

**Department of Housing/Housing Authority**

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## Introduction

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## Overview of the Agency's ongoing MTW goals and objectives

The Moving to Work (MTW) Demonstration Program, created by Congress in 1996, establishes three overarching goals for all participating Housing Authorities:

1. Design and test various approaches for providing and administering housing assistance that reduce costs and achieve greater cost effectiveness in Federal expenditures
2. Design and implement new ways to increase participating families self-sufficiency
3. Increase the housing choices for low-income families

In May 2000, the Department of Housing and Urban Development (HUD) signed an agreement with the Housing Authority of the County of San Mateo (HACSM) granting its request for MTW Demonstration Program status. At that time, a total of 300 vouchers were designated as MTW vouchers with certain self-sufficiency features and time-limited assistance requirements built into the program design. HACSM's original MTW self-sufficiency program has continued to be refined to more accurately meet the needs of the participants and is still in place, stronger than ever. In April 2008, HACSM signed the new MTW Standard Agreement, extending HACSM's MTW contract to the year 2018, while expanding its MTW authority from the original 300 voucher self-sufficiency program to one covering the entire Housing Choice Voucher (HCV) and Public Housing Programs.

This MTW Report showcases the second year results of HACSM's expanded Moving to Work program. The ability to make programmatic choices based on local circumstances has allowed HACSM to transform the affordable housing programs for San Mateo County residents. For example,

- In March 2010, HACSM implemented an extensive HCV rent reform initiative, the Tiered Subsidy Table, which greatly simplifies subsidy calculations while informing families of the actual maximum dollar amount that the Housing Authority will contribute to their housing costs *at the time* they receive their voucher. With this knowledge, participants have been able to find and secure units much more quickly and make clear decisions as to their housing costs. (See Section VI, Activity IX, for more information and specific results of this transformative program)
- In January 2009, HACSM began implementation of its Housing Readiness Program. Partnering with the San Mateo County Center on Homelessness and other homeless service providers, HACSM developed a pilot program to serve up to 60 homeless individuals and families with three years of rental subsidy while they also receive supportive services. Without this program, these families would have to remain in the shelter or on the street until able to secure sufficient employment or relocate to a more affordable community. This program responds to critical needs identified in San Mateo County's HOPE Plan, a comprehensive 10-year plan to end homelessness, and follows the "housing first" strategy. (See Section VI, Activity II for more information on this important program)
- To increase administrative efficiencies, HACSM instituted several key MTW activities that reduce or eliminate overly bureaucratic and costly processes. One of these activities is HACSM's ability to accept tenant provided documents, such as paystubs and medical receipts that were clearly generated by the respective party instead of faxing and/or mailing third party verification forms to each provider. Other activities include the elimination of the Earned Income Disallowance (EID), elimination of excluded income sources from the families adjusted income calculation, elimination of asset calculations for assets valued less than \$50,000 and more.
- In 2011, HACSM introduced its Provider-Based Assistance (PBA) Program. Utilizing its "Local Non-Traditional Use of Funds" authorization, the agency has designed a new program to serve members of our

local community who are either not served, or are underserved, by the HCV or other grant programs due to their unique circumstances. The PBA program enables local service providers to provide time-limited rental assistance, in connection with supportive services, to individuals in special needs populations.

The mission of HACSM is to:

- Preserve and increase the availability of decent, safe, and affordable housing;
- Ensure equal opportunity in housing for all;
- Promote the self-sufficiency and asset development of families and individuals; and
- Improve community quality of life and economic viability.

The flexibilities of the MTW program have allowed HACSM to better meet this mission through program re-design and innovation.

As evidenced in this report, HACSM is committed to increasing the housing choices for families, further developing administrative efficiencies, and promoting the self-sufficiency of the program participants.

HACSM continues to research and review industry best practices, as well as initiatives implemented by other MTW agencies across the nation, to further support the housing needs of the families of San Mateo County.

**SECTION II – General Housing Authority Operating Information****A. Housing Stock Information**

1. Number of public housing units at the end of the Plan year (discuss any changes over 10%): 30

Development	Type	Number of Units
El Camino Village	Family	30

HACSM applied and received approval from HUD to dispose one of its public housing developments, Midway Village. The number of public housing units at the end of the Plan year was reduced from 180 to 30 as a result.

2. Description of any significant capital expenditures by development (>30% of the HACSM's total budgeted capital expenditures for the fiscal year):

All capital expenditures by development were in amounts less than 30% of the total budgeted capital expenditures for the fiscal year.

3. Description of any new public housing units added during the year by development (specifying bedroom size, type, accessible features, if applicable);

HACSM did not add new public housing units during the year.

4. Number of Public Housing units removed from the inventory during the year by development specifying the justification for the removal:

Through the Demo/Dispo process, HACSM removed 150 public housing units from its Midway Village development during the year. After the dispo application was approved, HACSM applied for replacement vouchers and received 149 new vouchers from HUD in April 2011.

5. Number of MTW HCV authorized at the end of the Plan year, discuss any changes over 10%:

HACSM has 4172 MTW HCV authorized units.

Program Type	Beginning FY 2011	Changes	Ending FY 2011
Housing Choice Vouchers	4023	+149	4172

6. Number of non-MTW HCV authorized at the end of the Plan year, discuss any changes over 10%;

HACSM has 130 Moderate Rehabilitation units, 40 Family Unification vouchers, and 25 VASH vouchers.

Program Type	Beginning FY 2011	Changes	Ending FY 2011
Moderate Rehabilitation	130	0	130
Family Unification	40	0	40
VASH	25	0	25

**7. Number of HCV units project-based during the Plan year, including description of each separate project:**

Of the 4172 Housing Choice Vouchers (Section 8), 534 are project-based. HACSM plans to increase the number of project-based vouchers from its allocated funding in the future. In FY2010 HACSM completed the selection process for one new project-based project consisting of 47 units. HACSM entered into AHAP in February 2011.

Additionally, Midway Village, previously a public housing development, was been transitioned to Project-Based Voucher assistance on May 1, 2011. The 150 project-based units at Midway Village are included in the number stated above.

Listed below are HACSM's current project-based properties:

Property Name	City	Total Units
Delaware Place	San Mateo	16
Edgewater Isle	San Mateo	91
Half Moon Village	Half Moon Bay	60
Hillside Terrace	Daly City	16
Hilton Street	Redwood City	6
Magnolia Plaza	South San Francisco	48
Midway Village	Daly City	150
Newell Housing	East Palo Alto	10
Pacific Oak Associates	Pacifica	50
Pine Street	Redwood City	6
Redwood Oaks	Redwood City	33
Robbin's Nest	San Carlos	6
St. Matthew	San Mateo	18
Willow Terrace	Menlo Park	11
The Woodlands	East Palo Alto	13

**8. Overview of other housing managed by the Agency, eg., tax credit, state-funded, market rate.**

Program	Unit Authorized
Shelter Plus Care (non-MTW)	157
Supportive Housing (non-MTW)	34

## B. Leasing Information - Actual

1. Total number of MTW PH units leased in Plan year: 30
2. Total number of non-MTW PH units leased in Plan year: N/A
3. Total number of MTW HCV units leased in Plan year: 4172
4. Total number of non-MTW HCV units leased in Plan year: 164 (This includes the actual lease up for the VASH, Mod Rehab and Family Unification programs.)

Program Type	Unit Authorized	Unit Leased FY 2011
Moderate Rehabilitation	130	126
Family Unification	40	29
VASH	25	9

### 5. Description of any issues related to leasing of PH or HCVs:

Moderate Rehabilitation: There are no issues related to leasing the Moderate Rehabilitation units. The 3% vacancy rate was due to normal turnovers.

Family Unification: There have been program exits for the foster youths where their subsidy is limited to 18 months. HACSM is working closely with the San Mateo County Families and Children Services to utilize all available vouchers.

VASH: Referrals from the San Bruno VAMC has been slow. HACSM did not receive its first referral until 2/24/2011. HACSM will continue to work with VA and local partners to promote the program and outreach to the community.

### 6. Number of project-based vouchers committed or in use at the end of the Plan year, describe project where any new vouchers are placed (include only vouchers where Agency has issued a letter of commitment in the plan year.)

Of the 4172 Housing Choice Vouchers (MTW), 534 are in use for the above referenced Project-Based developments. Of the 534, 150 are new and are placed with Midway Village, a previous public housing development in Daly City, California.

In addition, 47 vouchers are under A-HAP for a new construction, affordable housing project in South San Francisco, California.

## C. Waiting List Information

### 1. Number and characteristics of households on the waiting lists (all housing types) at the end of the plan year

Public Housing
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Waiting list total	1339	
Approximate Annual turnover	4	
	# of families	% of total families <sup>1</sup>
Elderly families	206	13.9%
Disabled families	327	26.23%
White	566	42.27%
Black/African American	458	36.36%
American Indian/Alaska native	35	2.82%
Asian	230	11.62%
Native Hawaiian/Other Pacific Islander	100	1.94%
Other	45	3.7%
Hispanic or Latino	374	27.93%
Non Hispanic or Latino	965	72.07%

<sup>1</sup> The total percentage is more than 100% because multiple characteristics apply to some families

Section 8 - Housing Choice Voucher		
Waiting list total	1136	
Approximate Annual turnover	288	
	# of families	% of total families <sup>1</sup>
Elderly families	92	8.1%
Disabled families	319	28.1%
White	254	11.4%
Black/African American	732	64.44
American Indian/Alaska native	46	4.05%
Asian	160	5.28%
Native Hawaiian/Other Pacific Islander	44	3.87%
Other	0	0%
Hispanic or Latino	184	16.2
Non Hispanic or Latino	952	83.8

<sup>1</sup> The total percentage is more than 100% because some families chose more than one race

Section 8 - Project-Based		
Waiting list total	4478	
Approximate Annual turnover	24	
	# of families	% of total families <sup>1</sup>
Elderly families	1254	28%
Disabled families	1124	25.1%
White	2252	50.29%
Black/African American	1175	26.24%
American Indian/Alaska native	114	2.55%
Asian	868	19.38%
Native Hawaiian/Other Pacific Islander	247	5.52%
Other	97	2.17
Hispanic or Latino	1306	29.16
Non Hispanic or Latino	3172	70.84

<sup>1</sup> The total percentage is more than 100% because some families chose more than one race

Moderate Rehabilitation		
Waiting list total	1136	
Approximate Annual turnover	6	
	# of families	% of total families <sup>1</sup>
Elderly families	158	15.38%
Disabled families	298	24.42%
White	540	47.54%
Black/African American	413	34.2%
American Indian/Alaska native	32	2.61%
Asian	132	17.18%
Native Hawaiian/Other Pacific Islander	575	7.47%
Other	22	3.36%
Hispanic or Latino	305	26.85%
Non Hispanic or Latino	831	73.15%

<sup>1</sup> The total percentage is more than 100% because some families chose more than one race

## 2. Description of waiting lists (site-based, community-wide, HCV, merged) and any changes that were made in the past fiscal year.

HACSM currently maintains the following waiting lists:

- Public Housing
- Section 8 Housing Choice Voucher
- Project-Based
- Moderate Rehabilitation

### Public Housing

HACSM's Public Housing Program waiting list is closed, except for its 4 Bedroom units. Since all public housing units are fully occupied at this time, only turnover units will need leasing activity.

### Section 8 Housing Choice Voucher

The waiting list for the HCV Program was closed as of July 2008. In July 2008, HACSM opened the waiting list for the HCV Program. Over 23,000 applied during the one week opening period. All completed applications submitted by the deadline were put into an eligible pool. From that pool, HACSM conducted a lottery and randomly selected 3,600 applications to be placed on the waiting list. Since the HCV Program is close to 100% leased-up, only turnover vouchers will need leasing activity.

In 2009, HACSM applied for and was awarded 40 Family Unification Program (FUP) vouchers and as of June 30, 2011, 28 families were leased up. HACSM will give preference to FUP-eligible families and FUP-eligible youths. If HACSM is unable to issue the number of FUP vouchers awarded or FUP funding provided by HUD

from its current HCV waiting list, HACSM will reopen the waiting list to accept a FUP applicant family or youth who is not currently on the HACSM HCV waiting list.

In June 2010, HACSM received funding for 25 Veterans Affairs Supporting Housing (VASH) vouchers in partnership with San Francisco Veterans Administration Medical Center, San Bruno Clinic. As of June 30, 2011, 6 families were leased up. HACSM does not maintain a VASH waiting list because only veterans referred by San Francisco VAMC/San Bruno Clinic would be accepted into the program.

In June 2010, HACSM submitted a disposition application to HUD to dispose of its two public housing developments, Midway Village and El Camino Village, from public housing status. While HACSM received approval from HUD for its Midway Village application and received replacement vouchers in April 2011, approval for El Camino Village application was unclear at that time. HACSM withdrew its El Camino Village application and plans to resubmit the application in FY2012. HACSM will seek replacement HCV vouchers for El Camino Village residents. If approved and awarded, HACSM will give preference to El Camino Village residents who are in possession of the units as of the date of the award. If the HCV waiting list is closed at the time, HACSM will reopen the waiting list to accept applications from eligible public housing residents.

### **Project-Based**

HACSM has a combined waiting list for all its Project-Based properties that is currently open. Applicants indicate which properties they are interested in. Since all Project-Based units are fully occupied at this time, only turnover units require leasing activity. Because of the low turnover rate and high number of families on the waiting list, HACSM plans to close the Project-Based waiting list in FY2012.

### **Moderate Rehabilitation**

HACSM's Moderate Rehabilitation Program waiting list is currently open. Because of the low turnover rate and high number of families on the waiting list, HACSM plans to close the Mod Rehab waiting list in FY2012.

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Note: Applicants for the Shelter Plus Care, Supportive Housing Programs, and Housing Readiness Program (a 2008-2009 MTW initiative within the HCV program) are referred to HACSM by homeless service providers and other community partners. HACSM does not keep waiting lists for the Shelter Plus Care, Supportive Housing Program or the Housing Readiness Program.

**SECTION III– Non-MTW Related Housing Authority Information**

(Optional)

For current information on HACSM's Non-MTW Related activities, please see HACSM's FY2012 MTW Annual Plan, HUD approved and posted on the [www.smchousing.org](http://www.smchousing.org) website.

Further updates to HACSM's Non-MTW Related activities will be included in HACSM's upcoming FY2013 MTW Annual Plan.

**SECTION IV– Long-Term MTW Plan**

(Optional)

For current information on HACSM's Long-Term MTW Plan, please see HACSM's FY2012 MTW Annual Plan, HUD approved and posted on the [www.smchousing.org](http://www.smchousing.org) website.

Further updates to HACSM's Long-Term MTW Plan will be included in HACSM's upcoming FY2013 MTW Annual Plan.

**SECTION V - Proposed MTW Activities**

HACSM has no proposed activities, approved by HUD prior to July 1, 2011, that have not been implemented.

**SECTION VI – On-Going MTW Activities: HUD approval previously granted**

**Executive Summary** of HACSM's MTW activities, since program inception May 2000.

<b>On-Going Activities</b>	<b>Date Identified</b>	<b>Date Implemented</b>
1) MTW/FSS Program (in coordination with community self-sufficiency partners)	5/1997	5/1/2000
2) Housing Readiness Program (in coordination with community supportive services providers)	4/15/2008	7/1/2008
3) Elimination of 40% affordability cap at initial move in/lease up	5/1997	5/1/2000
4) Escrow Accounts	5/1997	5/1/2000
5) Expand usage of project-based vouchers at HACSM developments undergoing disposition process	4/15/2008	Midway Village – 1/1/2011 El Camino Village - Pending HUD approval of Demo/Dispo application
6) Biennial re-certification schedule for elderly/disabled households	4/15/2009	7/1/2009
7) Simplify Rent Calculation Process	4/15/2009	7/1/2009
8) Simplify Third-Party Verification Process	4/15/2009	7/1/2009
9) Tiered Subsidy Table (TST)	4/15/2009	1/1/2010
10) Simplify HQS Processes	4/15/2008	7/1/2009
11) Eliminate competitive process for allocation of Project-Based vouchers to former public housing units	10/6/2009	1/27/2011
12) Waive 12 month stay requirement for residents in formerly public housing units converted to project-based units	10/6/2009	5/1/2011

On-Going Activities	Date Identified	Date Implemented
13) Accept lower HAP for in-place Public Housing residents, at conversion to Project-Based Vouchers	10/6/2009	5/1/2011
14) Establish flat or market rate policy for over income Public Housing residents at conversion of Public Housing units to Project-Based units	10/6/2009	5/1/2011
15) Institute biennial inspection schedule for units under contract	4/15/2010	7/1/2010
16) Expand the Section 8 Project Based Voucher Program	4/15/2010	7/1/2010
17) Revise Eligibility Standards	4/15/2010	7/1/2010
18) Eliminate 100% excluded income from the income calculation process	4/15/2010	7/1/2010
19) Eliminate the requirement to complete new HAP contract with utility responsibility changes	4/15/2010	7/1/2010
20) Apply current payment standards at interim reexamination	4/15/2010	7/1/2010

## On-Going MTW Activity #1: MTW/FSS Program (time-limited assistance in coordination with community self-sufficiency partners)

### A. Activity Description

HACSM's MTW program was first implemented in May 2000. It was originally developed to respond to welfare reform and thus was fashioned to focus almost exclusively on improving families' self-sufficiency in preparation for the conclusion of their welfare assistance. The core design of HACSM's original MTW program consisted of limiting Housing Choice Voucher assistance to a maximum of six years, while at the same time offering self-sufficiency services to those participants. In order to reach the target population, HACSM only accepts new admissions through a referral process. The referring agency may be a county welfare or social service department, drug treatment facility, and/or homeless shelter. In addition to referring eligible families for admission to the MTW program, these same referring agencies have signed agreements with HACSM to provide appropriate case management services to the family throughout the term of their subsidized housing assistance.

