections team during every regularly scheduled inspection. These devices are capable of recording the non-life threatening deficiency directly into the newly	None

Activity	Year Approved/ Implemented	Was Activity Implemented (Yes/No)	Year Closed	Final Outcome and Lessons Learned	Statutory Exception Outside of Current MTW Flexibilities
				implemented software, which generates the deficiency notification letter. There is no longer a lag time between the date of the inspection and the date of the letter.	
2009-6: 20% Sample Inspections Annually for PBV Units	FY2009/ NA	No	FY2009	After the approval of this activity, HUD issued PIH Notice 2008-14, which stipulates that a PHA may now renew or extend Project-Based Certificate Housing Assistance Payment (HAP) contracts as Project-Based Voucher HAP contracts in accordance with the regulations governing the PBV program in 24 CFR Part 983. This activity saved labor time and costs. Therefore, this activity was never implemented.	None
2009-7: Project-Based Unit Substitution	FY2009/ NA	No	FY2009	After the approval of this activity, HUD issued PIH Notice 2008-14, which stipulates that a PHA may now renew or extend Project-Based	None

Activity	Year Approved/ Implemented	Was Activity Implemented (Yes/No)	Year Closed	Final Outcome and Lessons Learned	Statutory Exception Outside of Current MTW Flexibilities
				Certificate Housing Assistance Payment (HAP) contracts as Project-Based Voucher HAP contracts in accordance with the regulations governing the PBV program in 24 CFR Part 983. Therefore, this activity was never implemented.	
2009-12: Adopt Investment Policies	FY2009/ NA	No	FY2009	HACSC's Board of Commissioners annually adopts investment policies in accordance with the California Government Code (CGC) Sections 5922 and 53601. California law, which HACSC cannot waive, is consistent with and more restrictive than the provisions of federal regulations Section 6 (c) (4) of the 1937 Act and 24 CFR 982.156. Therefore, this activity was never implemented.	None
2010-1: Eliminating 100% Excluded Income from the Income Calculation	FY2010/ FY2010*	Yes	FY2013	With the publication of PIH Notice 2013-4, issued January 28, 2013, the verification and calculation of 100% excluded income is no longer required. Therefore,	None

Activity	Year Approved/ Implemented	Was Activity Implemented (Yes/No)	Year Closed	Final Outcome and Lessons Learned	Statutory Exception Outside of Current MTW Flexibilities
Process				HACSC eliminated this activity in FY2013. This activity saved labor time and costs.	
2012-1: Create Standard Utility Allowance Schedule	FY2012/ NA	No	FY2013	Activity #2014-4 simplifies the rent calculation method and includes the elimination of utility allowances. Because of Activity #2014-4, Activity #2012-1 is no longer necessary and was closed out prior to implementation.	None

* A summary of outcomes for implemented and closed-out activities is below.

ACTIVITY	SUMMARY OF OUTCOMES FOR IMPLEMENTED ACTIVITIES THAT HAVE BEEN DISCONTINUED
2009-4: Timeline to Correct HQS Deficiencies	<p>This activity was implemented in FY2010 and closed out in FY2012.</p> <p>In FY2010, in conjunction with this activity a new policy (not requiring an MTW waiver) was established allowing owners and participants to provide self-certification when they have corrected HQS deficiencies. This change in policy and the MTW Activity extending the timeline provided administrative relief through two reductions in staff tasks: processing fewer extension requests, and conducting no physical recheck inspections when a unit did not meet the HQS for non-life threatening deficiencies.</p> <p>The self-certification policy achieved greater cost effectiveness in federal expenditures by reducing a labor intensive process that realized little cost benefit. The results were significant in relation to labor hours saved and the cost of gasoline. The total labor hours reduced to zero as no recheck inspections were conducted, and the cost of gasoline decreased to \$8,692 compared to the baseline of \$14,354.</p> <p>Prior to the implementation of the policy to accept owner’s self-certification of repairs for non-life-threatening HQS deficiencies, a re-inspection of the unit was conducted and related administrative costs (labor and gasoline) were significant.</p>

