Moving to Work (MTW)
2013 Annual Report

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

September 25, 2013

HOUSING AUTHORITY
of the COUNTY of SANTA CLARA
Leaders in *Making a Difference.*

HOUSING AUTHORITY OF THE COUNTY OF SANTA CLARA (HACSC)

Board of Commissioners
Kathy Espinoza-Howard, Chair
Bill Anderson, Vice Chair
Adrienne Lawton
Bena Chang
Denis O'Neal
Verna Hayden

Executive Director
Alex Sanchez

Senior Management Team
Katherine Harasz, Deputy Executive Director
Aleli Sangalang, Director of Housing Programs
Vanessa Cooper, Director of Real Estate Services
Bakulesh Patel, Director of Finance

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

TABLE OF CONTENTS

Section I.	Introduction and Overview	Page	3
Section II.	General HACSC Operating Information	Page	7
Section III.	Non-MTW Related HACSC Information	Page	15
Section IV.	Long-Term MTW Plan	Page	17
Section V.	MTW Activites Pending Implementation	Page	18
Section VI.	Ongoing MTW Activities (Implemented)	Page	21
Section VII.	Sources and Uses of Funding	Page	67
Section VIII.	Administrative	Page	75
Appendix One:	Certification of MTW Statutory Compliance	Page	76
Appendix Two:	List and Implementation Status of MTW Activities	Page	77
Appendix Three:	FY2012 Independent Auditor’s Report (OMB-A-133)	Page	80

I. INTRODUCTION AND OVERVIEW

Purpose of This Report

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

HACSC, along with the Housing Authority of the City of San José (HACSJ), which is administered by HACSC, entered into a ten-year agreement with the Department of Housing and Urban Development (HUD) in the beginning of 2008 to become a Moving to Work (MTW) agency. This report discusses the status of HACSC's 5th year as an MTW agency during FY2013 (July 1, 2012 through June 30, 2013).

Purpose of MTW

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

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

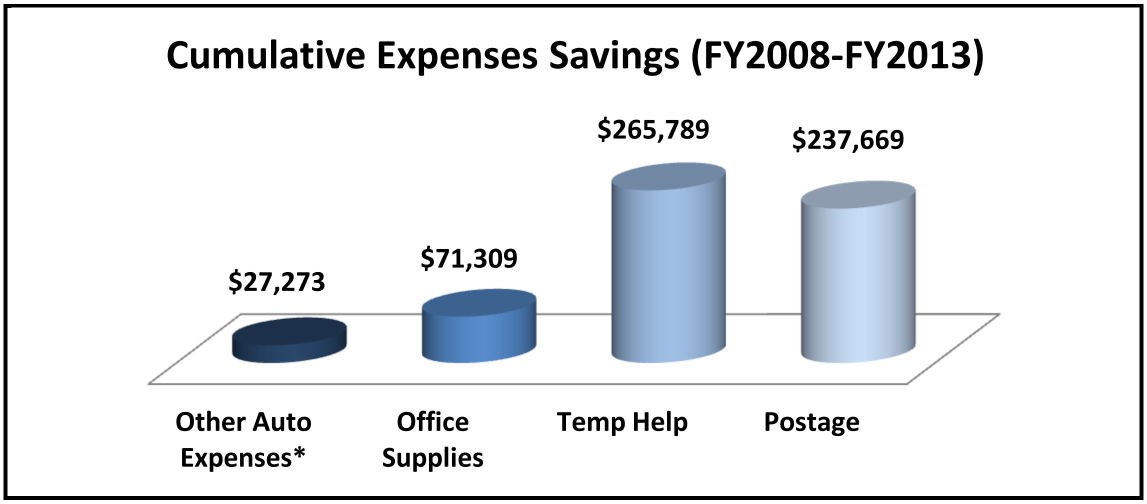
In line with MTW requirements, HACSC strives to achieve these goals while ensuring that HACSC assist at least as many households and substantially the same mix of program participants (in terms of income level and family size) as before receiving MTW designation.

Fiscal Year 2013: HACSC's Overall MTW Progress

Since 2008, HACSC has crafted 27 MTW activities, and has implemented 21 of them, 20 of which are ongoing. Section VI of this report describes the status and impact of each of the 20 on-going activities. Appendix Two provides an activity summary.

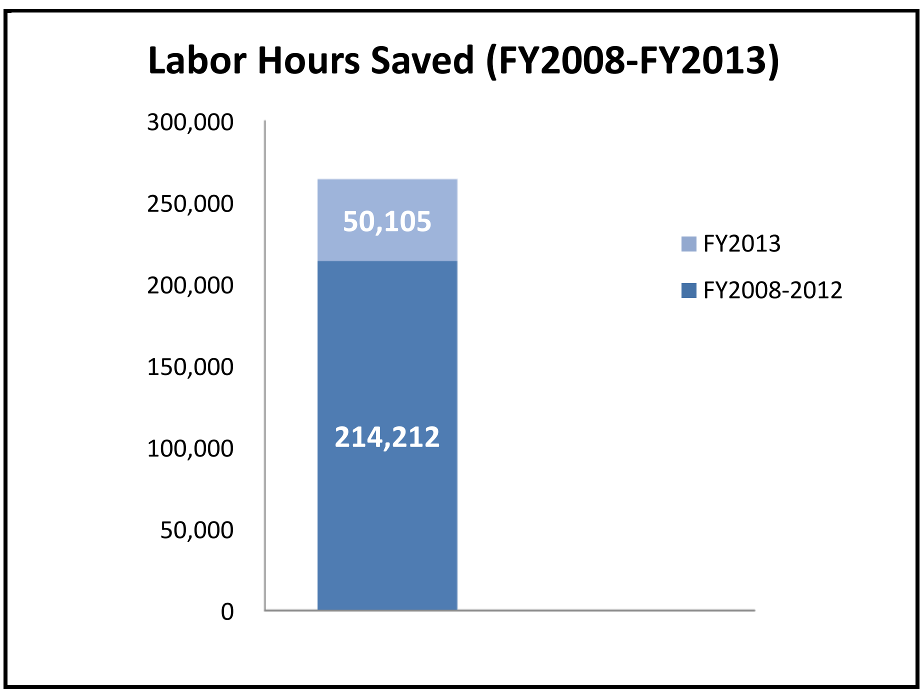
The majority of HACSC's implemented MTW activities have been designed to improve administrative processes and to promote system efficiencies. In FY2013, HACSC continued to refine its program management in accordance with the current fiscal climate, and in response to the Federal sequestration which reduced administrative and operating funds.