All MTW Self-Sufficiency participants are required to participate in HACSM's Family Self-Sufficiency (FSS) program, which requires families to be gainfully employed and free of welfare assistance 12 months prior to the end of the FSS contract. Non-compliance with the FSS contract is cause for termination of housing assistance. HACSM collaborates with county and non-profit service providers to prepare MTW households to be economically self-sufficient in the very expensive San Mateo County housing market upon graduation. See Appendix One for more information on HACSM's hardship policy.

### B. The impact of the activity

The MTW Self-Sufficiency program incorporates a network of local service providers to assist program participants to achieve economic self-sufficiency. 240 families have entered the program since HACSM began its second round of outreach in late 2007. While a majority of the program participants are still within their six-year contract term, during this reporting period 17 exited the program early due to a variety of reasons. Of the 17 families that exited early, 7 had experienced an increase in employment income.

As of this reporting period, there have been no hardship requests to extend the contract term.

Baseline (established FY2009)	Benchmark	Metric	Year 1 (FY10) Outcome	Year 2 (FY11) Outcome
131 (58%) out of 227 families entered the program in FY 2009 received welfare assistance	Decrease in the number of families with welfare assistance	Comparison of the number of families with welfare assistance each year of contract	114 (50%) of the 227 active families received welfare assistance as of June 30, 2010. 24 (21%) of these 114 families also received employment income.	105 (54%) of the remaining 193 active families received welfare assistance as of June 30, 2011. 17(16%) of these 105 families also received employment income.
129 (57%) out of 227 families entered the program had earned income	Increase in the number of families with earned income and/or income increases	Comparison of the number of families with employment income	113 (50%) of the 227 active families had earned income or unemployment benefits as of June 30, 2010.	71 (37%) of the 193 active families had earned income as of June 30, 2011. In addition, 81 (42%) families received other income such as unemployment benefits, family support, or business income.

Number of families requesting hardship review	Reduction in the number of requests for hardship review	Change in the number of hardship review requests	There were no hardship review requests during the reporting period	There were no hardship review requests during the reporting period
Number of families in job training programs	Increase in number of families enrolled and participating in job training programs		As of June 30, 2010, 59 families are enrolled in or have completed job training programs	As of June 30, 2011, 15 new families are enrolled in or have completed job training programs.
Number of families participating in financial, employment and educational workshops	Increase in number of families successfully completing financial, employment and educational workshops		During the reporting period, 19 families completed financial, employment and educational workshop. This number will be used for future benchmark	During the reporting period, 190 families completed financial, employment and educational workshop.

**C. If benchmarks were not achieved or if the activity was determined ineffective, provide a narrative explanation of the challenges, and if possible, identify potential new strategies that might be more effective.**

HACSM continued to effectively administer the time-limited MTW Self-Sufficiency program. Of the 17 families that exited the program during the reporting period, 6 families exited with earned income while 7 families had increase in their overall income.

The economic downturn and the depressed employment market impacted the MTW Self-Sufficiency families. As of June 30, 2011, 13 of the families received unemployment benefits as their income.

HACSM will continue to collaborate with local community partners to provide employment, education, and other supportive services to MTW program participants.

**D. If benchmarks or metrics have been revised, identify any new indicator(s) of activities status and impact (e.g. after 2 years of rent reform only 6 hardship cases).**

HACSM is not making any revisions to the benchmarks or metrics of this MTW activity.

**E. If data collection methodology has changed, describe original data collection methodology and any revisions to the process or change in data collected.**

HACSM does not foresee any changes to the data collection methodology.

**F. If a different authorization from Attachment C or D was used than was proposed in the Plan, provide the new authorization and describe why the change was necessary.**

HACSM did not request, or receive, any additional authorization from Attachment C or D to implement this MTW activity.

**G. Authorization for the approved activity**

**Authorizations for Time Limited Assistance**

The on-going activity described above, is authorized in HACSM's MTW Agreement, Attachment C, Part D, (1)(g) and (2)(d) and waives certain provisions of Section 8(o)(7), 8(o)(13)(F)-(G), and 8(r) of the US Housing Act of 1937 and 24 CFR 982 Subpart H, 24 CFR 982 Subpart L, and 24 CFR Subpart E

An MTW waiver is necessary for this MTW activity because HUD regulations do not allow for the application of time limits in the HCV program.

**Authorizations for Case Management**

The on-going activity described above, is authorized in HACSM's MTW Agreement, Attachment C, Section E and waives certain provisions of Section 23 of the US Housing Act of 1937 and 24 CFR 984

MTW authorization is necessary for this MTW activity because HUD regulations do not oblige program participants to engage in self-sufficiency activities as part of the program requirement.

## On-Going MTW Activity #2: Housing Readiness Program (in coordination with community supportive service providers)

### A. Activity Description

In July 2008, HACSM received HUD approval to implement the Housing Readiness Program.

The impetus for the program came through HACSM's partnerships with San Mateo County's Center on Homelessness and other providers of homeless services. The goal of these partnerships is to develop and implement a pilot housing program to serve up to 60 homeless individuals and families. Program participants have the ability to receive rental subsidy for up to three years while at the same time having continued access to various support programs. At the end of the three-year term, successful graduates may transfer to other affordable housing programs, managed by other community partners. This program responds to critical needs identified in San Mateo County's comprehensive 10-year plan to end homelessness and follows the "housing first" strategy. The program includes formal research components via the HUD Homeless Management Information Systems (HMIS).

The 60 vouchers for the Housing Readiness Program were a carve-out from the original 300 MTW voucher allocation. And, as is the case with the original MTW participants, Housing Readiness participants are not able to use their voucher for portability to another housing authority.

In the FY2012 MTW Plan, HACSM allocated 20 additional vouchers for the Housing Readiness Program bringing the total to 80 vouchers by FYE2012.

### B. The impact of the activity

Since the inception of the program in early 2009, 71 homeless individuals and families have been assisted under the Housing Readiness program. These families came from a variety of places including shelters and institutions.

Because all of the program participants are still within their contract terms, there have been no hardship requests as of the reporting date.

Baseline (established FY2009)	Benchmark	Metric	Year 1 (FY10) Outcome	Year 2 (FY11) Outcome
Number of families with defined goals with their supportive services providers	Increase in the number of families meeting their goals	Comparison of families defining and keeping self sufficiency goals	50 families have defined goals with their supportive services providers	62 families have defined goals with their supportive services providers
Length of time, on average, required to lease a unit	Decrease in the length of time, on average, needed to rent a unit	Comparison of the average length of time needed to secure a unit	The average length of time needed to secure a unit during the reporting period was 59 days. Since this is Year 1 of this program, HACSM will use this statistic as the baseline for the activity in subsequent years.	The average length of time needed to secure a unit during the reporting period was 43 days.
Family	Increase in	Comparison of	Of the 55 active Housing	Of the 62 active Housing

status/income at admission to the program	household income	family income at admission and annual recertification	Readiness families as of 6/30/10, 13 experienced an increase in their family income	Readiness families as of 6/30/11, 20 experienced an increase in their family income
Number of HR participants able to secure and retain housing	Decrease in evictions for HR participants	Comparison of tenancy history before and after program entry	Since the inception of the HR program in 2009, the average length of stay has been 384 days. (The first HR family leased up in the program on 2/1/2009.) During FY2010, 4 households were terminated, however, only 1 was due to non-compliance. As with other indicators in this activity, HACSM will use the above statistics as the baseline for additional research for this program.	For the households remaining in the program, the average stay for HR participants is 559 days. During FY2011, 9 households left the program. 4 were terminated from the program due to non-compliance. 2 left voluntarily. 2 passed away, and 1 was on S8 waiting list and received a HCV voucher.

- C. If benchmarks were not achieved or if the activity was determined ineffective, provide a narrative explanation of the challenges, and if possible, identify potential new strategies that might be more effective.**

HACSM and its community partners have been very pleased with this program to date, as it has fulfilled a very specific gap in services for San Mateo County families struggling with homelessness.

- D. If benchmarks or metrics have been revised, identify any new indicator(s) of activities status and impact (e.g. after 2 years of rent reform only 6 hardship cases).**

HACSM has not, nor does not plan to revise the benchmarks or metrics for this activity.

- E. If data collection methodology has changed, describe original data collection methodology and any revisions to the process or change in data collected.**

HACSM does not foresee any changes to the data collection methodology.

- F. If a different authorization from Attachment C or D was used than was proposed in the Plan, provide the new authorization and describe why the change was necessary.**

HACSM did not request, or receive, any additional authorization from Attachment C or D to implement this MTW activity.

- G. Authorization for the approved activity**

The on-going activity described above, is authorized in HACSM's MTW Agreement, Attachment C, Section D (1)(g), Section D (2)(a)(d), Section D (3)(b), Section D (4) and Section E and waives certain provisions of Section

8(r), 8(o)(1), 8(o)(2), 8(o)(3), 8(o)(10) and 8(o)(13)(H)-(I), 8(o)(7), 8(o)(13)(F)-(G), 8(o)(6), 8(o)(13)(J), 8(o)(16) and Section 23 of the US Housing Act of 1937 and 24 CFR 982 Subpart H, 982.508, 982.503, 982.518, 982 Subpart L, 983 Subpart E, 982.516, 982, Subpart E, 982.305, 983 Subpart F, 984

An MTW waiver is necessary for this MTW activity because HUD regulations do not allow for the application of time limits and mandatory self-sufficiency participation in the HCV program.

### On-Going MTW Activity #3: Elimination of 40% affordability cap at initial move- in/lease up

#### A. Activity Description

The original MTW contract, executed in 2000, allowed HACSM to eliminate all limits on the proportion of household income that could be spent on housing costs for its initial 300 time-limited MTW clients. In the FY2009 MTW Annual Plan, HACSM received HUD approval to expand this initiative to the entire HCV program.

This MTW activity was designed to support a family's ability to have greater housing choice, through having access to cities throughout San Mateo County. Prior to July 2009, many HCV applicants, leasing up for the first time, and participants, in the relocation process, were unable to secure housing outside high poverty areas due to the restrictive 40% tenant affordability cap.

Although the hard affordability cap has been eliminated, HACSM continues to play a major role in negotiating rents on behalf of the participant when needed and has established safeguards to ensure the tenant portion of rent is affordable to the participant. Safeguards include, but are not limited to:

- Discussion of rent affordability with the participant before move-in
- Outreach to property owners to increase housing availability
- A calculation tool (see Appendix Two) that shows the tenant portion of rent in relation to his/her income with the additional of excluded income sources that might mitigate the higher rent burden.
- Required supervisory approval procedures on a case-by-case basis for instances where the tenant rent burden is over 50% of their monthly adjusted income.

#### B. Impact of the activity

Not having a fixed affordability cap provides for more housing choices for participants on a case by case basis. And, as before implementation, HACSM continues to assist in rent negotiations to ensure that the tenant rent is both reasonable and within an appropriate level for the household. During FY11, 88% of all MTW households paid, or are currently paying, less than 40% of their monthly adjusted income (MAI) towards their rent.

Baseline (established FY2009)	Benchmark	Metric	Year 1 (FY10) Outcome	Year 2 (FY11) Outcome
Approximately 48 new move-ins were denied a unit based on the 40% affordability cap.  In FY09, HACSM received approximately 1079 Requests for Tenancy (RTA).  Based on the above, approximately 4% of the RTA's were denied due to tenant affordability.	Reduce number of denials by 25% due to affordability	Comparison of the number of denials due to affordability before and after implementation.	HACSM had 734 new move-ins in FY2010. Of the 734, only 49 families (less than 6% of the families) exercised the ability to contribute more than 40% of their AAI towards their rent portion. (See table 6.1 below)  In FY2010, only six (6) participants were denied move in due to affordability. It is important to note that the factors affecting affordability include: 1) The Mixed Family proration; 2)	In FY11, there were 814 new move-ins. Of the 814 new contracts, only 41 families (approximately 5% of the new move-ins) elected to spend more than 40% of their MAI towards their rent portion.  In FY11, HACSM received 1164 RTA's, of which 12 were denied due to affordability. This represents approximately 1% of all new or relocating households. This exceeded HACSM's

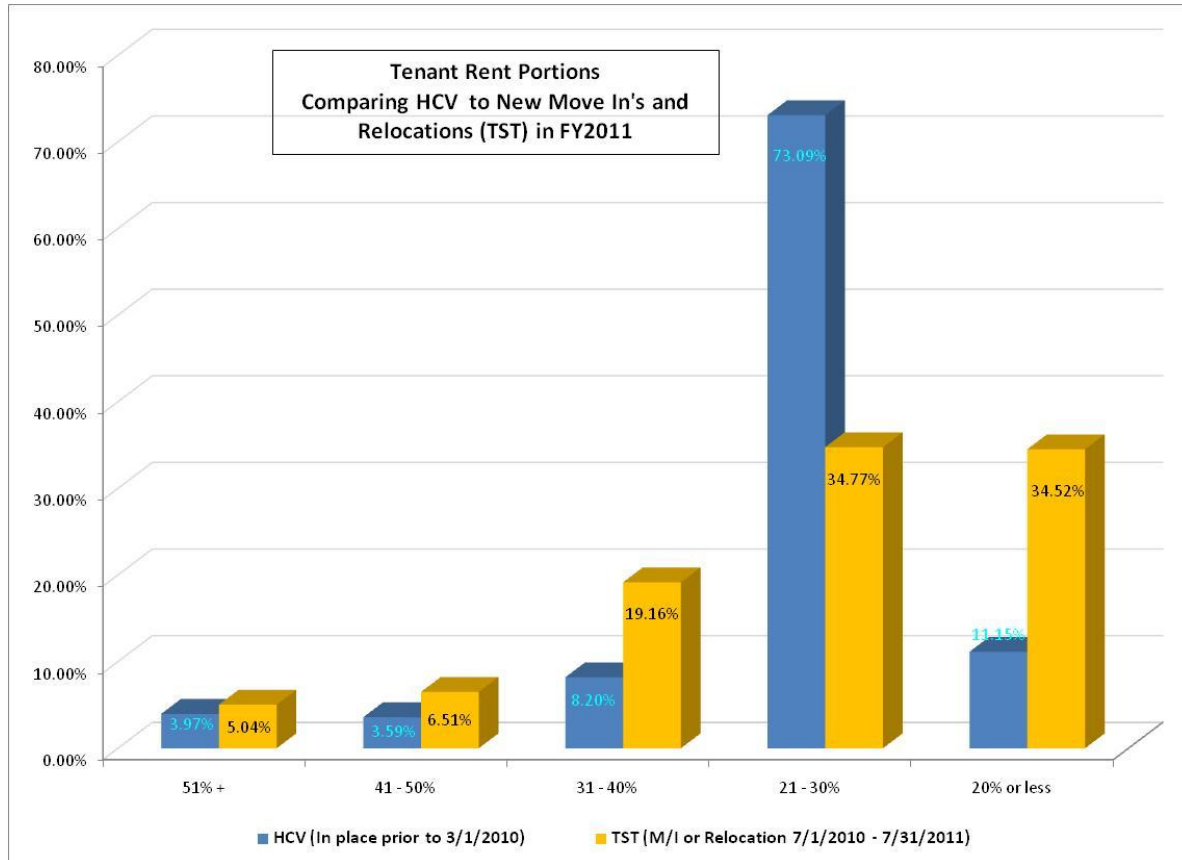
			<p>Owners refusing to negotiate the Contract Rent (Rent to Owner); 3) Rent Reasonableness of the unit; 4) the Tenant Rent portion being greater than 50% of their AAI, with no excluded income sources to ease the participants overall rent burden.</p>	<p>benchmark (proposed 25% reduction), as it represents a 75% reduction from the baseline.</p> <p>As was the case in FY10, the same factors continue to affecting rental affordability:</p> <p>1) The Mixed Family proration; 2) Owners refusing to negotiate the Contract Rent (Rent to Owner); 3) Rent Reasonableness of the unit; 4) the Tenant Rent portion being greater than 50% of their AAI, with no excluded income sources to ease the participants overall rent burden.</p>
See Table (6.3) below that shows the % of households located within each city in San Mateo County.	5% increase in new move-ins to cities with lower poverty concentration	Comparison of localities (including those of low poverty), with HAP contracts before and after implementation	In FY2010, HACSM has seen a shift in where participants are choosing to live; however, at this time there is not sufficient data to determine whether or not removing the 40% cap at initial move-in is the sole reason for this change. HACSM will continue to monitor this activity in FY2011 to further determine any trends. (See table 6.3 below)	See Table 6.3 below
443 households are currently paying more than 40% of their annual adjusted income (AAI) towards their housing cost.	Minimal change to the percentage of participants paying more than 40% of their AAI towards their housing costs.	Comparison of the number of households paying more than 40% of their AAI towards their housing costs.	<p>In FY2010, 290 households (who were in-place prior to 7/1/2009) are paying more than 40% of their AAI towards their housing costs. When combined with new move-ins due to new applicants and relocating participants in FY2010, there are 328 households paying more than 40% of their AAI towards their rent.</p> <p>Based on this data, it is clear that eliminating a hard 40% limit for new move-ins does not significantly change how much participants contribute to their rent over a longer period of time. (see table 6.2</p>	<p>In FYE2011, there were 1561 households who were program participants prior to 7/1/2010 and who have not relocated. Of this group, 118 households were paying more than 40% of their MAI towards their rent.</p> <p>When combined with new move-in's and relocations, there are 509 households paying more than 40% of their MAI towards their rent.</p> <p>509 Households paying more than 40% represents approximately 12% of all voucher holders. And, a 1% increase over all.</p>