	<p>In FY2011, 2,186 units had a non-life-threatening HQS deficiency, which prior to this policy would have required a re-inspection. In addition, 3,096 labor hours were saved by eliminating these inspections, which resulted in a direct labor savings of \$76,983.</p> <p>In FY2012, 2,937 units had non-life-threatening HQS deficiencies, which prior to this policy change would have required a re-inspection. In addition, 4,171 labor hours were saved by eliminating these inspections, which resulted in a direct labor savings of \$165,044.</p>
<p>2010-1: Eliminating 100% Excluded Income from the Income Calculation Process</p>	<p>This activity was implemented in FY2010 and closed out in FY 2013.</p> <p>In FY2010, HACSC implemented this activity during the last quarter of the fiscal year. The agency processed 668 new admissions and reexaminations for families who reported one or more forms of 100% excluded income. Staff spent approximately 34 minutes per transaction requesting, verifying and calculating 100% excluded income. Because of this activity, 379 hours of labor were saved when completing these calculations. This resulted in increased staff productivity and thus has met the MTW statutory goal of increasing cost effectiveness. Staff time saved from this activity was redirected to cross training in other positions and processes, increased customer service and increased quality control functions.</p> <p>In FY2011, HACSC processed 2,753 new admissions and reexaminations (transactions) for families who reported one or more forms of 100% excluded income. Staff saved approximately 34 minutes per transaction by no longer requesting, verifying and calculating 100% excluded income. This resulted in a total of 1,560 labor hours saved in FY2011.</p> <p>In FY2012, HACSC processed an estimated 3,238 new admissions and reexaminations (transactions) for families who reported one or more forms of 100% excluded income. Staff saved approximately 34 minutes per transaction by no longer identifying, verifying and calculating 100% excluded income. This resulted in a total of 1,835 labor hours, and \$47,566 in direct labor costs saved in FY2012 in completing these calculations.</p> <p>In FY2013, HACSC processed an estimated 2,940 new admissions and reexaminations for families who reported one or more forms of 100% excluded income. Through this activity, staff saved approximately 34 minutes per transaction. As a result, a total of 1,666 labor hours were saved by means of this activity.</p>

V. MTW SOURCES AND USES OF FUNDS

Annual MTW Report

V.3.Report.Sources and Uses of MTW Funds

A. MTW Report: Sources and Uses of MTW Funds

Actual Sources and Uses of MTW Funding for the Fiscal Year

PHAs shall submit their unaudited and audited information in the prescribed FDS format through the Financial Assessment System - PHA (FASPHA), or its successor

Describe the Activities that Used Only MTW Single Fund Flexibility

The MTW Agreement allows HACSC to combine public housing operating and capital funds, including development and Replacement Housing Factor (RHF) funds, provided under Section 9, and tenant-based voucher program funds provided under Section 8 of the 1937 Act into a single, authority-wide funding source.

In FY2014 funding flexibility was used to provide additional services to program participants and owners, such as the development of an owner portal which will allow owners to conduct transactions and check account information online; and increased owner and participant training and enrichment opportunities through HACSC's Moving to Work University program. To ensure that HACSC is able to properly serve its program participants, and to improve the cost-effectiveness and day-to-day efficiency of staff activities, HACSC also used its funding flexibility to consolidate HACSC staff into one office space.

During FY2014, Housing Authority also implemented and administered a Sequester Eviction Prevention Program (SEPP). SEPP provided financial assistance to Section 8 tenants affected by federal budget cuts in the form of monetary assistance to cover past due rent amounts and down payments to Section 8 families to move to new, more affordable homes. MTW single fund flexibility was also used to carry out Real Estate Services Departments' operation and administration of Section 8 - Project Based Vouchers, Project Based Assistance and Section 9-Public Housing units within the scope of permissible eligible activity, pursuant to the MTW Agreement.

V.4.Report.Local Asset Management Plan

B. MTW Report: Local Asset Management Plan

Has the PHA allocated costs within statute during the plan year?	<input type="checkbox"/> Yes	or	<input type="checkbox"/>
Has the PHA implemented a local asset management plan (LAMP)?	<input type="checkbox"/>	or	<input type="checkbox"/> No

If the PHA is implementing a LAMP, it shall be described in an appendix every year beginning with the year it is proposed and approved. It shall explain the deviations from existing HUD requirements and should be updated if any changes are made to the LAMP.

Has the PHA provided a LAMP in the appendix?	<input type="checkbox"/>	or	<input type="checkbox"/> No
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The Housing Authority of the County of Santa Clara does not have a local asset management plan.

V.5.Report.Unspent MTW Funds

C. MTW Report: Commitment of Unspent Funds

In the table below, provide planned commitments or obligations of unspent MTW funds at the end of the PHA's fiscal year.