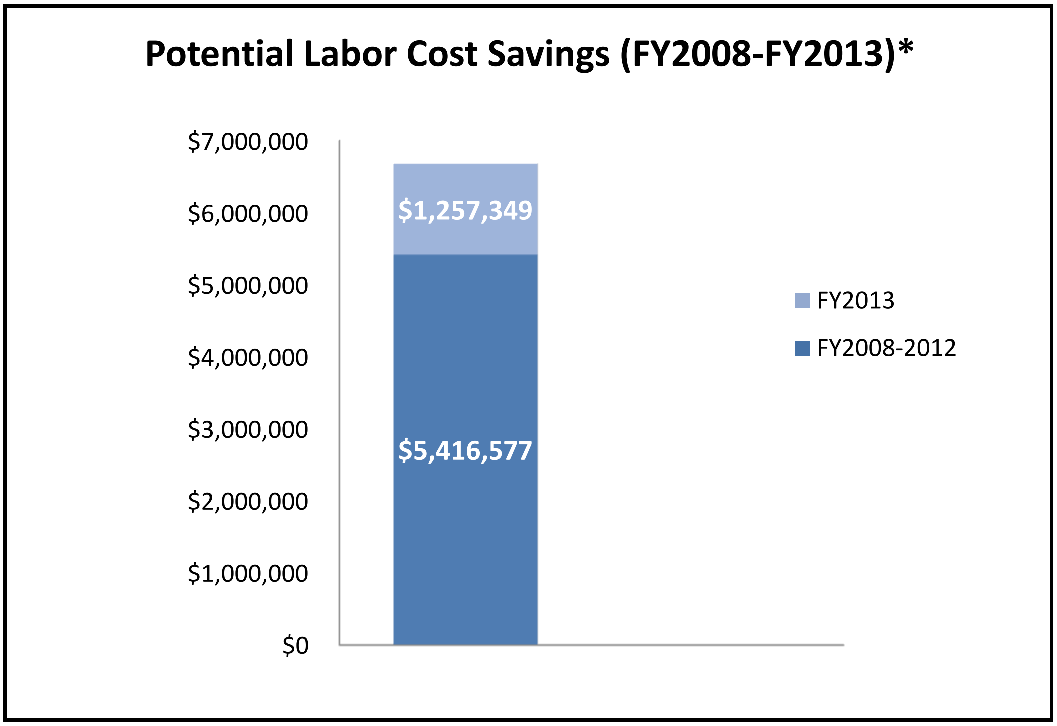
As an MTW demonstration agency for the past five years, HACSC has realized $602,040 in direct expense savings (such as office supplies, postage, and temporary help). The graph below illustrates the cumulative expense savings realized from administrative streamlining:



*As of FY2012, HACSC no longer tracks Auto Expenses Data.

Additionally in FY2013, HACSC realized a cumulative labor hour savings of 264,317 through administrative streamlining activities. Eliminating certain regulatory processes and requirements which reduced key work tasks, an estimated cumulative potential labor savings of $6,673,926 has been realized between FY2008-FY2013.





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

In FY2013, HACSC extensively engaged with community partners and stakeholders to discuss a variety of topics including: proposed broad-based rent reform and potential sequestration cost savings measures. Through these discussions, HACSC recognized the need for further community engagement and dialogue to speak to local challenges. In FY2014, HACSC will host a series of strategic planning sessions that will serve to engage the community in discussions on program innovations for rent reform, client services and program integrity. With the information obtained during these sessions, HACSC will be better prepared to engage the community during the MTW planning process to develop program innovations that will better suit participant needs as funding allows.

Successful HACSC Initiatives

HACSC made significant progress in FY2013 in the administration of established initiatives and development of new initiatives. These efforts were designed to help promote the Agency's financial security during a fiscal year that saw the first rounds of federal sequestration cuts. These initiatives included:

1. Using its MTW labor time savings initiatives and a new, more efficient software system as a platform, the Housing Programs Department completed a business process review

and staffing study, which resulted in aligned job functions and downsized workforce.

2. Significant cross-departmental coordination as well collaboration with external stakeholders to assist with the administration of special populations, including Veterans Affairs Supportive Housing (VASH), Shelter Plus Care (SPC), and Non-Elderly Disabled Vouchers (NED).

3. In partnership with community stakeholders, revised and expanded the Chronically Homeless Direct Referral (CHDR) program.

4. Began HACSC's five-year strategic plan, which included outreach to program participants and other community stakeholders to receive input on draft goals in the areas of development, client services, finance and administration, and in the Housing Choice Voucher program.

5. Used MTW funds for the pre-development of the Park Avenue property, enhancing existing entitlement from the original 175 units by seven for a new total of 182 units.

Further information about these successes is provided in Sections III and IV of this report.