			below)	(See Tables 6.1 and 6.2 below)
In FY2009, the average number of days from voucher issuance to lease up was 60 days	Decrease in the length of time to find and secure a unit	Comparison of the length of time required to secure a unit, before and after implementation	<p>In FY2010, HACSM experienced a 33% reduction (20 less days) in the average length of time required from voucher issuance to lease up.</p> <p>* Note: some of this reduction may be due to the implementation of the TST on March 1, 2010.</p>	<p>In FY2011, on average, it required approximately 60 days for a new participant to complete the briefing to move in process. This increase can be attributed to several cases involving reasonable accommodation.</p> <p>The minimum number of days in FY11 was 7 days, while the maximum was 211 days.</p>

The following charts reveal how participants are exercising greater choice in their housing decisions as they relate to the percentage of their monthly adjusted income allocated to their rent payments. HACSM is tracking three separate groups:

- Program participants prior to March 1, 2010 who have not relocated,
- New program participants during FY11 or on-going participants who have relocated in FY11, and
- Program participants who are automatically converting to the TST at their regular recertification appointment on or after March 1, 2011.

The first chart, Table 6.1, is a comparison of participants who were in the program prior to March 1, 2010 and who have not relocated and those who are either new participants from the wait list or who have relocated.



(Table 6.1)

HACSM is continuing to monitor the Tenant rent portions. As can be seen in Table 6.1 above, Tenant's are showing much greater choice within the individual ranges, however, the fact that the majority remain at or below 40% has alleviated the concern that by removing the 40% affordability cap at initial move in has not resulted in tenant's over-extending themselves.

The table below shows the exact number of households in each monthly adjusted percentage range. For example, the table breaks out how many households are paying more than 51% of their monthly adjusted income by three scenarios:

- 1) Participants who were in the program prior to 3/1/2010 and who have not yet converted to the TST
- 2) Participants who have either joined the program or relocated since 7/1/2010, and due to these actions have been placed on the TST
- 3) All participants who are on the TST

In other words, scenario 2 is a subset of scenario 3.

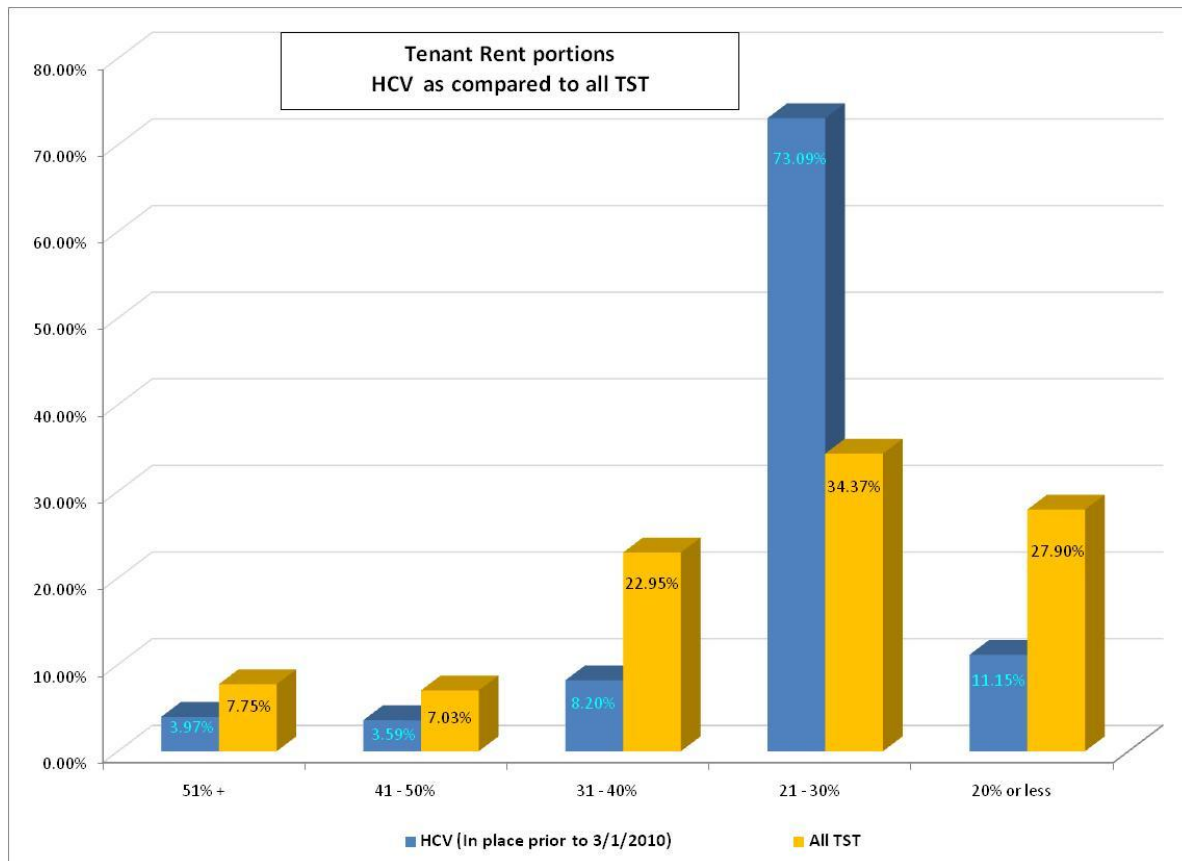
<u>% of MAI Tenant is paying</u>	<u>HCV (In place prior to 3/1/2010)</u>	<u>%</u>	<u>TST (M/I or Relocation 7/1/2010 - 7/31/2011)</u>	<u>%</u>	<u>All TST</u>	<u>%</u>
51% +	62	3.97%	41	5.04%	205	7.75%
41 - 50%	56	3.59%	53	6.51%	186	7.03%
31 - 40%	128	8.20%	156	19.16%	607	22.95%
21 - 30%	1141	73.09%	283	34.77%	909	34.37%
20% or less	174	11.15%	281	34.52%	738	27.90%
	<b>1561</b>		<b>814</b>		<b>2645</b>	

When comparing the percentage of households paying 40% or less, it is clear that most participants continue to find and secure units that fall within the generally believed affordable range.

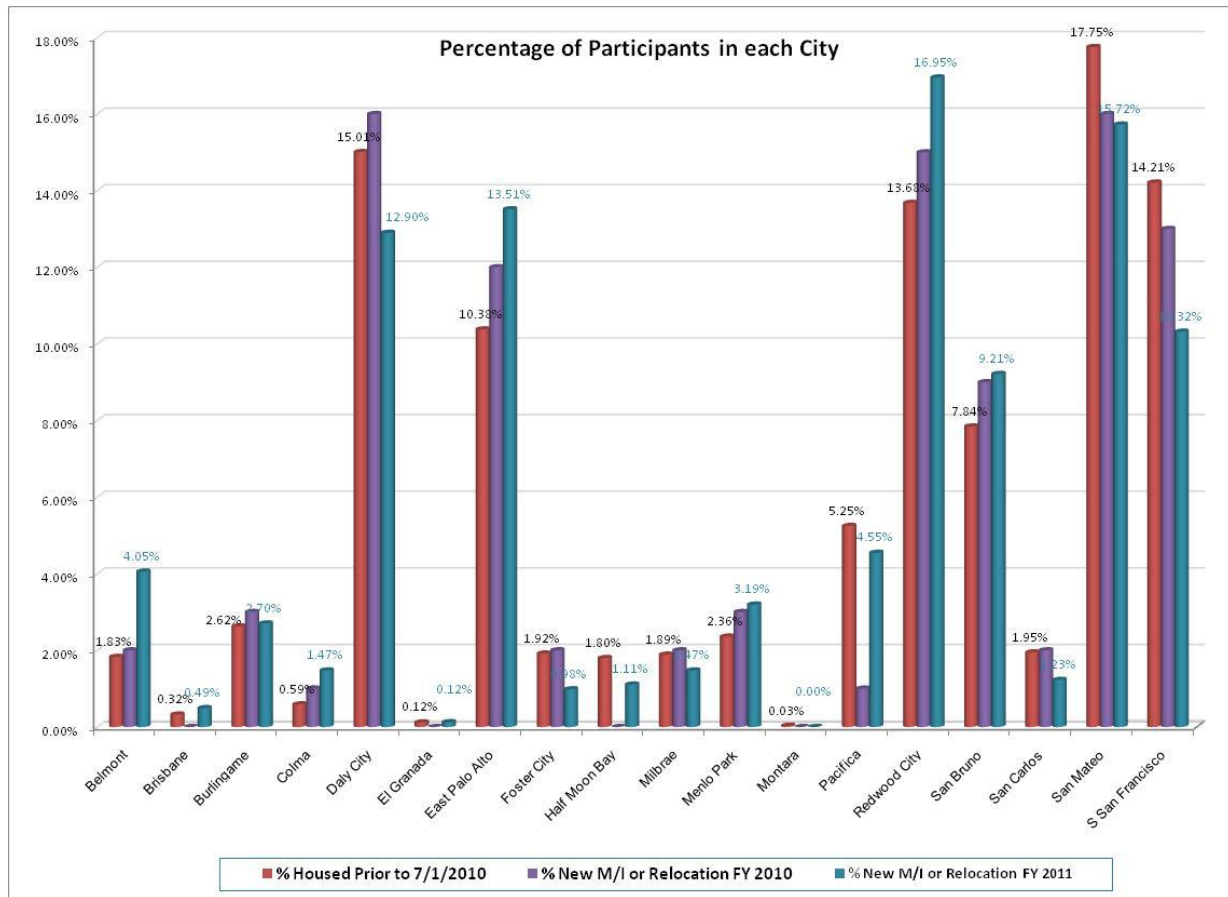
- 1) **92.44%** of all HCV Households who were program participants prior to July 1, 2010, and who have not relocated are paying 40% or less towards their rent.
- 2) **88.45%** of all new program participants and relocations who have moved into a unit in FY11, (and are on the TST), are paying 40% or less towards their rent.

Table 6.2 below represents the tenant rent portions for participants who were housed prior to March 1, 2010 and have not converted to the TST as of 8/31/2011, and those who have joined the program, relocated or as of March 1, 2011 have automatically been converted to the TST program.

Note: due to the success of the TST during the first year of implementation, effective March 1, 2011 HACSM is extended the TST to all participants when they are next seen for regular recertification and or relocation, whichever comes first.



(Table 6.2)



(Table 6.3)

HACSM has continued to monitor the cities in which participants are choosing to lease up. Unfortunately, due to the changes in the economic environment, and significant foreclosures and housing market in general in the Bay Area, it is nearly impossible for HACSM to determine with any certainty whether this activity is causing a shift in the overall locality of housing availability and participant's choices. As can be seen in this chart, there has been a decrease in some cities and an increase in others – all of which have both areas of higher poverty as well as areas of greater affluence.

Based on HACSM Staff experience, in general and historically, landlords in East Palo Alto and Redwood City have been more open to renting to program participants. And, while there remain many participants in South San Francisco and Daly City, those percentages may be shifting due to their proximity to San Francisco and an overall increase in the rents being sought on the open market. San Mateo is experiencing a similar shift with rapidly and extreme rent increases throughout the city.

**C. If benchmarks were not achieved or if the activity was determined ineffective, provide a narrative explanation of the challenges, and if possible, identify potential new strategies that might be more effective.**

From the research results above, HACSM has seen this activity continue to be helpful in increasing participants housing choice and their ability to find and secure units in a timelier manner. HACSM does not plan to change its strategy for this MTW activity in FY2012.

- D. If benchmarks or metrics have been revised' identify any new indicator(s) of activities status and impact (e.g. after 2 years of rent reform only 6 hardship cases).**

HACSM has not, nor does it intent to, change the benchmarks or metrics for this activity.

- E. If data collection methodology has changed, describe original data collection methodology and any revisions to the process or change in data collected.**

There has been no change to the methodology of data collection.

- F. If a different authorization from Attachment C or D was used than was proposed in the Plan, provide the new authorization and describe why the change was necessary.**

HACSM did not request, or receive, any additional authorization from Attachment C or D to implement this MTW activity.

- G. Authorization for the approved activity**

The on-going activity described above, is authorized in HACSM's MTW Agreement, Attachment C Part D(2)(a) and waives certain provisions of Section 8 (o)(10) and 8(o)(3) of the US Housing Act of 1937 and 24 CFR 982.503 and 982.518.

MTW authorization is required for this activity because HUD regulations require a 40% affordability test prior to approval of a rental unit at initial occupancy.

## On-Going MTW Activity #4: Simplify Family Self Sufficiency (FSS) Escrow Calculation

### A. Activity Description

Effective July 1, 2009, HACSM changed the method by which escrow is calculated for the FSS program participants. Instead of using a calculation that only looks at increases in earned income, HACSM designed a calculation method that looks at several activities that support a families increasing self-sufficiency.

The calculation methodology is as follow:

1. \$1,000.00 per family who has increased a minimum of \$1,200 annually in earned income at graduation.
2. \$100.00 for each completed educational goal such as a GED, a degree from an accredited school/college, a vocational certificate, etc. The maximum escrow credit for achieving educational goals will be \$300.00 per family.
3. \$100.00 per family for completing a HACSM-approved budget class.
4. \$1,500.00 per family for increasing savings by an additional \$1,500.00 or more at graduation.
5. \$1.00 for each credit score point improved. The escrow credit for improving credit score is limited to one adult family member per family.

As stated above, to support the full spectrum of self-sufficiency activities needed for a participant to become self-sufficient, HACSM has designed an escrow calculation method in which families may qualify for one, or more, of the escrow credits stated above. Escrow will be calculated and credited at the end of the FSS Contract term and only if the family provides credible and verifiable documentation showing they qualify for each the escrow credit type. The maximum escrow credit and pay out at graduation will be \$3,000.00 per family. Because escrows are calculated and credited at the end of the FSS Contract term, interim withdrawals were eliminated.

### B. Impact of the activity

HACSM achieved cost effectiveness with this MTW activity by reducing the time spent in calculating escrow credit and servicing escrow accounts. At the same time, HACSM provided greater opportunities for families to receive escrow pay outs upon graduation.