Account	Planned Expenditure	Obligated Funds	Co mm
Type	Description	\$ X	\$ X
Type	Description	\$ X	\$ X
Type	Description	\$ X	\$ X
Type	Description	\$ X	\$ X
Type	Description	\$ X	\$ X
Type	Description	\$ X	\$ X
Type	Description	\$ X	\$ X
Type	Description	\$ X	\$ X
Total Obligated or Committed Funds:		0	0

In the body of the Report, PHAs shall provide, in as much detail as possible, an explanation of plans for future uses of unspent funds, including what funds have been obligated or committed to specific projects.

Note : Written notice of a definition of MTW reserves will be forthcoming. Until HUD issues a methodology for defining reserves, including a definition of obligations and commitments, MTW agencies are not required to complete this section.

VI. ADMINISTRATIVE

A. GENERAL DESCRIPTION OF ANY HUD REVIEWS, AUDITS OR PHYSICAL INSPECTION ISSUES

HACSC had its sixth MTW site visit in February 2014 and there were no observations or deficiencies cited by HUD during the visit or in any subsequent written report to HACSC.

B. RESULTS OF LATEST HA DIRECTED EVALUATIONS OF THE DEMONSTRATION

In FY2014, HACSC completed its five-year strategic plan. This five-year plan will inform HACSC's future decision-making as to how to best meet the community's housing needs. Part of the process of carrying out the strategic plan may include program evaluation conducted by a third party. No additional program evaluations were completed this fiscal year beyond those required by the MTW Agreement.

C. CERTIFICATION THAT HACSC HAS MET STATUTORY REQUIREMENTS

See attached certification in Appendix One of this MTW Report.

APPENDIX ONE

FY2014 Certification of Compliance with Statutory Requirements



Executive Director
Alex Sanchez

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Certification of Statutory Compliance

On behalf of the Housing Authority of the County of Santa Clara and the Housing Authority of the City of San Jose (the Agency), I certify that the Agency has met the three statutory requirements of the Moving to Work (MTW) Program during fiscal year 2014:

- 1) At least 75 percent of the families assisted by the Agency are very-low income families;
- 2) The Agency has continued to assist substantially the same total number of eligible low-income families as would have been served without MTW; and
- 3) The Agency has continued to serve a comparable mix of families (by family size) as would have been served without MTW.



Alex Sanchez
Executive Director

9/23/14

Date

APPENDIX TWO

Approved MTW Activities for the FY2014 Reporting Period

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
IMPLEMENTED IN FY2009				
2009-1	Reduced Frequency of Tenant Reexaminations	X		
2009-2	Simplification and Expediting of the Income Verification Process	X		
2009-3	Reduced Frequency of Inspections	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 José	X		X
IMPLEMENTED IN FY2010				
2009-8	Streamlining the Project-Based Voucher Referral Process			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	X		
2010-1	Eliminating 100% Excluded Income from the Income Calculation Process	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
2010-2	Excluding Asset Income from Income Calculations for Families with Assets Under \$50,000	X		
2010-3	Applying Current Increased Payment Standards at Interim Reexaminations	X		X
IMPLEMENTED IN FY2011				
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
2011-1	Streamlined approval process for exception payment standard for reasonable accommodation			X
2011-2	Simplify requirements regarding third-party inspections and rent services	X		
IMPLEMENTED IN FY2012				
2012-3	Affordable Housing Acquisition Development Fund			X
2012-4	Affordable Housing Preservation Fund for HACSC- and Affiliate-Owned Properties			X
2012-5	Expand Tenant Services at HACSC- and Affiliate-Owned Affordable Housing Properties		X	
IMPLEMENTED IN FY2014				
2014-3	Freeze on Contract Rent Increases	X		
2014-4	Increased Tenant Contribution – Up to 35% of Gross Income	X		
PENDING IMPLEMENTATION				

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
2012-2	Two-Year Occupancy in Project-Based Voucher Unit Before Eligible to Receive Voucher	X		
2013-1	Elimination of the Earned Income Disallowance (EID) calculation	X	X	
2014-1	Focus Forward Program	X		
2014-2	Eliminate Requirement to Re-Determine Rent Reasonableness when HUD decreased Fair Market Rents (FMRs)	X		

Note: Discontinued activities are not shown. These were approved as activities 4, 6, 7, and 12 in FY2009; 2010-1 and 2012-1.