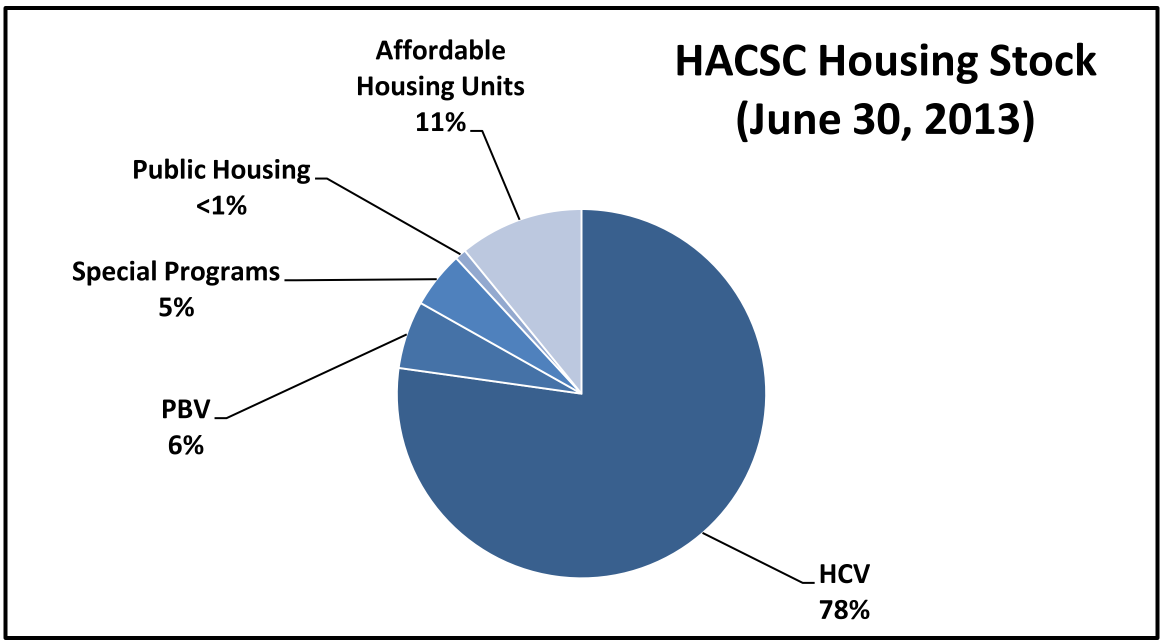
Long-Term MTW Plans and Source/Use of Funds

The long-term plans, for HACSC's MTW program, are summarized in Section IV of this report. Highlights include: continued MTW Activities implementation, innovative financing and development strategies, focus on refining and streamlining of processes, and targeted outreach to special needs populations.

Section VII of this report provides details on the sources and uses of HACSC's MTW and non-MTW funds in FY2013.

II. GENERAL HACSC OPERATING INFORMATION

Through its various rental assistance programs, HACSC assists over 19,000 households, which includes its MTW and non-MTW voucher programs and Agency owned or controlled affordable housing properties. The primary source of rental assistance is provided by HACSC through the Housing Choice Voucher program. HACSC also administers smaller programs, which provide affordable housing, some of which are targeted to specific populations. Examples of these programs include: Veterans Affairs Supportive Housing (VASH), and Continuum of Care (formerly Shelter Plus Care). HACSC also owns/controls 2,201 units of affordable housing in the County and is a general partner in properties totaling an additional 501 units (not listed in the Report).



Housing Stock Information

1. Public Housing Units and Planned Capital Expenditures

In FY2013, HACSC made no major capital expenditures. At the beginning of FY2013, HACSC planned to spend $400,000 in capital funds to make improvements at some of its property. Due to sequestration and using MTW fungibility, the capital funds planned for this project were instead transferred to the Housing Choice Voucher program to assist with the shortfall in HAP subsidy. All necessary repairs were made but no contract exceeded 30% of the annual grant amount.

Number of Public Housing Units: 20

HACSC worked with HUD's Special Application Center in FY2013 to resolve disposition of the 20 remaining public housing units. Currently, HUD approval of the disposition for these is pending.

Table 1: List of Current Public Housing Properties

Development	Type	Number of Units
Deborah Drive	Family	4
Eklund Gardens I	Family	10
Eklund Gardens II	Family	6
Total		**20**

2. MTW and non-MTW Housing Choice Voucher Units Authorized

By the end of FY2013, HACSC was authorized to serve 16,645 households throughout the County of Santa Clara, under its MTW program. These include the following programs (see Table 2):

Table 2: Number of MTW Housing Choice Voucher Units Authorized at the Beginning and End of FY2013

Type	Authorized 7/1/12	Authorized 6/30/13
Tenant-Based	15,331	15,362
Project-Based	1,283	1,283
Total	**16,614**	**16,645***

*In addition to the 18 Moderate Rehabilitation units which opted out of the program in FY2013, an additional 13 units were part of a prepayment opt-out. As a result, HUD authorized additional vouchers for these units, thus increasing HACSC's authorized vouchers by 31.

Additionally, the following non-MTW units were authorized during FY2013, which are listed in Table 3:

Table 3: Number of Non-MTW Units Authorized at the Beginning and End of FY2013

Type	Authorized 7/1/12	Authorized 6/30/13
Mainstream	53	53
Moderate Rehabilitation*	93	75
Continuum of Care**	174	174
Veterans Affairs Supportive Housing	535	535

Family Unification Program	100	100
TBRA (City of Sunnyvale)***	15	13
Non-Elderly Disabled Program	10	10
Total	**875**	**971**

*18 Moderate Rehabilitation units opted out of the program during FY2013.
**Although 174 units are authorized, Continuum of Care regulations allow any remaining funds to be used to serve a great number of participants (§582.105(c)(2)).
***The TBRA program provides around two years of assistance to participants, upon completion of the assisted term, the contracts are not being renewed. In FY2013, two units were removed from the program.

3. Number of HCV Units Project-Based or Committed During FY2013

At present, there are a total of 585 units committed prior to FY2013 that are waiting to be project-based. Up to 20 vouchers are allocated and reserved for the disposition of HACSC's remaining public housing units. HACSC is awaiting approval from HUD for disposition of these units.