Baseline (established FY2009)	Benchmark	Metric	Year 1 (FY10) Outcome	Year 2 (FY11) Outcome
Average time needed to calculate and post each FSS program participant's escrow savings is 10 minutes per file or approximately 60 hours per month	Decrease in the average time needed to calculate and post FSS program participant's escrow accounts by 50%	Comparison of time needed for calculation and posting before and after implementation for FSS participants	HACSM reduced the number of hours spent in escrow calculation and reporting to zero, a saving of 60 hours per month or 100%, allowing reallocation of staff time to increase case management activities.	HACSM reduced the number of hours spent in escrow calculation and reporting to zero, a savings of approximately 60 hours per month or 100%.
Number of escrow accounts is 98	Increase in the number of escrow accounts by 10%	Comparison of number of escrow accounts before and after	There were 79 escrow accounts as of 6/30/2010. All 79 escrow accounts were established prior to the effective date of this MTW activity.	There were 58 escrow accounts as of 6/30/11. The decrease was due to program graduations. All 58 escrow accounts were established prior to the effective date of

		implementation for FSS participants		<p>this MTW activity. Of the 286 FSS families, 143 (50%) have completed at least one self-sufficiency goal that will enable them to receive escrow funds at the end of their FSS participation.</p> <p>Due the new method by which escrow is calculated at program end, HACSM is proposing to eliminate this research in subsequent reports.</p>
Out of 384 families, 217 (57%) had earned income	Increase in the number of FSS families with earned income by 5%	Comparison of the number of FSS families with earned income before and after implementation	Out of 269 families, 160 (59%) had earned income as of 6/1/2010.	Out of 286 families, 161 (56%) had earned income as of 6/30/2011.
Out of 384 families, 7 (2%) had savings of \$300 or more.	Increase in the number of FSS families with savings of \$300 or more by 20%	Comparison of the number of FSS families with savings of \$300 or more before and after implementation	There were 4 (1%) FSS families with savings of \$300 or more as of 6/30/2010.	There were 143 (50%) FSS families with savings of \$300 or more as of 6/30/11.

**C. If benchmarks were not achieved or if the activity was determined ineffective, provide a narrative explanation of the challenges, and if possible, identify potential new strategies that might be more effective;**

Due to time saved from the new escrow calculation method, HACSM has been able to allocate additional time to the participants themselves – designing and facilitating new workshops and activities to support their increasing self-sufficiency.

With regards to what appears to be a decrease in the number of households with escrow savings, escrow is no longer calculated on an annual basis. The number of traditional escrow accounts will continue to decrease as families who had cumulated escrow before this MTW initiative complete the program and receive the balance from their traditional account. Due the new calculation method, escrow will only be calculated upon graduation, at which time the family will be eligible for up to \$3,000 based on their participation in self-sufficiency activities and increases in income and savings. Since the implementation of this initiative, HACSM has been keeping records of families' achievements and potential escrow pay outs.

In other research areas, where it appears that the program is declining and that there are fewer participants, this trend is due to the on-going turnover through graduation from the program.

HACSM has been successful in encouraging participating families to save. The number of families having assets over \$300 has increased tremendously. In all areas, HACSM is closely monitoring the FSS program and re-designing the self-sufficiency activities to more effectively meet the needs of the current participants.

**D. If benchmarks or metrics have been revised identify any new indicator(s) of activities status and impact (e.g. after 2 years of rent reform only 6 hardship cases)**

There have been no changes or modification to the benchmarks for this activity. HACSM will continue to monitor this activity in FY2012.

**E. If data collection methodology has changed, describe original data collection methodology and any revisions to the process or change in data collected;**

HACSM is not changing its methodology for this activity.

**F. If a different authorization from Attachment C or D was used than was proposed in the Plan, provide the new authorization and describe why the change was necessary, and**

HACSM did not request, or receive, any additional authorization from Attachment C or D for this MTW activity.

**G. Authorization for the approved activity**

The proposed activity is authorized in HACSM's MTW Agreement, Attachment C, Part E and waives certain provisions of Section 23 of the US Housing Act of 1937 and 24 CFR 984

MTW authorization is required for this activity because HACSM's escrow calculation method deviates from HUD's regulations.

**On-Going MTW Activity #5: Expand usage of project-based vouchers at HACSM developments undergoing disposition process**

**A. Activity Description**

In HACSM's FY2009 Supplemental MTW Annual Plan, HACSM received approval to project-base up to 100% of the replacement vouchers at public housing units undergoing the demo/dispo process. HACSM submitted two demo/dispo applications in June 2010. The application for Midway Village was approved by HUD in January 2011 and vouchers were issued to all eligible households in May 2011. All 150 units at Midway Village are now under a project-based HAP contract. The application for El Camino Village was not approved by HUD and is being updated for resubmission in late 2011.

**B. Impact of the activity**

This activity has had two major positive impacts for Midway Village. First, residents received vouchers and relocation assistance. Due to a complicated history of the complex related to a toxic soil issue which has since been remediated, some residents have had long-standing requests for vouchers and relocation assistance. This request has now been satisfied. Second, the use of project-based vouchers has improved Midway Village's financial status from essentially break-even to a healthy surplus. This surplus is enabling HACSM to make necessary capital improvements and thereby reduce substantial deferred maintenance.

**C. If benchmarks were not achieved or if the activity was determined ineffective, provide a narrative explanation of the challenges, and if possible, identify potential new strategies that might be more effective;**

Not applicable at this time.

**D. If benchmarks or metrics have been revised, identify any new indicator(s) of activities status and impact (e.g. after 2 years of rent reform only 6 hardship cases)**

Not applicable at this time.

**E. If data collection methodology has changed, describe original data collection methodology and any revisions to the process or change in data collected;**

Not applicable at this time.

**F. If a different authorization from Attachment C or D was used than was proposed in the Plan, provide the new authorization and describe why the change was necessary, and**

HACSM did not request, or receive, any additional authorization from Attachment C or D to implement this MTW activity.

**G. Authorization for the approved activity**

The on-going activity described above, is authorized in HACSM's MTW Standard Agreement, Attachment C, Section D (1)(e), that waives certain provisions of Section 8(o)(13) of the US Housing Act of 1937 and 24 CFR 983 and Attachment C, Section D(7)(a)(b)(c)(d) that waives:

- (a) certain provisions of Sections 8(o)(13)(B and D) of the 1937 Act and 24 CFR 982.1, 982.102 and 24 CFR Part 983
- (b) certain provisions of 24 CFR 983.51;
- (c) certain provisions of 24 CFR 983.57;
- (d) certain provisions of Section 8(o)(8) of the 1937 Act and 24 CFR 982 Subpart I.

MTW authorization is required for this activity because HUD regulations cap the number of Project-Based Voucher units in each project at 25% (unless there are excepted units with qualifying families).

## On-Going MTW Activity #6: Biennial re-certification schedule for elderly/disabled households

### A. Activity Description

In FY2010, was granted HUD approval to recertify HCV households designated as elderly or disabled every other year. Elderly/Disabled households represent approximately half of all HACSM voucher holders. To implement this activity, HACSM set up a biennial schedule based on the last name of the head of household. In FY2010, HACSM completed recertification appointments for elderly/disabled households with last names A – K. In FY2011, HACSM completed recertification appointments for households whose last names began with L – Z.

### B. Impact of the activity

In the FY2010 MTW Annual Plan, HACSM proposed that this activity would meet HUD's goal of substantially reducing administrative costs and thereby supporting greater cost effectiveness in the voucher program. However, it is important to keep in mind that due to rising wage and benefit costs, HACSM did not realize the full effect of these savings fiscally, even though the activity clearly supports significant administrative efficiencies with no decrease in program integrity, as well as fiscal savings.

As detailed in the table below, this MTW activity has either met or exceeded the anticipated benchmarks in both FY2010 and FY2011.

Baseline (established FY2009)	Benchmark	Metric	Year 1 (FY10) Outcome	Year 2 (FY11) Outcome
Of 4023 reexamination appointments processed annually, approximately 48% of the households qualify as Elderly/Disabled households.	HACSM expects to see a 24% reduction in the total number of annual reexaminations. In FY2010, HACSM expects to recertify approximately 965 fewer households, annually.	Comparison of the amount of time spent to process annual reexaminations before and after new program implementation.	During FY2010, of HACSM's 4023 vouchers, 2003 were designated as Elderly/Disabled households. Based on HACSM's biennial recertification schedule, HACSM staff experienced a 26% reduction in annual recertification appointments, seeing approximately 1043 fewer households during FY2010.	During FY11, HACSM experienced an increase in vouchers, 149 in total due to the demo/diso of Midway Village. Of the 4206 active vouchers, 2069 (49%) are elderly/disabled households.  Note: The 4206 also includes billable portable participants hence the total vouchers being higher than HACSM's voucher allocation of 4172.  As a result of this activity, HACSM completed 994 fewer (a 24% reduction) recertification appointments for elderly/disabled households in FY11.
On average, HACSM staff spend 84 minutes per file (at a cost of \$80/file) to complete	HACSM expects to save 122 hours (965 households at 84 minutes per file) per staff member annually.	Staff surveys to determine effectiveness of the initiative.*	Based on reduction of 1043 Elderly/Disabled households <i>not</i> seen for recertification due to the biennial schedule (calculated based on 84min/file as determined in FY2009),	Based on reduction of 994 Elderly/Disabled households <i>not</i> seen for recertification due to the biennial schedule ((calculated based on 84min/file as determined in FY

reexamination appointments and applicable paperwork. Each HACSM staff member responsible for reexaminations spends 513 hours on annual reexamination processes.			each HACSM staff member realized an annual time savings of 133 hours.  If HACSM was to include updated recertification time required of 69min/file (FY2010), along with the reduction of households seen due to the biennial recertification schedule, then each HACSM staff member realized a time savings of 200 hours.	2009), each HACSM staff member realized an annual time savings of 127 hours and \$79,520 in wages and benefits savings. It is important to note that cost savings were offset by cost of living and benefits increase. Any additional savings were reallocated to increase customer service and participants self sufficiency activities.
Direct costs associated with processing annual reexaminations, on average, are \$322,014.00	HACSM expects an \$80,504 cost savings as a result of this initiative.	Comparison of direct costs before and after implementation.	Based on the reduction of 1043 Elderly/Disabled households <i>not</i> seen due to the biennial recertification schedule, (calculated based on 84min/file as determined in FY09), HACSM realized a cost savings of \$96,604 as a result of this activity.*  If HACSM was to take into consideration the additional reduced time required to complete the recertification process (69 min/file) as a result of other MTW activities, HACSM would realize an annual cost savings of \$128,806.*	Eliminate this research in FY11

\*For research purposes and the ability to compare “apples to apples”, HACSM did not adjust the staffing costs to the FY2010 level. However, this is an important piece of information to keep in mind, since it is clear that even though there are fiscal savings as a result of this activity, HACSM has not realized those savings due to rising wage and benefit costs.

**C. If benchmarks were not achieved or if the activity was determined ineffective, provide a narrative explanation of the challenges, and if possible, identify potential new strategies that might be more effective;**

As shown in the results above, this MTW activity has been very effective in reducing staff time and the resulting increase administrative effectiveness for the program.

**D. If benchmarks or metrics have been revised, identify any new indicator(s) of activities status and impact (e.g. after 2 years of rent reform only 6 hardship cases)**

There have been no changes or modifications to the benchmarks for this activity. HACSM will continue to monitor this activity in FY2011.

**E. If data collection methodology has changed, describe original data collection methodology and any revisions to the process or change in data collected;**

There has been no significant change in the data collection methodology for this activity. However, HACSM is proposing to eliminate the following research area as HACSM met the proposed benchmark within the first year and does not expect there to be any significant changes from here forward. Also, requiring HACSM staff to complete a time study each year, is in conflict with the MTW goal of increasing administrative efficiencies.

Baseline (established FY2009)	Benchmark	Metric	Year 1 (FY10) Outcome	Year 2 (FY11) Outcome
Direct costs associated with processing annual reexaminations, on average, are \$322,014.00	HACSM expects an \$80,504 cost savings as a result of this initiative.	Comparison of direct costs before and after implementation.	Based on the reduction of 1043 Elderly/Disabled households <i>not</i> seen due to the biennial recertification schedule, (calculated based on 84min/file as determined in FY09), HACSM realized a cost savings of \$96,604 as a result of this activity.*  If HACSM was to take into consideration the additional reduced time required to complete the recertification process (69 min/file) as a result of other MTW activities, HACSM would realize an annual cost savings of \$128,806.*	Eliminate this research in FY11

**F. If a different authorization from Attachment C or D was used than was proposed in the Plan, provide the new authorization and describe why the change was necessary, and**

HACSM did not request, or receive, any additional authorization from Attachment C or D to implement this MTW activity.

**G. Authorization for the approved activity**

This approved MTW activity is authorized in HACSM's MTW Agreement, Attachment C, Paragraph D (1)(c) and waives certain provisions of Section 8(o)(5) of the US Housing Act of 1937 and 24 CFR 982.516

This MTW authorization is necessary because HUD regulations require annual reexaminations for all participants to determine ongoing program eligibility.

## **On-Going MTW Activity #7: Simplify Rent Calculation Process**

### **A. Activity Description**

HACSM received approval to implement several MTW activities in FY2010 regarding rent calculation policies and procedures. At that time, it was HACSM's intent that by doing so, the new activities would result in a more transparent process for participants, a streamlined and more efficient practice for HACSM and overall improvement in the accuracy of the calculations. After further research, and vetting of the following proposals, in HACSM's FY12 Annual Plan, HACSM re-proposed the definition of income as a new activity. Following is an update on the key aspects of these rent calculation activities.

- **Change the Definition of Income (Re-proposed as Activity #22 and approved by HUD in the FY12 Annual Plan)**
  - Effective July 1, 2011 HACSM implemented MTW Activity #22, "Include Foster Care, KinGap, and Adoption Assistance payments in Annual Income calculation." HACSM is now including these sources of income in the gross annual income calculation and applying a dependant deduction for each foster child/adult and adopted children. HACSM looks forward to reporting back on the success of this activity in the FY12 Report.
  - Due to the change described above, HACSM will remove this activity from this section of subsequent Annual Plans and Reports.
- **Eliminate the imputed asset rate calculation.**
  - HACSM received HUD approval, and implemented this activity in July 2009. Instead of completing an additional calculation with the HUD passbook interest rate, HACSM simply calculates interest from assets based on the actual interest earned.
  - Effective July 1, 2011, HACSM implemented a new MTW Activity (#25), "Exclude asset income from income calculations for households with assets under \$50,000" that further expanded the calculation process surrounding assets.
- **Eliminate the Earned Income Disallowance (EID)**

As the final part of the rent simplification activity, HACSM proposed and received HUD approval to eliminate the Earned Income Disallowance (EID) in July 2009. Historically the EID process is very complicated, time-consuming to administer and prone to error especially if the participants do not report in a timely manner.

### **B. Impact of the activity**

As a result of this MTW activity, both applicants and participants have experienced a significant reduction in the length of time required for on-going eligibility determination. Due to the interconnectedness of the MTW program design overall, many of the MTW activities support each other and therefore the end result is significant time savings for the participant.

In the case of the elimination of EID, HACSM received no hardship requests in FY2010 or FY2011.

See below for more specific details of this activity.

<b>Baseline (established 1/1/09 – 6/30/2009)</b>	<b>Benchmark</b>	<b>Metric</b>	<b>Year 1 (FY10) Outcome</b>	<b>Year 2 (FY11) Outcome</b>
Less than 1% of HACSM households are receiving the benefits of EID	HACSM expects that an increase of 20% of participant households will realize cost savings due to the new initiatives and interim policy, in place of the EID calculation.	HACSM will compare the household savings due to income increases before and after implementation.	<p>As HACSM completed the research on this activity, it was determined that it is almost impossible to determine the cause of an increase (or decrease) in savings for a participant or the impetus for the savings</p> <p>HACSM was able to determine that only 23 participants (in FY2010) would have been eligible for EID (less than 1% of participants). Of those 23 participants, only 2 are not on HACSM's biennial recertification schedule. Also, those 2 participants increased income would not affect the household rent portion in any significant way (the increased income is less than \$400 annually, for both participants).</p> <p>Therefore, even with the elimination of the EID, the remaining 21 participants with increased earnings will be able to keep those increases due to the combination of HACSM's biennial recertification schedule and interim policy.</p> <p>There were no hardship requests regarding this activity in FY2010.</p>	<p>In FY11, only 14 participants (less than 1%) of all participants would have been eligible for EID.</p> <p>As was the case in FY10, all 14 participants were in Elderly/Disabled households and therefore on a biennial schedule – allowing them to realize greater savings that would have been afforded through the EID calculation.</p> <p>There were no hardship request s regarding this activity in FY11.</p>

### **Impact of the Rent Reform Initiative**

Due to the fact that eliminating EID changes the way in which a participant's rent portion is determined, this activity does meet HUD's definition of a rent reform initiative.