APPENDIX THREE

FY2013 Independent Auditor’s Report (OMB-A-133) for HACSC

**Housing Authority of the County of Santa Clara
(A Component Unit of the County of Santa Clara)**

Single Audit Reports

June 30, 2013

**Housing Authority of the County of Santa Clara
(A Component Unit of the County of Santa Clara)**

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CohnReznick LLP
cohnreznick.com

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Commissioners
Housing Authority of the County of Santa Clara

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the County of Santa Clara (the Authority), a component unit of the County of Santa Clara, California, and its discretely presented component units, which comprise the statement of net position as of June 30, 2013, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon November 27, 2013. Other auditors audited the financial statements of the aggregate discretely presented component units as described in our report on the Authority's financial statements. The audits of the aggregate discretely presented component units, except for the AE Associates, LTD, HACSC/Choices Family Associates, Opportunity Center Associates LP, Fairground Luxury Family Apartments, LP, S.P.G. Housing Inc. and Subsidiaries, Villa Garcia, Inc., and Villa San Pedro HDC, Inc., were not performed in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

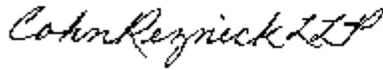
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control, that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions and requirements was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suited for any other purpose.



Sacramento, California
November 27, 2013



CohnReznick LLP
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**Independent Auditor's Report on Compliance For Each Major Program and on
Internal Control over Compliance Required by OMB Circular A-133 and Schedule of
Expenditures of Federal Awards**

To the Board of Commissioners
Housing Authority of the County of Santa Clara

Report on Compliance with Each Major Federal Program

We have audited the Housing Authority of the County of Santa Clara (the Authority)'s compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2013. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

The Authority's basic financial statements include the operations of Villa Garcia, Inc. and Villa San Pedro HDC, Inc. that expended \$2,087,434 and \$1,337,824, respectively, in federal awards for the year ended December 31, 2012, and which are not included in the Schedule of Expenditures of Federal Awards for the year ended June 30, 2013. Our audit, described above, did not include the operations of Villa Garcia, Inc. and Villa San Pedro HDC, Inc. because other auditors were engaged to perform the audits of those entities in accordance with OMB Circular A-133.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

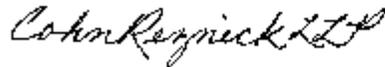
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Schedule of Expenditures of Federal Awards

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the County of Santa Clara (the Authority), a component unit of the County of Santa Clara, California, and its discretely presented component units, which comprise the statement of net position as of June 30, 2013, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon November 27, 2013. Our audit was performed for the purpose of forming an opinion on the financial statements of the Authority as a whole. Our report includes a reference to other auditors. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

This report on the Schedule of Expenditures of Federal Awards is intended solely for the information and use of the Board of Commissioners and management of the Authority, and federal awarding agencies and pass through entities, and is not suitable for any other purpose.



Sacramento, California
November 27, 2013

**Housing Authority of the County of Santa Clara
(A Component Unit of the County of Santa Clara)**

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2013

<u>Grantor / Pass-Through Grantor Program Title:</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Expenditures Amount</u>
<u>FEDERAL EXPENDITURES</u>			
<u>Direct:</u>			
U.S. Department of Housing and Urban Development			
<u>CDBG Cluster</u>			
Community Development Block Grants	14.218	n/a	<u>\$ 168,979</u>
<u>CFP Cluster</u>			
ARRA-Public Housing Capital Fund Stimulus (Formula) Recovery Act Funded	14.885	n/a	<u>8,228</u>
<u>Shelter Plus Care</u>			
Shelter Plus Care	14.238	n/a	<u>3,243,767</u>
<u>Housing Voucher Cluster</u>			
Family Unification Program (FUP)	14.880	n/a	1,777,124
Mainstream Vouchers	14.879	n/a	711,085
Section 8 Housing Choice Vouchers	14.871	n/a	<u>5,792,955</u>
Subtotal Housing Voucher Cluster			<u>8,281,144</u>
<u>Section 8 Project-Based Cluster</u>			
Lower Income Housing Assistance - Program			
Section 8 Moderate Rehabilitation	14.856	n/a	582,324
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	n/a	<u>489,768</u>
Subtotal - Section 8 Project-Based Cluster			<u>1,072,092</u>
<u>Move to Work</u>			
Moving To Work Demonstration Program	14.881	n/a	<u>264,076,636</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 276,850,846</u>
Total Expenditure of Federal Awards			<u>\$ 276,850,846</u>

**Housing Authority of the County of Santa Clara
(A Component Unit of the County of Santa Clara)**

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2013

Note 1 - Reporting Entity

The Housing Authority of the County of Santa Clara (the Authority) is a government agency formed in 1967 by the County of Santa Clara (the County) in accordance with the Housing Authority Law of the State of California. The Authority is an integral part (a component unit) of the reporting entity of the County. The mission of the Authority is to provide and inspire affordable housing solutions for low-income people in Santa Clara County to achieve financial stability and self-reliance.