In accordance with MTW Activity 2010-4, 565 of HACSC's tenant-based vouchers are expected to be project-based starting FY2013 through FY2016 for preservation of HACSC and affiliate-owned affordable housing projects. Below is a list of the projects and their locations:

Table 4: Number of Units Committed to Project-based

Name of Project	Location of Project	Number of Project Based Vouchers	Type of complex
Deborah Drive	Santa Clara	4	Affordable Family Housing
Ecklund I	Santa Clara	10	Affordable Family Housing
Ecklund II	Santa Clara	6	Affordable Family Housing
Park Avenue	San Jose	118	New Construction (Senior)
Poco Way	San Jose	117	129 Tax credit units (Family)
Huff Gardens	San Jose	35	72 Tax credit units (Family)
Blossom River	San Jose	142	144 Tax credit units (Family)
Helzer Courts	San Jose	153	133 Tax credit units (Family)

4. Other Housing Managed by HACSC

Since FY2012, all affordable housing properties owned or controlled by HACSC are administered by third-party property management companies. HACSC does not directly manage any additional properties.

Table 5: Other Housing Managed by HACSC, by type

Type of Housing	Number of Units
Tax Credit Senior Housing	1,153
Tax Credit Family Housing	945
Other Housing	103
Total	**2,201**

Table 6: Other Housing

Name of Project	Location of Project	Type of Housing	Number of Units 7/1/12	Number of Units 6/30/13
Auturo Ochoa Migrant Center*	Gilroy	Farm Worker Housing	100	0
Villa San Pedro	San José	Sec 8 221 (d)3, Sec 8 PBV	100	100
Seifert House†	San José	Single Family Home	3	3
Total			**283**	**103**

*Note: The Auturo Ochoa Migrant Center was transferred to the County of Santa Cruz in FY2012.
†Seifert House vouchers were project-based in FY2012.

Table 7: Tax Credit Senior Housing

Name of Project	Location of Project	Number of Units
Avenida Espana	San José	84
Bracher Senior	Santa Clara	72
Cypress Gardens*†	San José	125
DeRose Gardens	San José	76
El Parador	San José	125
John Burns Gardens	Santa Clara	100
Lenzen Gardens*†	San José	94
Morrone Gardens	San José	102
Rincon Gardens*†	Campbell	200
Sunset Gardens*†	Gilroy	75
Villa Hermosa	San José	100
Total		**1,153**

*These properties also include non-elderly disabled.
†These properties also include Project-Based vouchers.

Table 8: Tax Credit Family Housing

Name of Project	Location of Project	Number of Units
Blossom River Apts.	San José	144
Helzer Courts	San José	155
Huff Gardens†	San José	72
Julian Gardens†	San José	9
Klamath Gardens	Santa Clara	17
Lucretia Gardens†	San José	16
Miramar†	Santa Clara	16
Opportunity Center†	Palo Alto	89
Pinmore Gardens	San José	51
Poco Way Apts†	San José	129
Rivertown	Santa Clara	100
San Pedro Gardens	Morgan Hill	20
Villa Garcia†	San José	80
The Willows	San José	47
Total		**945**

†These properties also include Project-Based vouchers.

Leasing Information

1. Public Housing

HACSC has a total of 20 MTW public housing units, all of which were occupied at the end of FY2013. There are no non-MTW public housing units in HACSC's housing stock.

2. Housing Choice Voucher Program

Due to the cost efficiencies realized through its MTW activities, HACSC was able to over-lease its Housing Choice Voucher program since its designation in FY2008. As of June 30, 2012, HACSC assisted 16,591 MTW vouchers, 47 households below its baseline. HACSC expects to be fully leased by the end of FY2014.

HACSC administers seven other programs in addition to the Housing Choice Voucher program. With the exception of the Continuum of Care program, none of these special programs allow for over-leasing. Due to normal fluctuations in lease-up status attributed to moves, deaths and other terminations, not all programs were fully leased-up at the end of FY2013. HACSC is working towards fully leasing and will continue monitoring these special programs.

Table 9: Non-MTW Units Leased as of 6/30/13

Non-MTW Vouchers	Leased as of 6/30/13
Mainstream	47
Mod Rehab	73
Continuum of Care	216*
VASH	458
FUP	89
NED	9
TBRA	13
Total	**903**

*Although 174 units are authorized by HUD, Continuum of Care regulations allow any remaining funds to be used to serve a great number of participants (§582.105(c)(2)).

3. Issues Related to Leasing HCV or Public Housing Units

Due to sequestration budget cuts in FY2013, HACSC stopped over leasing of its allocated vouchers. Additionally, because of rental trends and fluctuations, the utilized voucher rate dropped to .4% under its baseline. HACSC will be seeking HUD approval to implement additional MTW cost saving measures in FY2014 to address the sequestration shortfall to help ensure HACSC maintains 100% lease up.

4. Project Based Vouchers

As of the end of FY2013, HACSC had 1,249 Project Based Vouchers under lease. All Project Based Vouchers are anticipated to be, or remain, leased-up in FY2014.

Waiting List Information

HACSC maintains one waiting list for its public housing properties. As the previous public housing waiting list was exhausted, it was reopened in March 2013 and over 6,000 applications were received. A lottery was held on May 14, 2013 to randomly select 750 applications. Eligible households have been placed on the waiting list for public housing units.

HACSC maintains an additional combined waiting list for the HCV program for the County of Santa Clara and the City of San José, as approved in MTW Activity #2009-13. No significant changes were made in FY2013. Due to the low turnover rate of vouchers and funding shortfalls which did not allow for over-leasing, waiting list applicants continue to experience a long wait before moving to the top of the list. As reported in FY2012, HACSC continues to have approximately 21,000 households on its HCV waiting list.