As discussed above, there were no hardship requests from this activity in FY2010 or FY2011. In FY2011, of the 14 participants (less than 1% of all HACSM participants), six (6) participants balanced this potential loss of benefit as a result of HACSM's biennial recertification schedule for elderly/disabled households (See MTW Activity #6 for more information on the Biennial Recertification Schedule activity). Due to HACSM's generous interim policy, participants are not required to report income changes between their regularly scheduled

recertification appointments. Therefore, for households designated as elderly/disabled, the increased income will be available to the family throughout their recertification term – leading to the potential for increased savings, credit repair, additional education – all determined by the family.

For the other eight (8) participants who could have been adversely affected, their increase in income was less than \$3,000 annually, which did not significantly alter the total household income for the family. When combined with HACSM's TST Activity (#9) these families did not experience any change in subsidy.

As such, HACSM will continue with this MTW activity in FY2012, and will continue to monitor its effectiveness and any potential hardship for eligible participants

- C. If benchmarks were not achieved or if the activity was determined ineffective, provide a narrative explanation of the challenges, and if possible, identify potential new strategies that might be more effective.**

Due to the success of this MTW activity, HACSM is not planning to change its strategy at this time.

- D. If benchmarks or metrics have been revised, identify any new indicator(s) of activities status and impact (e.g. after 2 years of rent reform only 6 hardship cases).**

HACSM is proposing to modify the research of this activity due to the overlapping nature of many of the MTW activities that makes quantifying the effects of this activity alone impossible. For example, due to the newly implemented MTW Activity #25, HACSM will not be completing any calculation or input of assets, if the family's assets are less than \$50,000. The result of this overlap is increased administrative efficiencies for the housing authority over all, but metrics that are not measureable for this specific activity.

For the EID section, HACSM is proposing to change the benchmark and metric to measure the number of hardship requests received and granted.

**Current:**

Baseline (established 1/1/09 – 6/30/2009)	Benchmark	Metric
Less than 1% of HACSM households are receiving the benefits of EID	HACSM expects that an increase of 20% of participant households will realize cost savings due to the new initiatives and interim policy, in place of the EID calculation.	HACSM will compare the household savings due to income increases before and after implementation.

**Proposed for FY12:**

Baseline (established 1/1/09 – 6/30/2009)	Benchmark	Metric
Less than 1% of HACSM households are receiving the benefits of EID	HACSM expects that there will be no more than a 5% increase in the number of participants eligible for EID and receiving hardship relief.	HACSM will compare the households potentially eligible for EID during the FY and requesting hardship relief.

- E. If data collection methodology has changed, describe original data collection methodology and any revisions to the process or change in data collected.**

HACSM is not changing its methodology for this activity. However, as stated above, HACSM is making the following changes:

- Eliminating the “change the definition” portions of the activity as this has been implemented as a new, stand alone MTW Activity #22, as of July 1, 2011
- No longer tracking the increased asset savings for participants who may have been eligible for EID.

**F. If a different authorization from Attachment C or D was used than was proposed in the Plan, provide the new authorization and describe why the change was necessary.**

HACSM did not request, or receive, any additional authorization from Attachment C or D to implement this MTW activity.

**G. Authorization for the approved activity**

The approved activity is authorized in HACSM's MTW Agreement, Attachment C, Paragraph D (1) (a) and D (2) (a) and waives certain provisions of Section 8(o)(1), 8(o)2, 8(o)3, 8 (o)(7), 8(o)10 and 8(o)(13)(H)-(I) of the US Housing Act of 1937 and 24CFR 982.162, 982.508, 982.503 and 982.518

The MTW authorization is required for this activity because HUD regulations require that all assets over \$5,000 be subject to a threshold test with HUD's “passbook rate.” Also, HUD regulations require that all individuals who qualify, be given an earned income disallowance (EID).

## **On-Going MTW Activity #8: Simplify Third-Party Verification Process**

### **A. Activity Description**

In FY2010, HACSM received HUD approval to simplify the third-party verification process associated with earned income, asset income, and medical and child care expenses, in an effort to relieve administrative burdens, increase productivity, reduce calculation errors and ease the intrusive nature of the process for HCV applicants and participants. HACSM continues to use the Enterprise Income Verification (EIV) system for verification of participant identity, wage and assistance benefits.

- **Increase asset values requiring third-party verification**

Effective July 1, 2009, HACSM increased the threshold at which assets require third-party verification from \$5,000 to \$50,000 for the HCV programs. In place of third-party verification, the family is required to provide a current statement from the financial institution(s) showing the balance of the asset account(s).

All assets valued over \$50,000 continue to require third-party verification.

- **Streamline verification of eligible medical expenses**

Effective July 1, 2009 HACSM instituted a streamlined verification process for eligible medical expenses in the HCV programs to ease both the administrative burden for the Housing Authority and the challenges to the participants. HACSM instituted a policy in which eligible families, who claim medical expenses, are required to sign a self-certification and provide supporting documents from credible and established sources, such as receipts from medical care providers or pharmacy statements as proof of the claimed expenses.

- **Streamline the verification process for eligible child care expenses**

Effective July 1, 2009 HACSM instituted a streamlined verification process for eligible child care expenses in the HCV programs to ease both the administrative burden for the housing authority and the challenges to the participants. To reduce the challenges in verifying claimed child care expenses, eligible families who claim child care expenses are now required to sign a self-certification and provide supporting documents from credible and established sources, such as day care invoices, receipts or written statements from the child care provider as proof of the claimed expense. Expenses incurred from an adult member of the household who provides child care or the absent parent who does not reside in the subsidized unit, are not acceptable.

- **Extend the verification timeline to 120 days**

Effective July 1, 2009, HACSM received HUD approval and implemented a revised timeline for verification documentation to 120 days for HCV applicants and participants.

This new timeline reduces duplication of work and accelerates an applicant's admission to the program and a participant's recertification for continuing program eligibility.

### **B. Impact of the activity**

Baseline (established FY09)	Benchmark	Metric	Year 1 (FY10) Outcome	Year 2 (FY11) Outcome
On average, HACSM staff spend 738 hours annually to process third-party verifications for reexamination	HACSM expects a 50%+ reduction in staff time required to process third-party verifications	Comparison of staff time before and after new systems are in place	HACSM experienced a 45% in the staff time required to process third-party verifications (332 hours saved). *	Eliminating, effective FY11. See Section D below for new research strategy.
On average, HACSM spends \$29,285 annually on staffing costs (\$7.30 per file) to process third party verifications	HACSM expects to realize a \$15,000 savings in costs to process third-party verifications	Comparison of administrative costs for third party verifications before and after implementation of initiatives	In FY2010, HACSM saved \$17,570 in staffing costs on an annual basis for this activity (\$4.37/file).  If the biennial schedule (MTW Activity #6) is also factored into the equation, the savings would be adjusted to reflect a 19% cost savings, approximately \$5.90 per file.*	Eliminating, effective FY11. See Section D below for new research strategy

\*For research purposes and the ability to compare “apples to apples”, HACSM has not adjusted the staffing costs to the FY2010 level. However, this is an important piece of information to keep in mind, since it is clear that even though there are fiscal savings as a result of this activity, HACSM has not realized those savings due to rising wage and benefit costs.

**C. If benchmarks were not achieved or if the activity was determined ineffective, provide a narrative explanation of the challenges, and if possible, identify potential new strategies that might be more effective.**

This activity continues to be very effective for meeting HACSM's goal of increasing administrative efficiencies.

**D. If benchmarks or metrics have been revised, identify any new indicator(s) of activities status and impact (e.g. after 2 years of rent reform only 6 hardship cases).**

HACSM is proposing to change the benchmarks and metrics for this MTW activity in the following way:

Baseline (established FY09)	Benchmark	Metric	Year 2 (FY11) Outcome
On average, HACSM staff complete 21 third-party verifications for Medical, Child Care, and Assets, per month for annual reexamination.	HACSM expects a 50%+ reduction in the number of third-party verifications completed	Comparison of the number of third-party verifications completed by staff before and after new activity was implemented including staff time and cost savings.	In FY11, HACSM staff sent on average 9 third-party verifications for Medical, Childcare Expenses and Assets per month. This represents a 57% decrease from FY09, exceeding the benchmark proposed.  Based on the third party verifications

(270 total verifications sent per month, by 13 HACSM staff)			no longer required (270 per year baseline reduced to 108 per year in FY 2011, resulting in 162 third party verifications avoided). The net result is a savings of \$1,183 (\$7.30 per file x 11 minutes per file) and 30 hours staff time (162 files x 11 minutes per file)
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**E. If data collection methodology has changed, describe original data collection methodology and any revisions to the process or change in data collected.**

The data collection methodology has not changed for FY11, however, HACSM has revised the data to be reviewed. Due to the nature of this MTW activity, requiring staff to complete an extensive time study each year defeats the increased administrative efficiencies and time savings of the activity itself. And, HACSM expects that time required for this activity should remain fairly consistent in each subsequent year so there will be no increase in savings from FY to FY, to measure.

**F. If a different authorization from Attachment C or D was used than was proposed in the Plan, provide the new authorization and describe why the change was necessary.**

HACSM did not request, or receive, any additional authorization from Attachment C or D to implement this MTW activity.

**G. Authorization for the approved activity**

The approved activity is authorized in HACSM's MTW Agreement, Attachment C, Paragraph D (3)(b) and waives certain provisions of 24CFR 982.516 and 982 Subpart E

MTW authorization is necessary for this activity because HUD regulations require PHAs to verify all information that is used to establish the family's eligibility and level of assistance. In general, HUD requires PHAs to use the most reliable form of verification that is available and to document the reasons when the lesser form of verification is used.

## On-Going MTW Activity #9: Tiered Subsidy Table (TST)

### A. Activity Description

In late 2009, HACSM received HUD approval to implement the TST. On March 1, 2010, HACSM implemented the pilot phase of the TST for all HCV applicants, Project-Based participants, and the original 300 MTW program participants, based on their voucher bedroom size and annual adjusted income. As a result of the success of this pilot phase, HACSM expanded the TST to all participants as they are seen for recertification, relocation or new move in, effective March 1, 2011.

The TST, a subsidy table representing the first of its kind in the nation, gives HACSM the ability to inform the participant of the maximum dollar amount that HACSM will contribute to their housing costs *at the time* of voucher issuance. This is a 180° change from the current HCV rules that cannot determine the participant's subsidy portion until after a potential unit is secured and the contract rent and utility responsibilities are negotiated with the landlord/owner.

While other housing authorities have established rent tables that inform a participant of their rent portion based on eligible bedroom size, HACSM's TST gives participants the ability to search for available units with the knowledge of exactly how much HACSM will contribute to their housing costs throughout San Mateo County, make personal decisions as to how much of their income they are comfortable contributing towards their housing costs, and practice in negotiating with owners through the leasing process. HACSM's intention through this program change is to empower the participants to take personal responsibility for their lives, starting with their housing decisions.

In FY11, HACSM was the recipient of a San Mateo County Star Award for program innovation and a NAHRO Merit Award for this exciting program.

The Tiered Subsidy Tables can be found in Appendix Three of this report.

### B. Impact of the activity

Upon implementation of the TST, new applicants in San Mateo County found and moved into rental units, both apartments and single family homes, in a significantly shorter timeframe. Original tracking showed an approximately four (4) week decrease in the time needed to find and secure a unit. In FY2010 alone, participants and applicants experienced a 20 day decrease in the time needed to find and secure a rental unit and a 2 week decrease in the length of time to determine initial eligibility. For a family in need of housing, a month (34 days) is a significant decrease. In FY11, these indicators have remained consistent. While the average number of days has increased, the increase can be directly linked to reasonable accommodation requests and tolling activities.

See below for additional statistics regarding the success of this MTW Activity.

Baseline (established FY09)	Benchmark	Metric	Year 1 (FY10) Outcome	Year 2 (FY11) Outcome
On average, HACSM requires 56 days from initial eligibility appointment to voucher issuance	HACSM expects a 40% reduction (approximately 23 less days) in the number of days required to determine	Comparison of the average number of days needed for the initial eligibility determination	HACSM experienced a 25% reduction (14 less days) to complete the eligibility determination and issue a voucher in FY2010.	In FY11, on average it required 52 days from initial eligibility appointment to voucher issuance.*  During the first six months of

	initial eligibility and voucher issuance	and voucher issuance before and after implementation	Note: Some of these savings may be due to MTW Activity #7 "Simplify Rent Calculation Process."	FY11 (July –December), it required approximately 49 days, on average, to complete the initial eligibility determination and issue a voucher.  *Note: HACSM stopped issuing vouchers in January 2011 due to voucher utilization being over 100%. As of August 31, 2011, HACSM still has not completed a new voucher briefing/issuance for new participants from the HCV waitlist.
On average, HACSM requires 60 days for a new Tenant Based voucher holders to complete the activities from voucher issuance to lease up (this does not include new Project Based participants)	HACSM expects a 15% reduction (approximately 9 days) in the number of days required for a new Tenant Based Voucher participant to complete the lease up process (note: this does not include new Project Based participants)	Comparison of the average number of days required for Tenant Based Voucher participants to find and secure a rental unit	HACSM participants experienced a 33% reduction (20 less days) to find and secure a unit (voucher issuance to lease up) in FY2010.	In FY11, new participants were requiring 60 days from voucher issuance to lease up. However, the majority of this increase can be attributed to reasonable accommodations requests and tolling.  In general, the housing market in San Mateo County has become much tighter in FY11 with more individuals in the rental market and owners significantly increasing their rents.
Annually, each HACSM staff member spends an average of 184 hours to calculate and determine the participant's rent portion	HACSM expects at least a 10% reduction (approximately 18.5 hours less) in the number of hours required to determine the participant's rent portion	Comparison of the number of hours required to determine the participant's rent portion	As reported in MTW Activity #7, Rent Calculation Simplification, HACSM staff has realized an 18% (92 less hours) reduction in the time required to complete the recertification process in FY2010. (69 minutes per file as opposed to 84 minutes per file in FY2009)	Eliminating, effective FY11.  See Section D below additional information.

\*\* (Note: Due to longstanding Project Based rules, Project Based voucher participants are unable to relocate and continue to receive housing subsidy, therefore they are not included in this benchmark or "Year 1" outcome.)

### Impact of the Rent Reform Initiative

Due to the fact that HACSM's TST significantly changes the way in which a tenant's rent portion is determined, the TST meets HUD's standard of a rent reform initiative.

As of August, 31 2011, approximately 66% (2,758 participants) of all HACSM's voucher holders (4206 active HAP contracts) are participating in the TST program. Currently there are 2,758 households on TST with an additional 113 households who were granted a hardship in FY11.

Initially, in order to be eligible for hardship relief as a result of TST, a participant must have been housed prior to 3/1/2010 and not relocated to a new unit since that date. However, effective March 1, 2011 HACSM is converting all participants to the TST at their next regular recertification appointment. The other qualifications for hardship relief from the TST depend upon whether or not the new TST calculation results in the tenant's rent portion being more than \$25 higher. If that is the case, then the household is eligible for the hardship calculation and HACSM will calculate their portion according to the traditional HCV method for an additional recertification period. At that time, the household will automatically convert to the TST and they are no longer eligible for a hardship review for the TST.

HACSM received a total of 128 hardship requests in FY11, of which 15 were denied due to not meeting the qualifications. The 113 approved hardship requests represent approximately 4% of all TST participants. HACSM has developed an excel spreadsheet to complete the calculation and inform the staff whether or not the household is eligible for the hardship calculation.