Note 2 - Summary of Significant Accounting Policies

General

The Schedule of Expenditures of Federal Awards (the Schedule) presents activity of all federal award programs of the Authority. The Authority's reporting entity is defined further in Note 1 of the Authority's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, if any, are included on the Schedule.

Basis of Accounting

The expenditures included in the Schedule are reported under the accrual basis of accounting.

Relationship to Federal Financial Reports

The amounts reported in the Schedule agree to or can be reconciled with the amounts reported in the related federal financial reports.

Relationship to Basic Financial Statements

Federal award revenues and expenditures agree to or can be reconciled with the amounts reported in the Authority's basic financial statements. The Schedule presents only the expenditures incurred by the Authority that are reimbursable under federal programs of federal agencies providing financial assistance. The Schedule was prepared from only the accounts of the federal grants and, therefore does not represent the financial position or results of operations of the Authority.

**Housing Authority of the County of Santa Clara
(A Component Unit of the County of Santa Clara)**

Notes to Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2013

Note 3 - Discrete Component Units Federal Expenditures

The Authority's discrete component units Villa Garcia, Inc. and Villa San Pedro HDC, Inc.'s federal expenditures are excluded from the Schedule because their federal expenditures are separately audited. Expenditures for the programs of Villa Garcia, Inc. and Villa San Pedro HDC, Inc. for the year ended December 31, 2012 listed below are taken from the single audit reports audited by other auditors. The federal expenditures of these discretely presented component units are as follows:

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development:		
<i>Direct Programs</i>		
Section 201 Flexible Assistance Subsidy Loan with Continuing Compliance	14.164	\$ 1,415,905
Section 8 Housing Assistance Payments	14.182	647,309
Section 236 Interest Reduction Insured Loan with Continuing Compliance	14.103	18,200
Section 235 Interest Reduction Subsidy	14.103	6,020
Total Villa Garcia, Inc.		\$ 2,087,434
<i>Direct Programs</i>		
Section 201 Flexible Assistance Subsidy Loan with Continuing Compliance	14.164	\$ 799,933
Section 8 Housing Assistance Payments	14.182	527,017
Section 221(d)(3) Insured Loan with Continuing Compliance	14.135	10,874
Total Villa San Pedro HDC, Inc.		\$ 1,337,824

**Housing Authority of the County of Santa Clara
(A Component Unit of the County of Santa Clara)**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the financial statements of the Housing Authority of the County of Santa Clara and its aggregate discretely presented component units.
2. No material weaknesses or significant deficiencies related to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Housing Authority of the County of Santa Clara were disclosed during the audit.
4. No significant deficiencies or material weaknesses related to the audit of the major federal award programs were disclosed in the Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the Housing Authority of the County of Santa Clara expresses an unmodified opinion.
6. There are no audit findings relative to the major federal award programs for the Housing Authority of the County of Santa Clara.

**Housing Authority of the County of Santa Clara
(A Component Unit of the County of Santa Clara)**

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2013

7. The programs tested as major programs include:

Major Programs	Federal CFDA Number	Federal Expenditures Amount
Moving to work		
Moving To Work Demonstration Program	14.881	<u>\$ 264,076,636</u>
Shelter Plus Care	14.238	<u>3,243,767</u>
Housing Voucher Cluster		
Family Unification Program (FUP)	14.880	1,777,124
Mainstream Vouchers	14.879	711,065
Section 8 Housing Choice Vouchers	14.871	<u>5,792,955</u>
		<u>8,281,144</u>
Total Major Program Expenditures		<u>\$ 275,601,547</u>
Total Federal Award Expenditures		<u>\$ 276,850,846</u>
Percentage of Total Federal Award Expenditures		<u>99.55%</u>

8. The threshold for distinguishing Type A and B programs was \$3,000,000.
9. The Housing Authority of the County of Santa Clara does not qualify as a low-risk auditee.

B. Findings - Financial Statements Audit

- None reported.

C. Findings and Questioned Costs - Major Federal Award Programs Audit

- None reported

**Housing Authority of the County of Santa Clara
(A Component Unit of the County of Santa Clara)**

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2013

No matters were reported in prior year.