Demographic information of the approximate 21,000 households, as of June 30, 2013, is listed below:

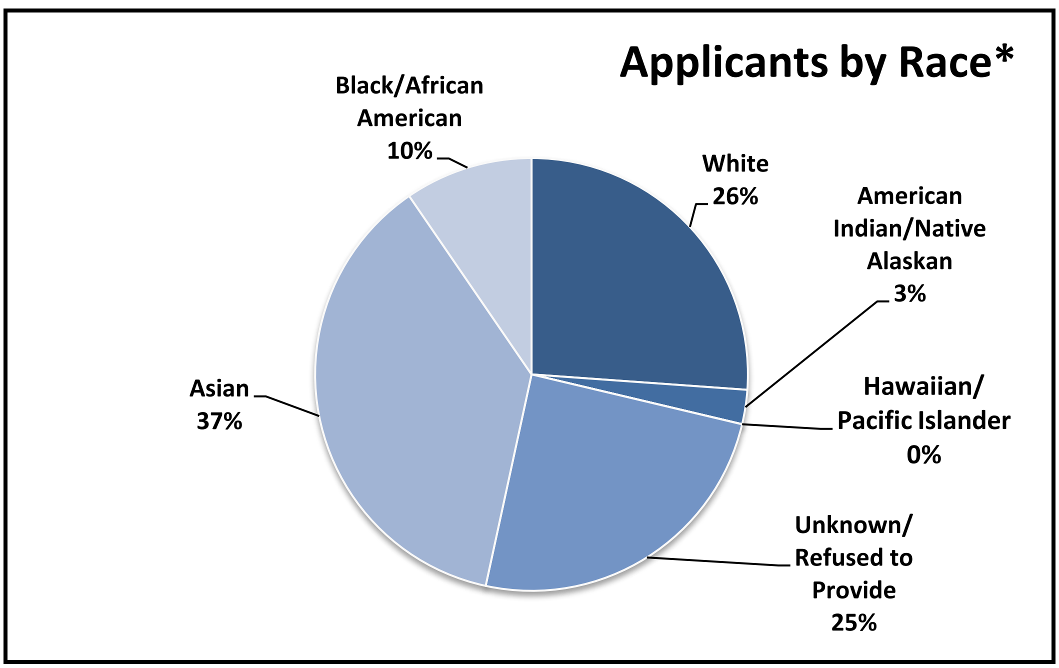
Table 10: HCV Applicant Income Levels—Waiting List

Income Category	Total
Extremely Low Income	13,392
Very Low Income	3,870
Low Income	425
Over Low Income	41
Unknown/Refused to Provide Income	3,534

Table 11: HCV Applicant Gender—Waiting List

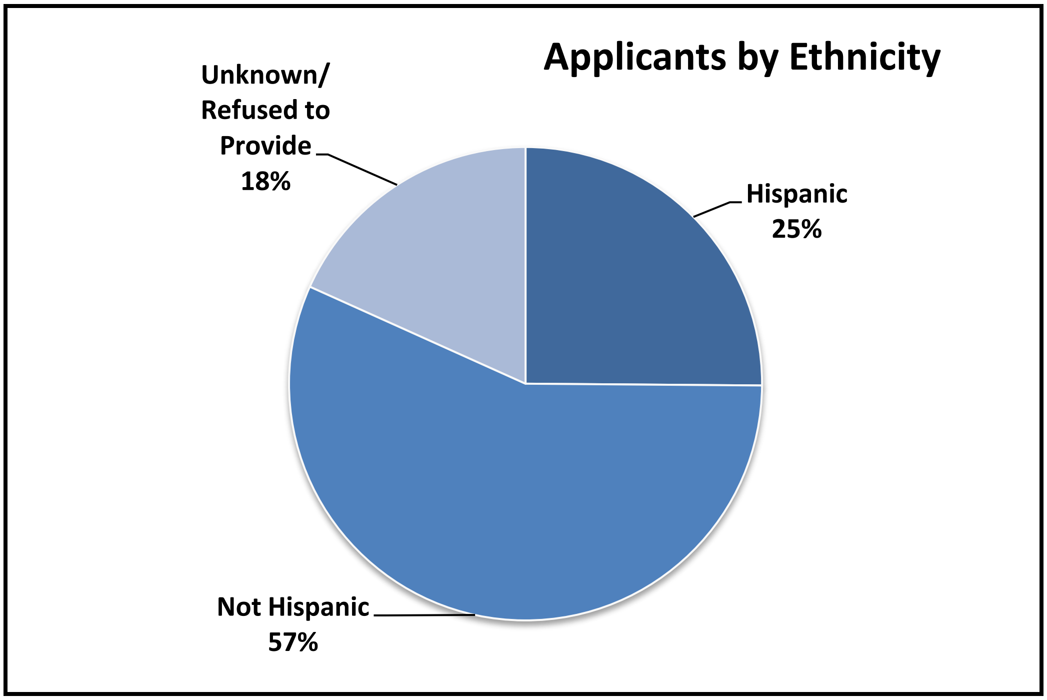
Gender	Number of Applicants
Female	11,450
Male	6,693
Unknown/Refused to Provide	3,119

Race Demographics– Section 8 HCV Waiting List



*In FY2012 the agency converted to a new Section 8 software which only captured the applicants "First Race" information only. For example, if an applicant lists race as "White" and "Asian," the software will show the race as "White." During FY2013, a process was started to update this information and is expected to be completed by the end of FY2014.

Ethnicity Demographics– Section 8 HCV Waiting List



III. NON-MTW RELATED HACSC INFORMATION

HACSC has also continued to carry out its non-MTW program initiatives, which support the Agency's overall mission. In FY2013, HACSC focused on three main categories: finding alternate ways to serve traditionally under-served populations, improving Section 8 program administration and data tracking, and preserving and managing housing sites.

Finding alternate ways to serve traditionally under-served populations. To achieve this goal HACSC has partnered with numerous community partners, such as: Veterans Administration, Care Coordination Project (CCP), Department of Family and Children's Services (DCFS), City of Sunnyvale, and the Silicon Valley Independent Living Center (SVILC) to bring additional ways for low-income families to receive assistance. At the end of FY2013, through these partnerships HACSC has:

1. Received an additional allocation of 100 Veterans Affairs Supportive Housing (VASH) vouchers, increasing the total to 535, housed 458 homeless veterans with VASH vouchers and issued an additional 65 vouchers to families who are pending lease up (as of June 30, 2013).

2. Revised and expanded the Chronically Homeless Direct Referral program and began issuing an additional 100 vouchers that were set-aside in FY2012. Fifteen were housed in FY2013, increasing the number of homeless households served by HACSC to 947.