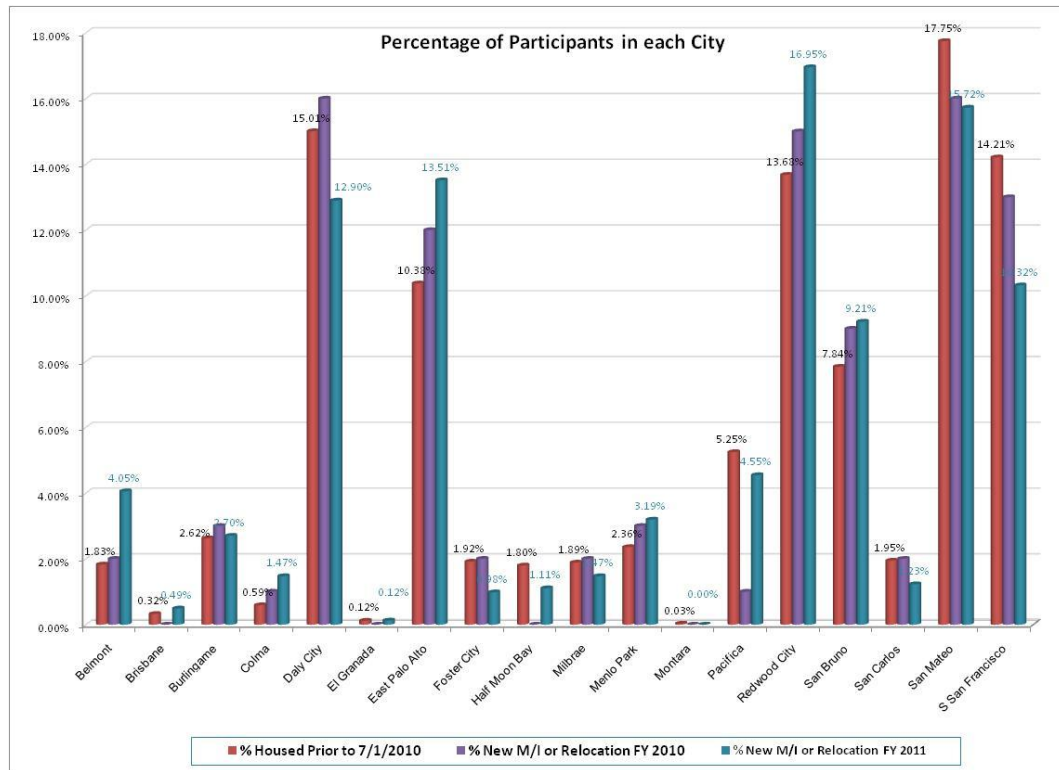
For additional information on HACSM's Hardship Policy, please see Appendix One of this report.

HACSM continues to review any and all hardship requests and monitor whether or not adjustments to the TST are required.

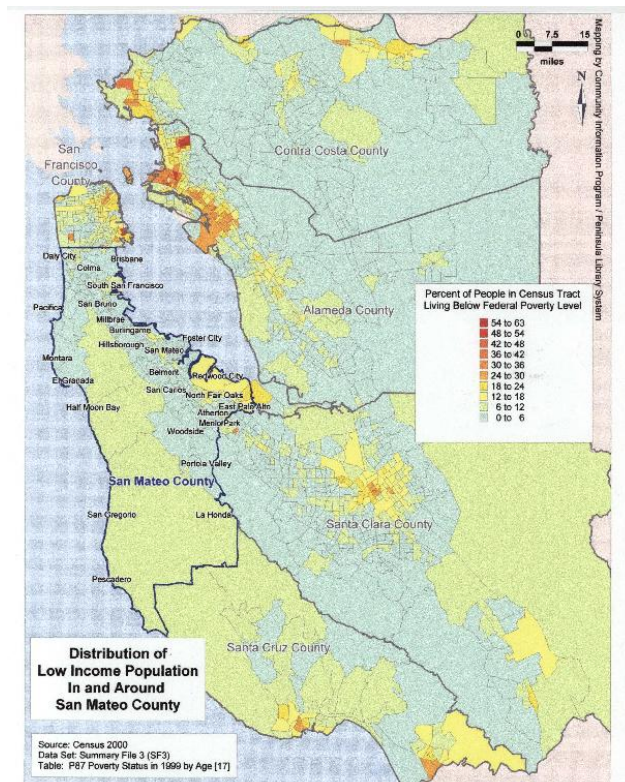
**C. If benchmarks were not achieved or if the activity was determined ineffective, provide a narrative explanation of the challenges, and if possible, identify potential new strategies that might be more effective.**

As discussed earlier in this report (see MTW Activity #3), it is clear that the percentage of HACSM participants in each city has continued to shift in FY2011. The majority of HACSM's participants continue to reside in Daly City, East Palo Alto, Redwood City, San Mateo, and South San Francisco, with some shifting within the five main cities. However, HACSM is also seeing a rise in other cities such as Belmont, Menlo Park and San Bruno, lending itself to the possibility that with this new program, participants are exercising more personal responsibility and venturing beyond the main five cities. (See Tables 9.1 and 9.2 below)

HACSM is unable to determine if the cause of this migration is due to the TST alone, or whether there are other factors such as employment, transportation or other personal reasons on the participant's behalf coming into play. HACSM will continue to monitor this trend on an informal basis in FY12.



(Table 9.1)



(Table 9.2)

- D. If benchmarks or metrics have been revised, identify any new indicator(s) of activities status and impact (e.g. after 2 years of rent reform only 6 hardship cases).**

HACSM does not intend to revise or include any additional research on this activity at this time.

- E. If data collection methodology has changed, describe original data collection methodology and any revisions to the process or change in data collected.**

HACSM is not changing the data collection or methodology at this time

- F. If a different authorization from Attachment C or D was used than was proposed in the Plan, provide the new authorization and describe why the change was necessary.**

HACSM did not request, or receive, any additional authorization from Attachment C or D to implement this MTW activity.

**G. Authorization for the approved**

The approved activity is authorized in HACSM's MTW Agreement, Attachment C, Paragraph D (1)(a) and D(2)(a) and waives certain provisions of Section 8(o)(1), 8(o)(2), 8(o)(3), 8(o)(7), 8(o)(10), and 8(o)(13)(H)-(I) of the US Housing Act of 1937 and 24 CFR 982.162, 982.508, 982.503, and 982.518

MTW authorization for this activity is required because HUD regulations specifically address how a tenant's rent portion is calculated and HAP portion determined.

**On-Going MTW Activity #10: Simplify HQS Processes****A. Activity Description**

In an effort to increase administrative efficiencies and cost savings, HACSM received HUD approval, July 1, 2009, to simplify the annual HQS inspection process in several areas, including the following:

- Reducing the total number of units inspected each month through a sampling process for certain units,
- Implementing an owner self-certification process for certain fail items, and
- Allowing HACSM to inspect units at HACSM-owned properties.

Through HACSM's experience with the MTW inspection activities in FY2010, HACSM was able to research, design, propose and implement (in August 2010) a more aggressive MTW inspection activity in FY2011, "Biennial Inspection Schedule for all Units under Contract." As a result of this new activity, HACSM eliminated the "Multi-Unit Sampling" for HQS activity and the "Owner Self-certification of repairs" activity, effective July 1, 2010.

○ **HACSM to inspect HACSM-owned properties**

Effective July 1, 2009, based on HUD's approval of HACSM's MTW Annual Plan, HACSM was given the ability to inspect HACSM-owned or affiliated properties for HQS compliance. As of June 30, 2011, there are 210 HACSM-owned units in two developments.

**B. Impact of the activity**

See below information on the key aspects of this activity.

<b>Baseline (established FY09)</b>	<b>Benchmark</b>	<b>Metric</b>	<b>Year 1 (FY10) Outcome</b>	<b>Year 2 (FY11) Outcome</b>
Annually, HACSM has had a direct cost of \$1,500 to hire outside consultants to inspect HACSM-owned properties	HACSM expects to realize a cost savings of \$1,110 for the inspections of HACSM-owned properties through a combination of these initiatives	Comparison of cost savings for HACSM-owned properties before and after implementation	Due to the fact that HACSM's owned property, Half Moon Village, qualified as a Multi-Unit Complex, HACSM was able to reduce the total number of units inspected at Half Moon Village to 15, instead of all 60 units. HACSM conducted the 15 inspections with existing staff and saved approximately \$375 in consulting costs to hire an outside contractor.	In FY11, the actual number of inspections at HACSM-owned properties increased. This was due to the policy change from a "sample" of all units, to a biennial schedule for all units.  HACSM conducted 30 annual inspections at Half Moon Village, a HA-owned property. The cost (staff time) for these inspections was approximately \$780

**C. If benchmarks were not achieved or if the activity was determined ineffective, provide a narrative explanation of the challenges, and if possible, identify potential new strategies that might be more effective.**

As discussed above, HACSM has considered this activity to be very effective and in FY2011, expanded it to a biennial inspection schedule for all HCV units.

**D. If benchmarks or metrics have been revised' identify any new indicator(s) of activities status and impact (e.g. after 2 years of rent reform only 6 hardship cases).**

HACSM does not intend to revise or include any additional research on this activity at this time.

**E. If data collection methodology has changed, describe original data collection methodology and any revisions to the process or change in data collected.**

HACSM is not changing the data collection or methodology at this time.

**F. If a different authorization from Attachment C or D was used than was proposed in the Plan, provide the new authorization and describe why the change was necessary.**

HACSM did not request, or receive, any additional authorization from Attachment C or D to implement this MTW activity.

**G. Authorization for the approved activity**

The approved activity is authorized in HACSM's MTW Agreement, Attachment C, Part D (5) and waives of certain provisions of Section 8(o)(8) of the US Housing Act of 1937 and 24 CFR 982, Subpart I and Subpart K

MTW authorization is required for this activity is necessary because HUD regulations require that all subsidized units are inspected annually for HQS compliance.

## On-Going MTW Activity #11: Eliminate competitive process for allocation of Project Based vouchers to formerly public housing units

### A. Activity Description

In FY11 HACSM received HUD approval to allocate project-based vouchers to its former public housing units without the use of a competitive process. This activity was designed to complement the On-Going MTW Activity #5, “Expand usage of project-based vouchers at HACSM developments undergoing disposition process,” as discussed previously in this report.

Midway Village, a 150 unit complex located in Daly City, was approved for disposition from Public Housing status in January 2011. Newly received replacement vouchers were issued to all eligible families in May 2011 and HACSM entered into a Project-Based HAP contract for 150 vouchers. HACSM also operates a public housing development known as El Camino Village, a 30 unit complex located in Colma. The disposition application for El Camino Village will be resubmitted to HUD in late 2011. The flexibility afforded through this MTW activity allowed HACSM to streamline the demo/dispo process and shorten the transition period for families to decide whether to remain in place or exercise their ability to move with voucher assistance.

Increased fiscal responsibility has also been achieved, as this activity has been critical in enabling HACSM to create a stable and reliable financial outlook for these units, providing more timely maintenance and upgrades and in the preservation of affordable housing units in San Mateo County.

### B. Impact of the activity

Baseline (established FY09)	Benchmark	Metric	Impact, as of June 30, 2011
Due to the current public housing rules, HACSM's 180 public housing residents are not entitled to or assisted with relocation to privately held housing	HACSM's expectation is that 9 residents, (approximately 5% of the total public housing residents) will relocate to privately held housing by the end of the first year after disposition	Comparison of the number of public housing residents able to relocate before and after implementation.	In FY11 HACSM received approval to dispose Midway Village, a 150-unit development. All residents who are Section 8 eligible were issued Section 8 vouchers.  As of 6/30/2011 four (4) families (2.7%) relocated from Midway Village using their Housing Choice Voucher and relocation assistance. Several other families are actively investigating relocation as of this writing and the expected result by the time that the offer of relocation assistance expires on 11/30/11 is still approximately 5%.
HACSM staff has estimated that it takes approximately four months, on average, to	HACSM expects to reduce the time required to review, process the	Comparison of the time required to complete a competitive process via HUD regulations and as completed through this MTW	Benchmark achieved.  Without having to go through a competitive process, HACSM

complete the Request for Proposals (RFP) process for the Project-Based Voucher competition	applications, submit the applications to HUD and receive HUD approval by three months (75% reduction) as a result of this activity during the fiscal year following approval of the dispo application	activity.	was able to reduce the amount of time needed to execute a HAP contract and implement a Project-Based HAP contract in less than one month.
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- C. If benchmarks were not achieved or if the activity was determined ineffective, provide a narrative explanation of the challenges, and if possible, identify potential new strategies that might be more effective.**

Not applicable at this time.

- D. If benchmarks or metrics have been revised identify any new indicator(s) of activities status and impact (e.g. after 2 years of rent reform only 6 hardship cases).**

Not applicable at this time.

- E. If data collection methodology has changed, describe original data collection methodology and any revisions to the process or change in data collected.**

Not applicable at this time.

- F. If a different authorization from Attachment C or D was used than was proposed in the Plan, provide the new authorization and describe why the change was necessary.**

HACSM did not request, or receive, any additional authorization from Attachment C or D regarding this MTW activity.

- G. Authorization for the approved activity**

The approved activity is authorized in the HACSM's Moving To Work Agreement, Attachment C, Paragraph D 7a, and waives certain provisions of Section 8 (o)(13)(B and D) of the 1937 Act and 24 CFR 982.102 and 24 CFR Part 983, as necessary to implement HACSM's amendment.

MTW authorization is required for this activity because HUD regulations require a competitive process for solicitation of Project-Based Voucher proposals.

## On-Going MTW Activity #12: Waive 12 month stay requirement for residents in formerly public housing units converted to project based units

### A. Activity Description

With the approval of HACSM's demo/dispo application, existing public housing residents at the time of disposition will not be required to stay in their unit for 12 months after conversion to PBV assistance.

Instead, former public housing residents will have the choice to determine if and when they want to move. HACSM expects that some current public housing residents will choose to move into the private rental market and potentially have access to housing in tenant preferred school districts, closer proximity to their employer or additional employment opportunities, and/or closer to public transportation.

### B. Impact of the activity

Baseline (established FY09)	Benchmark	Metric	Impact, as of June 30, 2011
HACSM public housing has a vacancy average of 15 units/year	HACSM expects no more than a 10% increase in vacancy turnover, the equivalent of 2 additional units	Comparison of the average number of vacant units before and after implementation	Midway Village was converted to PBV in May 2011.  El Camino Village has not yet been approved for disposition and therefore does not have project-based vouchers.
The vacancy turnover costs per unit is approximately \$5,600	HACSM expects a potential \$11,200 increase in costs in relation to the cost per unit turnover in the first year following disposition	Comparison of the average cost per unit at vacancy turnover before and after implementation	As with the above statistic, HACSM is not able to provide measureable results as of the writing of this report. However, we look forward to providing more results in the FY12 report.
Current PBV rules do not permit relocation before 12 months, making the baseline amount zero	Resident choice is increased at least 5% or 9 families (7 at Midway Village and 2 at El Camino Village) will use their vouchers and relocation benefits to move	Actual count of families utilizing their vouchers and relocation benefits during the 12 months after vouchers are issued	Midway Village was converted to PBV in May 2011 and four families used their vouchers to relocate as of 6/30/11. If the trend continues at this rate in FY 2012, HACSM will exceed the 5% benchmark proposed.  El Camino Village has not yet been approved for disposition.

### C. If benchmarks were not achieved or if the activity was determined ineffective, provide a narrative explanation of the challenges, and if possible, identify potential new strategies that might be more effective.

Not applicable at this time.

- D. If benchmarks or metrics have been revised identify any new indicator(s) of activities status and impact (e.g. after 2 years of rent reform only 6 hardship cases).**

Not applicable at this time.

- E. If data collection methodology has changed, describe original data collection methodology and any revisions to the process or change in data collected.**

Not applicable at this time.

- F. If a different authorization from Attachment C or D was used than was proposed in the Plan, provide the new authorization and describe why the change was necessary.**

HACSM did not request, or receive, any additional authorization from Attachment C or D regarding this MTW activity.

**G. Authorization for the approved activity**

The approved activity is authorized in the HACSM's Moving To Work Agreement, Attachment C, Paragraph D

MTW authorization for this activity is required because HUD regulations require that participants remain in project-based housing at least 12 months prior to requesting relocation.

### On-Going MTW Activity #13: Accept lower HAP for in place Public Housing residents, at conversion to project-based voucher units

#### A. Activity Description

At the time of disposition, if a public housing resident is residing in an oversized unit and HACSM does not have the proper size unit available for the resident to relocate, HACSM will accept a lower HAP based on the unit size the resident qualifies for and not the actual unit size the resident is occupying. This MTW policy flexibility will ensure residents that remain in former public housing units after disposition, and who are “over-housed”, i.e. occupying units that have more bedrooms than permitted under voucher unit size rules, have continued access to housing assistance in their current unit. However, as is the current policy, as units of the appropriate size become available at the subject project-based property, the over-housed resident will be required to move into the newly available unit.

#### B. Impact of the activity

Baseline (established FY2009)	Benchmark	Metric	Impact, as of June 30, 2011
<p>As of September 2009 only 19 of 179 residents in public housing are “over-housed” according to HCV subsidy standards.</p> <ul style="list-style-type: none"> <li>One resident at the El Camino Village (30 units)</li> <li>18 residents at the Midway Village (150 units)</li> </ul>	<p>HACSM expects that within 12 months of the disposition, the number of over-housed public housing residents will decrease by four residents, (approximately 20% of the total number of residents)</p> <ul style="list-style-type: none"> <li>One(1) resident unit at El Camino Village</li> <li>Three (3) residents units at Midway Village</li> </ul>	<p>Comparison of the number of “over-housed” residents in the formerly public housing units before and after implementation</p>	<p>Midway Village was converted to PBV in May 2011. Due to the short reporting period, HACSM is not able to provide measurable result for this activity. However, HACSM will be tracking the households who exercise this MTW activity during FY12 and will look forward to reporting back on the status in year's Annual Report.</p> <p>El Camino Village has not yet been approved for disposition and therefore does not have project-based vouchers.</p>

#### C. If benchmarks were not achieved or if the activity was determined ineffective, provide a narrative explanation of the challenges, and if possible, identify potential new strategies that might be more effective.

Not applicable at this time.

#### D. If benchmarks or metrics have been revised identify any new indicator(s) of activities status and impact (e.g. after 2 years of rent reform only 6 hardship cases).

Not applicable at this time.

- E. If data collection methodology has changed, describe original data collection methodology and any revisions to the process or change in data collected.**

Not applicable at this time.

- F. If a different authorization from Attachment C or D was used than was proposed in the Plan, provide the new authorization and describe why the change was necessary.**

HACSM did not request, or receive, any additional authorization from Attachment C or D to regarding this MTW activity.

- G. Authorization for the approved activity**

The approved activity is authorized in the HACSM's Moving To Work Agreement, Attachment C, Paragraph D

MTW authorization is required for this activity because HUD regulations require that HAP be paid based on the payment standards of the lesser of voucher size or unit size rented.

# **On-Going MTW Activity #14: Establish flat or market rate policy for over income Public Housing residents at conversion of Public Housing to Project Based units**

## **A. Activity Description**

HACSM will permit current residents of public housing undergoing the disposition process and who are not eligible to receive a voucher due to exceeding the income limitation of the voucher program, to have the option of remaining in the unit at the higher of the flat rate or market rate for the unit for a maximum of 12 months. Additionally, should the former resident's income level in the subsequent six months (after vacating the public housing development) decrease to a level that they would be income eligible, they will be allowed to re-apply to the project based wait list with a preference. At such time as the resident vacated the unit, the unit would convert to a standard project-based unit.

## **B. Impact of the activity**

Baseline (established FY09)	Benchmark	Metric	Impact, as of June 30, 2011
As of September 2009, there are 23 public housing residents who are over the HCV income eligibility limits	HACSM expects a reduction of public housing units occupied by over-income residents by 50% (12 residents) in the first year following the disposition process and the remaining 21 residents in the second year	Comparison of the number of over-income public housing residence before and after implementation	Midway Village was converted to PBV in May 2011. Due to the short reporting period, HACSM is not able to provide measurable result for this activity. However, HACSM will be tracking the households who exercise this MTW activity during FY12 and will look forward to reporting back on the status in year's Annual Report.  El Camino Village has not yet been approved for disposition and therefore does not have project-based vouchers.

## **C. If benchmarks were not achieved or if the activity was determined ineffective, provide a narrative explanation of the challenges, and if possible, identify potential new strategies that might be more effective.**

Not applicable at this time.

## **D. If benchmarks or metrics have been revised identify any new indicator(s) of activities status and impact (e.g. after 2 years of rent reform only 6 hardship cases).**

Not applicable at this time.

## **E. If data collection methodology has changed, describe original data collection methodology and any revisions to the process or change in data collected.**

Not applicable at this time.

**F. If a different authorization from Attachment C or D was used than was proposed in the Plan, provide the new authorization and describe why the change was necessary.**

HACSM did not request, or receive, any additional authorization from Attachment C or D for this MTW activity.

**G. Authorization for the approved activity**

This approved activity is authorized in the HACSM's Moving To Work Agreement, Attachment C, Paragraph D

MTW authorization is required for this activity because HUD regulations require application of a different income limit in the HCV program versus the Public Housing program.

## On-Going MTW Activity #15: Institute biennial inspection schedule for units under contract

### A. Activity Description

Effective August 1, 2010, after receiving HUD approval in late June 2010, HACSM began implementation of a biennial inspection schedule for all HCV units, with the provision to establish exceptions, such as annually inspecting units abated in the previous 12 months. As stated in the Annual Plan, upon request by the family, landlord, or other third parties, HACSM will conduct complaint inspections as is the current practice. In addition to regularly scheduled HQS inspections, HACSM will continue to conduct random quality control inspections to ensure that both landlords and families are abiding by the HQS requirements and HQS standards are being applied consistently.

Although some units may have a biennial inspection schedule, all units must at all times meet Housing Quality Standards while they are under contract.

### B. Impact of the activity

Baseline (established FY10)	Benchmark	Metric	Year 1 (FY11)Outcome
HACSM has 4023 vouchers that require annual inspections under the current system.	Reduce the number of annual inspections by 1800	Compare number of annual inspections before and after the new initiative	HACSM implemented the biennial inspection starting 9/1/2010. The number of inspections before the biennial schedule would have been 3352 for the 10-month period. The biennial scheduled reduced the number of inspection to approximately 1700.
On average, it takes 62 minutes (249,426 minutes or 4,157 hours annually) in total to complete each annual inspection, including travel time.	Save 1,860 hours of staff time annually	Conduct time study to ensure sufficient time is spent to produce quality inspections	With close to 2000 hours saved due to the biennial schedule, inspectors were able to spend on an average 10 minutes more per inspection to produce quality inspections.
On average, HACSM has \$6.57 in direct material costs per inspection or \$26,431.11 annually	Save \$11,826 in direct costs	Compare direct costs before and after the new initiative	Since implementation on 9/1/10, HACSM saved \$10,853 in direct cost.
Owner outreach/education. Situated in one of the costliest rental markets, HACSM recognizes the need to expand its effort in owner outreach and education in order to assist program participants in locating suitable units in the county. Due to the high number of cases per housing specialist, currently, almost all of the staff time is devoted to conducting inspections (annuals, interims, and move-ins), leaving very little time to implement a	HACSM expects to implement an owner outreach and education program that includes: (1) Semi-annual owner information workshops, (2) 6 field visits to owners (new and existing) per month, (3) Entering at least 16 new comparables per month in the HACSM rent reasonableness data base	Compare the number of owner information workshops, field visits to owners, and track new rent reasonableness inputs before and after implementation of the new initiative	1). HACSM has provided to program owners, owner information and education material thorough two mailings and field visits. 2). HACSM conducted over 100 field visits to new and existing owners. 3). HACSM entered into its rent reasonableness database 21 new comparables per month. HACSM is in the planning and development stages of a semi-annual owner information and education workshop. The HACSM has explored a program called SocialServe, a "real-time" housing

comprehensive owner outreach and education program.			locator database that could provide participants with a wider selection of rental properties and provide the HACSM with a selection of owners to include in its owner outreach program.
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- C. If benchmarks were not achieved or if the activity was determined ineffective, provide a narrative explanation of the challenges, and if possible, identify potential new strategies that might be more effective.**

HACSM does not plan on revising the benchmarks for this activity as it has been effective in increasing HACSM's administrative efficiencies.

- D. If benchmarks or metrics have been revised identify any new indicator(s) of activities status and impact (e.g. after 2 years of rent reform only 6 hardship cases).**

HACSM has not, nor does not plan to revise the benchmarks or metrics for this activity.

- E. If data collection methodology has changed, describe original data collection methodology and any revisions to the process or change in data collected.**

HACSM does not foresee any changes to the data collection methodology.

- F. If a different authorization from Attachment C or D was used than was proposed in the Plan, provide the new authorization and describe why the change was necessary.**

HACSM did not request, or receive, any additional authorization from Attachment C or D for this MTW activity.

- G. Authorization for the approved activity**

The approved activity is authorized in HACSM's MTW Agreement, Attachment C, Paragraph D(5) and waives certain provisions of Section 8(o)(8) of the 1937 Act and 24 C.F.R. 982, Subpart I

## On-Going MTW Activity #16: Expand the Section 8 Project Based Voucher Program

### A. Activity Description

Effective July 1, 2010 HACSM received HUD's approval to increase its voucher budget allocation to the Project/Provider-Based programs. Currently HACSM has 384 project-based units. As a result of this initiative, HACSM is proposing to potentially increase the number of project-based units to 1,200. These programs will be one of the major resources for the development of additional affordable housing units and will enable the County to meet the goals of the HOPE Plan, San Mateo County's 10 year plan to end homelessness. HACSM recognizes that the number of available "traditional" HCV vouchers will be decreased as a result. However, in selecting future project-based projects, HACSM will give preference to properties that are newly constructed, located near public transportation corridors, and contain energy efficient features. This will increase housing choice for families by increasing the supply of decent, safe, and sanitary affordable housing, i.e this would represent units that otherwise would not be constructed.

As part of HACSM's anticipated Provider-Based program, HACSM is expecting to reach populations in San Mateo County who are currently under-served with programs designed in concert with the potential Provider-Based award designee. Because the voucher assistance will be directly related to the unique services of the Provider-Based program, there is a far greater potential to serve additional families at their time of greatest need, with greater flexibility and tailored to their specific barriers.

By diversifying the use of our finite number of vouchers, this initiative will provide a wider variety in type and location of housing for our participants, present and future.

### B. Impact of the activity

#### Project Based Program

Baseline (established FY10)	Benchmark	Metric	Year 1 (FY11)Outcome
As of December 15, 2009, HACSM has HAP contracts with 384 Project Based units. (Please note: All HACSM Project-Based Contracts are under the Project Based <i>Certificate</i> program. The contracts were executed prior to the implementation of the Project-Based Voucher program.)	Increase the number of Project-Based contracted units by approximately 100 units in FY2010-2011	Compare number of Project-Based units before and after the new initiative	2 AHAPS, totaling 47 units.  Commitment letters for 30 units.  HACSM is prioritizing its additional Project-Based vouchers for newly constructed affordable housing. Due to high land costs in San Mateo County and difficulties in the affordable housing finance sector, extremely few new units are currently in the planning stage.
Based on the current HAP costs, as of December 15, 2009, HACSM spends approximately 7.4% of the HCV budget authority,	Increase percentage of funding allocation by approximately 2% (approximately an additional \$950,000 annually)	Compare funding allocation before and after the new initiative	The aforementioned 77 PBV units will require a budget of approximately \$1,062,600 annually.

(\$3,600,000) on the Project Based program			
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**Provider Based Program**

Baseline (established FY10)	Benchmark	Metric	Year 1 (FY11)Outcome
Currently HACSM works with 4 Supportive Service providers and assists 60 participants with services-enriched housing	Through leveraging of funds with supportive service agencies, by the end of FY2012, HACSM projects a 67% increase (approximately 40 participants in total – 20 additional participants in the Housing Readiness program and 20 new Provider Based participants) in the number of households served, with services-enriched housing	Compare the number of households served, with service-enriched housing provided by supportive services providers	Housing Readiness: No Increase, but have allocated 20 additional vouchers to be utilized by the end of FY12.  By the end of FY12, HACSM expects that there will be a total of 80 vouchers allocated to the HRP.
			New Provider Based Program: The RFP process has been completed and HACSM is currently reviewing applications.

- C. If benchmarks were not achieved or if the activity was determined ineffective, provide a narrative explanation of the challenges, and if possible, identify potential new strategies that might be more effective.**

Not applicable.

- D. If benchmarks or metrics have been revised identify any new indicator(s) of activities status and impact (e.g. after 2 years of rent reform only 6 hardship cases).**

Not applicable.

- E. If data collection methodology has changed, describe original data collection methodology and any revisions to the process or change in data collected.**

HACSM is proposing to remove this research activity as it is not specific enough to provide measurable results. As such, HACSM is refocusing the research as outlined in Section B above.

Baseline (established FY10)	Benchmark	Metric
Currently HACSM has Zero (0) low income housing units created by the new Project-based/Provider-based program.	At least 50 additional Project-based/Provider-based units created under the new program during FY2011	Compare the number of Project-Based/Provider-Based units before and after this activity

**F. If a different authorization from Attachment C or D was used than was proposed in the Plan, provide the new authorization and describe why the change was necessary.**

HACSM did not request, or receive, any additional authorization from Attachment C or D for this MTW activity.

**G. Authorization for the approved activity**

The proposed activity is authorized in HACSM's MTW Agreement, Attachment C, Paragraph D, 7 (a) (b) (c) and waives certain provisions of Sections 8 (o)(13)(B and D) of the 1937 Act and 24 CFR 982.1, 982.102, and CFR Part 983

HACSM's MTW Agreement, Attachment D: Uses of Funds

**On-Going MTW Activity #17: Revise Eligibility Standards****A. Activity Description**

Effective July 1, 2010, HACSM received HUD approval to apply an asset value limit for all new applicants and participants. HACSM's new policy states that if an applicant has assets valuing more than \$100,000, or a present ownership interest in a suitable home in which they have a legal right to reside, they are determined to be ineligible for the program. If a participant experiences an increase in assets, such that their assets are currently valued at more than \$100,000, or has (since their last reexamination) gained ownership interest in real property in which the participant has a legal right to reside, the participant would be determined ineligible for continued assistance. This determination is made through the recertification process, annually or biennially, based on the household's regular recertification schedule. (Note: HACSM has a biennial recertification schedule for elderly and/or disabled households.)

**B. Impact of the activity**

Baseline (established FY10)	Benchmark	Metric	Year 1 (FY11) Outcome
Currently HACSM has 35 participants with assets valued over \$100K, one of which was admitted to the program during calendar year 2009	HACSM expects a 100% reduction in applicants admitted to the program with assets valued over \$100K	HACSM will monitor and track, at least annually, the number of applicants (who are not eligible due to this initiative), and on-going participants with assets valued over \$100K	As of June 30, 2011, there are currently 10 participants with assets valued over \$100K, all of whom had been admitted to the program prior to July 1, 2010.  Additionally, in Calendar Year 2010, six (6) applicants were denied eligibility due to this activity.
During calendar year 2009, HACSM conducted 171 initial eligibility appointments from a waitlist of 3,600	HACSM expects a 5% increase (approximately 10 additional appointments) in the number of initial eligibility appointments completed		During calendar year 2010, HACSM conducted 2,276 eligibility appointments, representing an over 1,000% increase  The high % of increase was partly due to implementation of new programs such as Family Unification, VASH, new PBVs for HACSM-owned units and an influx of portable families.
	HACSM expects a 5% increase (approximately 10 additional applicants) will be moved off the waitlist and given the opportunity to have housing assistance		In calendar year 2010, HACSM briefed and distributed vouchers to 592 applicants. This represents over an 800% increase (527 additional households moved off the waitlist.)

- C. If benchmarks were not achieved or if the activity was determined ineffective, provide a narrative explanation of the challenges, and if possible, identify potential new strategies that might be more effective.**

HACSM found this to be an very effective activity and therefore is not planning on making any changes to it.

- D. If benchmarks or metrics have been revised identify any new indicator(s) of activities status and impact (e.g. after 2 years of rent reform only 6 hardship cases).**

HACSM has not, nor does it intent to, make any changes to the research for this activity in FY12.

- E. If data collection methodology has changed, describe original data collection methodology and any revisions to the process or change in data collected.**

HACSM has not, nor does it intent to, make any changes to the research for this activity in FY12.

- F. If a different authorization from Attachment C or D was used than was proposed in the Plan, provide the new authorization and describe why the change was necessary.**

HACSM did not request, or receive, any additional authorization from Attachment C or D for this MTW activity.

**G. Authorization for the approved activity**

The approved activity is authorized in HACSM's MTW Agreement, Attachment C, Paragraph D(3), (a) and waives certain provisions of Sections 16(b) and 8(o)(4) of the 1937 Act and 24 C.F.R. 5.603, 5.609, 5.611, 5.628, and 982.201

**On-Going MTW Activity #18: Eliminate 100% excluded income from the income calculation process****A. Activity Description**

Although HUD currently regulates which income must not be included when calculating rental assistance, the HUD-50058 requires HACSM to report all family income, including income that is excluded from the rental assistance calculation process. Given the numerous sources of 100% excludable income, the cost and time related to verification and calculation on the 50058 of excluded income is significant and causes unnecessary administrative and financial burdens to the agency. The verification and reporting of income that has no affect on the amount of housing assistance a family receives also invites unnecessary errors in the reporting and calculation process.

With this MTW activity, effective July 1, 2010, HACSM no longer verifies, counts, or reports income that HUD specifies as 100% excluded from the income calculation process. Examples of 100% excluded income are food stamps, income from minors, and foster care payments. HUD regulation 24 CFR 5.609 (c) provides a complete list of all income sources that HUD specifies to be excluded when calculating a family's annual income. Because this income is excluded from the income calculation process, it does not affect the amount of a family's rental assistance.