3. Continued to serve families through the 100 vouchers authorized under the Family Unification Program (FUP). Of these 100 vouchers, 89 families were housed and nine families are pending lease up and HACSC is pending referrals from DCFS on the remaining two vouchers. Through this program, HACSC has reunited 176 children with their families who were removed from their households or were at risk of removal.

4. Administered the Tenant Based Rental Assistance Program (TBRA) for the City of Sunnyvale, a program which will be ending in FY2014. Due to the pending conclusion of this program, the contract was modified to reflect the lower baseline of 13 vouchers instead of the previous 15. At the end of the fiscal year, all 13 families were housed and attending job training programs.

5. Assisted 10 non-elderly disabled individuals transitioning out of institutional care, nine of whom were housed at the end of FY2013. The remaining individual was issued a voucher and is pending lease up.

Improving Section 8 program administration and data tracking. During FY2013, the first full year utilizing the agency's new software system, HACSC has continued to improve on its technological efficiencies and reporting capabilities. As a result of the business process review (conducted in FY2012 and completed early FY2013), MTW labor time savings, and the new software system, HACSC was able align job functions to meet the new streamlined demand and downsized its workforce.

Preserving and managing housing sites. Several steps were taken during the fiscal year to strengthen the financial position of its properties for the long-term. With the transition of day-to-day management of all HACSC and affiliate properties to a third-party property management, there have been dramatic improvements in efficiency. By the end of FY2013, all HACSC owned/controlled properties (except for the remaining public housing) were operating with a positive cash flow, which allowed for on-site supportive services at every site. In addition, staff has focused on asset management and developed long term preservation strategies for the Agency's portfolio. HACSC has also commenced a long range study of the capital and operating needs of HACSC's tax credit portfolio to preserve its existing housing. As of FY2013, HACSC has acquired three properties through buy out of the tax-credit limited partnership.

IV. LONG-TERM MTW PLAN

HACSC's vision is centered on being a trail blazing agency that innovates administrative, programmatic and system-wide improvements with the goal of providing affordable housing for the people of Santa Clara County.

For the past four years, HACSC took conscientious steps to evaluate and reform its business model in anticipation of the current fiscal climate and financial challenges faced by the Agency and the nation. As a result of a series of work flow, business processes, and staffing studies, HACSC reduced its staffing levels over a three year period beginning in FY2011 through FY2013 and continues to realize labor costs savings through its decreased workforce. HACSC will reassess its operational capacities and efficiencies on an ongoing basis to ensure that the Agency operates at optimal functionality.

In FY2014, HACSC will conclude its five-year strategic plan effort. Through the definition of goals and core values into a multi-year strategic plan, the Agency hopes to better respond to the needs of the community and have a clear focus on its priorities and objectives when allocating its resources.

While carrying out its five-year plan, HACSC may use MTW flexibility to forward its broad-range goals such as:

1. Preserving affordable rental housing for the long-term.

2. Increasing the supply of affordable rental housing for the long-term.

3. Continuing to implement cost efficiencies in voucher program administration and by exploring ways to create self-sufficiency incentives through simplification and restructuring of rent policies.

4. Exploring, expanding, and linking to services that can help tenants in various ways, and cultivate effective partnerships with local service providers to make this possible.

5. Understanding and addressing as able the special needs for housing assistance of different types of households, including the veterans, the chronically homeless, fixed-income seniors and disabled persons, victims of domestic violence, etc.

6. Using data and program experience to inform strategic decisions about program design and re-design, as well as about spending and investment priorities.

7. Ensuring the long-term fiscal health of the Agency and of its properties.

V. MTW ACTIVITIES PENDING IMPLEMENTATION

The following three MTW activities have been approved by HUD and have not yet been implemented:

#2012-1 Create Standard Utility Allowance Schedule – Housing Choice Voucher (HCV) Program
#2012-2 Two-Year Occupancy in Project-Based Voucher Unit Before Eligible to Receive Voucher
#2013-1 Elimination of the Earned Income Disallowance (EID) calculation

This section briefly describes and explains the status of each of these activities.

Create Standard Utility Allowance Schedule – Housing Choice Voucher (HCV) Program (Activity #2012-1)

DESCRIPTION OF MTW ACTIVITY

Under this activity, HACSC simplified the utility calculation methodology creating one standard utility allowance per unit size. The current system of calculating utility allowances is complex and requires HACSC to use three difference utility allowance schedules depending on the structure type. Once structure type is categorized, unit size, unit type, and fuel type must then be discerned. Staff time to categorize and calculate correct utility allowances on top of re-verifying and re-calculating the allowances every time a change in family income or contract rent necessitates a change in HAP or family payment can result in errors. Additionally, utility allowances are reviewed annually and any change in costs 10% or higher requires a revised allowance.

STATUS OF THE ACTIVITY

As of this report, HACSC will be removing this activity from its list of approved activities. In the FY2014 plan, HACSC proposed activity 2014-4 which simplifies the rent calculation method which includes elimination of utility allowances. This activity was approved and implemented at the beginning of FY2014 and will be reported on during the FY2014 Annual Report. Because of Activity 2014-4, MTW Activity 2012-1 is no longer necessary and will be considered obsolete as of this report.

Two-Year Occupancy in Project-Based Unit before Eligible to Receive Voucher (Activity #2012-2)

DESCRIPTION OF MTW ACTIVITY

The purpose of the activity is to enhance the occupancy stability in the PBV program, which will result in reduced staff time spent processing PBV move-outs and vacancy outreach. Once implemented, project-based participants will be required to remain in their PBV units for a minimum of two years prior to becoming eligible to request a tenant-based voucher to move with continued assistance. The activity does not apply to families: (1) with an approved reasonable accommodation that requires them to move, (2) who experience a change in family composition that affects unit size, or (3) who present other compelling reasons to move out.

STATUS OF THE ACTIVITY

As a result of the federal sequestration shortfall, HACSC made a policy decision to not issue tenant based vouchers other than those already committed under Activity 2009-5. Because no tenant-based rental assistance vouchers have been available for PBV participants, HACSC did not implement this activity in FY2013. HACSC will re-visit this activity in the next fiscal year to determine timing for implementation.

Once this activity is implemented, data related to this activity will be collected and retrieved at least annually from the Agency's new software database. Upon implementation, HACSC may revise its metrics and further quantify and refine its performance baselines and benchmarks to include all applicable standard metrics as indicated on the revised Attachment B issued May 2013. No changes have been made to the MTW authorization for this activity.

Activity 2012-2: Two-Year Occupancy in Project-Based Unit before Eligible to Receive Voucher		
Metrics	**Baselines (FY2010)**	**Benchmarks**
% of PBV vacancies during a one-year period	11% (111)	9% (91)
Total labor hours spent processing moves with continued assistance for families living in their PBV unit less than 2 years	66	0
Owner costs associated with turning over vacant PBV units (for families living in their unit less than 2 years who move with continued assistance)	$7,975	$0
Number of applicants from the Housing Choice Voucher Waiting List who will receive a Section 8 MTW Voucher due to this activity†	0	20

† HACSC does not expect to have complete data for this metric for the first two years following implementation.

Eliminate the Earned Income Disallowance (EID) Calculation – Housing Choice Voucher (HCV) Program (Activity #2013-1)

DESCRIPTION OF MTW ACTIVITY

This activity eliminates the HUD- mandated Earned Income Disallowance (EID) calculation. The EID calculation is a HUD regulatory action in which income increases attributable to the employment of the person with disabilities are fully excluded from the family's HCV income calculations for a 12 month period and are 50% excluded from calculations for the following 12 months. To qualify for this calculation an unemployed or under-employed family member with disabilities must obtain a job or increase their wages. EID also allows for periods of unemployment after EID has started where the full or partial exclusion of wages may be allowed for a maximum time limit of 48 consecutive months.

Because EID requirements specifically limit the benefit to persons with disabilities with earned income, the calculation is infrequently used. Due to HACSC's policy to not calculate income increases between regular reexaminations combined with the reduced reexamination schedule (2009-1), the use of the EID calculation becomes negligible.

STATUS OF THE ACTIVITY

HACSC had originally intended for the 10 households receiving the EID calculation to be transitioned into this activity during FY2013. However, the impending federal sequestration altered HACSC's plan and priority was placed on reviewing and developing activities, both MTW and non-MTW, which could address the potential financial short fall. Barring any additional unforeseen agency-wide issues, the agency expects to implement this activity in FY2014.

Upon implementation, HACSC will review the benchmarks, metrics and data collection methodologies including all applicable standard metrics, as indicated in Attachment B, issued May 2013.

Activity 2013-1: Eliminate the Earned Income Disallowance (EID) Calculation		
Metrics	**Baselines (FY2011)**	**Benchmarks**
The number of participants eligible to receive the EID calculation	10 households received the EID calculation	0 households will receive the EID calculation
Total labor hours spent processing moves with continued assistance for families living in their PBV unit less than 2 years	15 hours tracking and calculating EID for 10 households (1.5 hours per eligible family)	0 hours tracking and calculating EID

VI. ONGOING MTW ACTIVITIES (Implemented)

This section of the report describes each activity and explains its implementation status and impacts to date. The following MTW activities were approved by HUD and were implemented by HACSC before, or during, FY2013:

Activity	Title
2009-1	Reduced Frequency of Tenant Reexaminations
2009-2	Simplification and Expediting of the Income Verification Process
2009-3	Reduced Frequency of Inspections
2009-5	Exploring New Housing Opportunities for the Chronically Homeless
2009-8	30-Day Referral for Project-Based Vacancies
2009-9	Utilization of LIHTC Tenant Income Certification for Income and Asset Verification
2009-10	Selection of HACSC-owned Public Housing Projects for PBV without Competition
2009-11	Project-Base 100% of Units in Family Projects
2009-13	Combined Waiting Lists for the County of Santa Clara and the City of San José
2009-14	Payment Standard Changes Between Regular Reexaminations
2010-1	Eliminating 100% Excluded Income from the Income Calculation Process
2010-2	Excluding Asset Income from Income Calculations for Families with Assets Under $50,000
2010-3	Applying Current Increased Payment Standards at Interim Reexaminations
2010-4	Allocate Project Based Vouchers to HACSC-Owned Housing Projects without Competition
2010-5	Assisting Over-Income Families Residing at HACSC-Owned PBV Properties
2011-1	Streamlined Approval Process for Exception Payment Standard for Reasonable Accommodation
2011-2	Simplify Requirements Regarding Third-Party Inspections and Rent Services
2012-3	Affordable Housing Acquisition Development Fund
2012-4	Affordable Housing Preservation Fund for HACSC and Affiliate Owned Properties
2012-5	Expanded Tenant Services at HACSC and Affiliated Owned Affordable Housing Properties.

[Note: Appendix Two of this report provides a summary table that lists each approved MTW Activity for the FY2013 reporting period and lists its implementation status and the MTW statutory objective(s) to which it relates.]

Reduced Frequency of Tenant Reexaminations (Activity #2009-1)

DESCRIPTION OF MTW ACTIVITY

The goal of this activity is to achieve greater cost effectiveness in federal expenditures by reducing the frequency of participant reexaminations in the voucher program. As a result of this activity, participants with a fixed income are reexamined every three years and participants with non-fixed income are reexamined biennially. In accordance with 24 CFR §5.233, as mandated by HUD, HACSC continues to use HUD's Enterprise Income Verification (EIV) system to detect billing or fraud issues.

IMPACT OF THE ACTIVITY

The labor hours saved as a result of this activity allows HACSC the opportunity to improve the assistance it provides to clients, stakeholders and partners. Additionally, HACSC continually works to enhance and refine program efficiencies. In FY2013, the reduction in reexamination workload, combined with the completion of a business process streamlining, allowed the Agency to reduce each caseload from an average of 650 to 547 participants per Specialist. This reduction in caseload furthers HACSC's progress in improving the quality of service delivered to our clients.