**B. Impact of the activity**

<b>Baseline (established FY10)</b>	<b>Benchmark</b>	<b>Metric</b>	<b>Year 1 (FY11) Outcome</b>
There are 1021 participant families that receive one or more types of income that are excluded from the income calculation process	HACSM expects a 95% decrease in the collection of tenant reported income from excluded sources.	Comparison of time spent on activity under the current process versus the proposed MTW activity	In FY11, HACSM had 346 participants with one or more types of income that were eligible for exclusion from the income calculation process. This did not meet the proposed benchmark of a 95% decrease (51 remaining).  These households were the result of two things, HACSM's biennial recertification schedule and Full Time Students.
HACSM spends approximately \$7.28/file verifying and calculating 100% excluded income. This time equates to salary costs of approximately \$7,400 annually	HACSM expects a 75% reduction of hours per year in staff time for this activity, representing approximately \$5,575 in salary costs savings as a result of not processing and calculating 100% excluded income	Comparison of total administrative costs for activity under the current process versus the proposed activity	Based on the reduction in number of third party verifications process, HACSM processed 675 files less at a cost of \$7.28 per file totally \$4,914.

- C. If benchmarks were not achieved or if the activity was determined ineffective, provide a narrative explanation of the challenges, and if possible, identify potential new strategies that might be more effective.**

HACSM has determined that due to the biennial recertification schedule for elderly/disabled households (MTW Activity #6), it would not be possible to reach this proposed benchmark within the 1<sup>st</sup> year. As such, HACSM is not going to make any changes to the activity or the research at this time. HACSM fully expects to meet or exceed the proposed benchmark by the end of FY12.

- D. If benchmarks or metrics have been revised identify any new indicator(s) of activities status and impact (e.g. after 2 years of rent reform only 6 hardship cases).**

HACSM is proposing to modify this aspect of the research for this activity and will be monitoring the number of third party verifications processed. As with MTW Activity #8 (Simplify Third Party Verifications), it is increasingly more difficult to track and measure these results as it has already resulted in increased administrative efficiencies. Requiring HACSM staff to complete a time study for a process that they no longer complete is counter-productive to those efficiencies.


- E. If data collection methodology has changed, describe original data collection methodology and any revisions to the process or change in data collected.**

The data collection methodology has not changed for FY11, however, due to the nature of this MTW activity, requiring staff to complete an extensive time study each year defeats the increased administrative efficiencies and time savings of the activity itself. And, HACSM expects that time required for this activity should remain fairly consistent in each subsequent year so there will be no increase in savings from FY to FY, to measure.

- F. If a different authorization from Attachment C or D was used than was proposed in the Plan, provide the new authorization and describe why the change was necessary.**

HACSM did not request, or receive, any additional authorization from Attachment C or D for this MTW activity.

- G. Authorization for the approved activity**

This approved activity is authorized in HACSM's Moving to Work Agreement, Attachment C, Paragraph D (1) (c) and Attachment C, Paragraph D (3) (b) and waives certain provisions of Sections 8 (o) (5) of the 1937 Act and 24 CFR 982.516, and 982 Subpart E

## On-Going MTW Activity #19: Eliminate the requirement to complete new HAP contract with utility responsibility changes

### A. Activity Description

CFR 982.308 (g) (2) (i) requires PHAs to execute a new HAP contract with the owner if there are any changes in lease requirements governing tenant or owner responsibilities for utilities or appliances. Effective July 1, 2010, HACSM received HUD approval to eliminate the requirement of executing a new HAP contract with the owner in such instances as described above. Instead, upon receipt of a written notification from the tenant or the owner detailing the changes, HACSM will review the contract rent to ensure its rent reasonableness, adjust the tenant portion of rent and HAP payment if applicable, and confirm the changes by issuing a rent change notice.

It is important to note that this initiative only applies to participants who have a HAP contract in place prior to July 1, 2010 and who do not relocate. All other new, or relocating, participants are immediately entered into the Tiered Subsidy Table (TST) program. Due to the design of the TST initiative, the utility responsibilities are already factored in to the housing assistance, whether or not the participant or owner is responsible and therefore this activity would never be required. (For additional information on the TST program, please see on-going activity #9.)

### B. Impact of the activity

Baseline (established FY10)	Benchmark	Metric	Year 1 (FY11) Outcome
34 HAP contracts were executed prior to the new policy	There will be no HAP contracts executed for utility or appliance changes, representing a 100% reduction	Compare number of new contracts and the staff time required to execute new contracts due to utility changes before and after the new initiative. Calculate time saved in dollars by using the average of Office Specialist and Housing Occupancy Specialist salary and benefit costs.	There have been approximately 10 utility responsibility changes in FY11. No HAP contracts were executed, achieving a 100% reduction.
34 hours required to prepare and process utility or appliance changes (1hour/contract) with an annual cost of \$1,339 (\$39.39/hour x 34 hours)	HACSM expects an 80% (approximately 27 hours at a rate of 12 minutes/contract) reduction in staff time required to prepare and process utility changes and a cost savings of approximately \$1,064 (\$39.39/hour x 27 hours)		Eliminating processes of 10 HAP contracts resulted in \$394 in cost savings.

### C. If benchmarks were not achieved or if the activity was determined ineffective, provide a narrative explanation of the challenges, and if possible, identify potential new strategies that might be more effective.

This activity has been effective in meeting HACSM's goal of increasing administrative efficiencies.

- D. If benchmarks or metrics have been revised identify any new indicator(s) of activities status and impact (e.g. after 2 years of rent reform only 6 hardship cases).**

HACSM is not proposing to change the benchmarks or metrics for this activity.

- E. If data collection methodology has changed, describe original data collection methodology and any revisions to the process or change in data collected.**

HACSM is not changing the data collection or methodology at this time.

- F. If a different authorization from Attachment C or D was used than was proposed in the Plan, provide the new authorization and describe why the change was necessary.**

HACSM did not request, or receive, any additional authorization from Attachment C or D for this MTW activity.

- G. Authorization for the approved activity**

The approved activity is authorized in HACSM's MTW Agreement, Attachment C, Section D(2)(b) and waives certain provisions of Section 8(o)(7) and 8(o)(13) of the 1937 Act and 24 C.F.R. 982.308, 982.451, and 983 Subpart E

## On-Going MTW Activity #20: Apply current payment standards at interim reexamination

### A. Activity Description

Current HUD regulations require that when the payment standard increases during the term of the HAP Contract, the increased payment standard will be used to calculate the monthly housing assistance payment for the family at the family's first regular reexamination on or after the effective date of the increase in the payment standard. If the payment standard decreases during the term of the HAP Contract, the lower payment standard generally will be used at the family's second regular reexamination following the effective date of the decrease in payment standard. In addition, irrespective of any increase or decrease in the payment standard, if the family unit size increases or decreases during the HAP contract term, the new family unit size must be used to determine the payment standard for the family beginning at the family's first regular reexamination following the change in family unit size.

To reduce the family's rent burden, eliminate the confusion among staff, and to increase housing choice for families, effective July 1, 2010, HACSM implemented a policy to apply the current payment standard to the calculation of the monthly housing assistance payment at whatever time the action is being processed (i.e. interim reexaminations, annual reexaminations). HACSM will continue to give the family at least 30 days notice of the rent increase in the event the family's rent portion increases as a result of this proposal.

It is important to note that this initiative *only* applies to participants who had a HAP contract in place prior to July 1, 2010 and who have not relocated or have not yet had an annual/biennial recertification since March 1, 2011. All other new, or relocating, participants immediately move into HACSM's TST program where payment standards no longer apply. (For additional information on the TST, please see On-Going MTW Activity #9.)

### B. Impact of the activity

Baseline (established FY10)	Benchmark	Metric	Year 1 (FY11) Outcome
HACSM processed a total of 90 interim reexaminations during the month of November 2009. When annualized, HACSM processed, on average approximately 1080 interim reexaminations in the last 12 month period.	HACSM expects that the average number of interims to remain constant during the next calendar year	HACSM will compare the number of interim appointments processed during the 12 month period before and after the implementation of this initiative	HACSM processed a total of 30 (on average) interims per month during the months of April, May and June, 2011. When annualized, HACSM processed approximately 360 interim reexaminations in FY11 for participants who have not converted to the TST program.  Due to the fact that there were no changes in the payment standards during FY11, there is no way to measure the effect of this activity.
HACSM experienced approximately a 1-2% rate of error in the application of an incorrect payment standard in files reviewed by the Quality Assurance Unit. When applied to all 4023 vouchers, that rate would reflect approximately 80	HACSM expects that the rate of errors in the application of payment standards to be reduced to less than 1% (approximately 40 files) due to this initiative	HACSM will continue to monitor the file review error rate during the file review process before and after implementation	Due to nearly 60% of all HACSM voucher holders now on the TST program, there are far fewer households with the traditional subsidy calculation process.  During FY11 QA file reviews, of the 150 non-TST files reviewed none

files annually that were processed, and would require correction of the payment standard			had errors related to the application of an incorrect PS. This decrease in PS errors, more than met the proposed baseline measurement.
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- C. If benchmarks were not achieved or if the activity was determined ineffective, provide a narrative explanation of the challenges, and if possible, identify potential new strategies that might be more effective.**

HACSM has found this activity to be effective in increasing administrative efficiencies.

- D. If benchmarks or metrics have been revised identify any new indicator(s) of activities status and impact (e.g. after 2 years of rent reform only 6 hardship cases).**

HACSM does not plan on revising the benchmarks or metrics for this activity.

- E. If data collection methodology has changed, describe original data collection methodology and any revisions to the process or change in data collected.**

HACSM is not planning to revise the data collection or methodology for this activity.

- F. If a different authorization from Attachment C or D was used than was proposed in the Plan, provide the new authorization and describe why the change was necessary.**

HACSM did not request, or receive, any additional authorization from Attachment C or D for this MTW activity.

- G. Authorization for the approved activity**

This proposed activity is authorized in the HACSM Moving to Work Agreement, Attachment C, Paragraph D (1)(c) and Paragraph D (2)(a) and waives certain provisions of Section 8 (o) (1), 8 (o) (2), 8 (o) (3), 8 (o) (5) and 8 (o) (13) (H)-(I) of the 1937 Act, and 24 CFR 982.503, 24 CFR 982.505 (5), 24 CFR 982.508, 24 CFR 982.516 and 24 CFR 982.518 as necessary to implement HACSM's MTW Plan

**SECTION VII – Sources and Uses of Funding****A. Planned versus Actual Sources and Uses of MTW Funds**

The chart below summarizes the HACSM consolidated MTW Budget and Actuals for Fiscal Year 2011 (July 1, 2010 – June 30, 2011). This chart lists all budget and actual revenues and expenditures for all funding sources that comprise the MTW Block Grant Funds including; Section 9 Operating Funds; Section 9 Capital Funds; and Section 8 Housing Choice Voucher Assistance Payments and Administrative fees.

<b>Consolidated Sources and Uses of MTW Funds</b>				
<b>Fiscal Year Ended June 30, 2011</b>				
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Variance %</b>
<b>Revenue (Sources):</b>				
MTW Program HAP & Admin Fees	58,350,192.00	60,635,990.00	2,285,798.00	3.92%
Public Housing Operating Fund	125,000.00	127,146.00	2,146.00	1.72%
Public Housing Capital Fund	425,000.00	379,031.00	(45,969.00)	-10.82%
Rental Income	1,257,508.00	1,392,614.00	135,106.00	10.74%
Investment Income (A)	147,000.00	214,093.00	67,093.00	45.64%
Miscellaneous Income (B)	125,775.00	224,968.00	99,193.00	78.87%
<b>Total Revenue</b>	<b>60,430,475.00</b>	<b>62,973,842.00</b>	<b>2,543,367.00</b>	<b>4.21%</b>
<b>Expense (Uses):</b>				
Administration and General Expense	5,662,441.73	5,778,033.00	115,591.27	2.04%
Utilities	134,500.00	159,566.00	25,066.00	18.64%
Operations and Maintenance	709,404.94	769,121.00	59,716.06	8.42%
Housing Assistance Payments	53,264,128.33	53,770,104.00	505,975.67	0.95%
Development and Capital Projects (C)	660,000.00	407,040.00	(252,960.00)	-38.33%
<b>Total Expense</b>	<b>60,430,475.00</b>	<b>60,883,864.00</b>	<b>453,389.00</b>	<b>0.75%</b>
<b>Operating Income/(Loss)</b>	<b>0.00</b>	<b>2,089,978.00</b>	<b>2,089,978.00</b>	

**Explanation of Variances Over/(Under) 20%:**

- (A) Investment increases in available cash and rate of return.
- (B) Increased Fraud recovery repayment agreements.
- (C) New computer system costs not fully realized in this fiscal year

**Planned versus Actual Sources and Uses of Non - MTW Funds**

The chart below summarizes the HACSM Consolidated Non-MTW Budget and Actuals for Fiscal Year 2011 (July 1, 2010 – June 30, 2011). This chart lists all planned and actual revenue and expenditures for other funds that are not eligible MTW Block Grant funds (including state and local funds), and ARRA.

Consolidated Sources and Uses of NON-MTW Funds Fiscal Year Ended June 30, 2011			
	Budget	Actual	Variance
<b>Revenue (Sources):</b>			
Grants	3,700,874.00	3,309,346.00	(391,528.00)
Non-MTW HAP and admin fees	4,191,143.00	5,222,645.00	1,031,502.00
Rental Income	773,100.00	803,629.00	30,529.00
Investment Income	36,003.98	49,050.00	13,046.02
Miscellaneous Income	46,175.00	110,949.00	64,774.00
<b>Total Revenue</b>	<b>8,747,295.98</b>	<b>9,495,619.00</b>	<b>748,323.02</b>
<b>Expense (Uses):</b>			
Administration and General Expense	1,180,295.96	1,294,390.00	114,094.04
Utilities	57,700.00	66,660.00	8,960.00
Operations and Maintenance	188,634.98	227,016.00	38,381.02
Housing Assistance Payments	6,687,803.00	6,671,514.00	(16,289.00)
Development and Capital Projects	450,089.00	237,820.00	(212,269.00)
<b>Total Expense</b>	<b>8,564,522.94</b>	<b>8,497,400.00</b>	<b>(67,122.94)</b>
<b>Operating Income/(Loss)</b>	<b>182,773.04</b>	<b>998,219.00</b>	

#### B. Planned versus Actual Sources and Uses of State or local funds

HACSM did not separate State and Local funds for FY2011. HACSM has included all such information in the two tables above.

#### C. Planned versus Actual Sources and Uses of the COCC

Not applicable

#### D. If using a cost allocation or fee-for-service approach that is different from the 1937 Act requirements, describe the actual deviations that were made during the Plan year; and

Not applicable

**E. List or describe planned vs. actual use of single-fund flexibility**

On July 1, 2008, HACSM received HUD approval to block grant all MTW programs. Prior to July 1, 2008, HACSM was required to maintain two programs, the traditional HCV program and its original MTW program.

HACSM firmly believed that the financial and programmatic unification would allow the agency to streamline administrative practices, simplify rent and occupancy policies and maximize financial resources. With reduction in program costs and increase in efficiency, HACSM may assist the maximum number of qualified households intended by HUD's allocation.

In FY 2008-2009, HACSM submitted an amendment to Attachment A, further clarifying its desire to block grant all MTW program funds.

On March 3, 2010, HACSM received the executed grant amendment for Attachment A. Due to the date in which Attachment A was executed, HACSM was not able to use its single fund budget flexibility in FY 2010.

HACSM intends to use MTW funds for its new Project-Based Assistance (PBA) program. FY2011 was a planning and RFP period. Contracts for service are expected to be in place by mid-FY2012.

**F. Optional – List planned vs. actual reserve balances at the end of the Plan year**

**G. Optional – In plan Appendix, provide planned vs. actual sources and uses by AMP**

**SECTION VIII – Administrative**

**A. Description of progress on the correction or elimination of observed deficiencies cited in monitoring visits, physical inspections, or other oversight and monitoring mechanisms, if applicable.**

HACSM does not have any on-going corrective action plans from any monitoring visits, physical inspections or other oversight or monitoring mechanisms.

**B. Results of latest Agency-directed evaluations of the demonstration, as applicable.**

Not applicable. However, in FY11 HACSM implemented the Agency Self Assessment (ASA), its own quality assurance program to self-monitor and determine on-going compliance with all program regulations, policies and procedures.

HACSM is including a copy of FY11 ASA with this report.

**C. Performance and Evaluation Report for Capital Fund activities not included in the MTW Block Grant, as an attachment to the Report.**

See Appendix Five of this report for information on the Capital Funds for FY2009, HACSM's ARRA Funds, and Capital Funds for FY2010.

**D. Certification that the Agency has met the three statutory requirements.**

See Appendix Six of this report for HACSM's signed certification of compliance.