FY2013 RESULTS

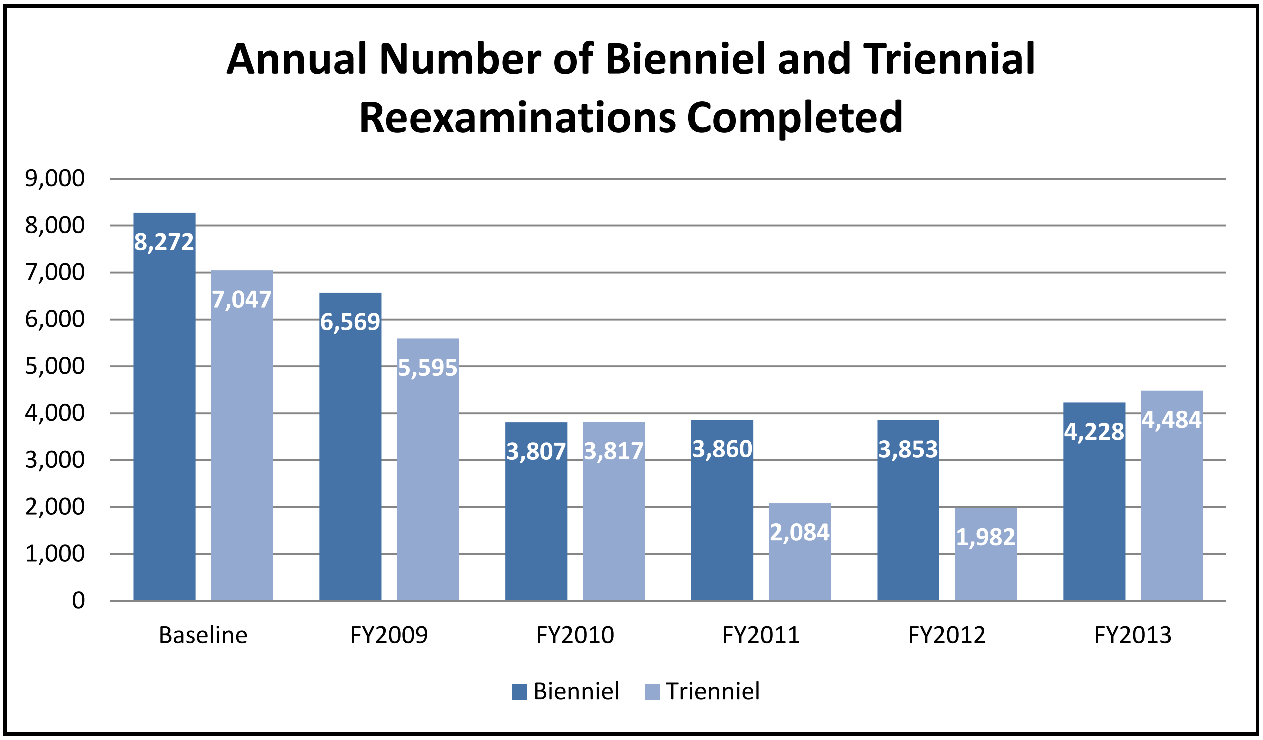
In FY2013, 8,712 biennial and triennial reexaminations were completed, which is higher than the benchmark of 6,462 total reexaminations and demonstrates a 43% reduction from the baseline year. However, since FY2008 HACSC's baseline number of MTW vouchers have increased. This increase would be reflected in the number of reexaminations conducted. Additionally, HACSC believes the actual reexaminations completed in FY2013 are higher than the benchmark because the Agency has over-leased during the last three years, and these families are receiving their first regular reexamination since entering the program.

HACSC spent 34,711 labor hours when processing regular reexaminations in FY2013 which resulted in a labor savings of 27,219 hours as compared to the baseline year. The potential savings resulting from this reduction of workload is valued at approximately $660,633 in total labor cost savings when compared to the established baseline.

HACSC conducted 3,548 interim reexaminations (reexaminations due to family composition or income changes that take place between regularly scheduled reexaminations) in FY2013, which, for the first year since FY2009, is lower than the benchmark number of 3,955 interims. Income changes of participant families are dynamic and continue to affect the number of interim reexaminations conducted. The lower number of interims, as compared to the benchmark, may be attributed to stabilization in the Santa Clara County economy after several consecutive years of entry-level job losses and TANF and unemployment benefit reductions.

The rent calculation error rate for FY2013 is 12%. The increase in rent calculation error rate is attributed to a major business reorganization and department restructure which took place in FY2013 and involved a large number of staff learning new processes for the first time. Intensive staff training on the new business processes occurred throughout FY2013. In FY2013, HACSC submitted a Request for Proposal for a comprehensive quality control plan for the Housing Programs Department (HPD) and is in the process of selecting a qualified contractor. Also, in FY2014 HPD will be launching MTW University, a wide-ranging training curriculum with different tracks for staff, tenants, owners and HACSC's community partners. With the assistance of a new quality control plan and a new, robust training and staff development plan, HACSC expects the rent calculation error rate to decrease in FY2014.

Activity 2009-1: Reduced Frequency of Participant Reexaminations							
Metrics	**Baselines (FY2008)**	**Benchmark**	**Actual (FY2009)**	**Actual (FY2010)**	**Actual (FY2011)**	**Actual (FY2012)**	**Actual (FY2013)**
Number of Biennial reexaminations completed	8,272	4,136	6,569	3,807	3,860	3,853	4,228
Number of Triennial reexaminations completed	7,047	2,326	5,595	3,817	2,084	1,982	4,484
Labor hours to conduct reexaminations	61,930	30,965	49,175	30,477	24,723	24,338	34,711
Labor dollars to conduct reexaminations	$1,537,097	$768,548	$1,220,526	$769,549	$613,649	$614,561	$876,464
Material costs of conducting reexaminations	$103,412	$51,706	$82,115	$29,571	$23,034	$22,640	$32,015
Rent calculation error rate (for biennials and triennials)	11%	5%	13%	10%	4.5%	6%	12%
Number of interim reexaminations completed	3,768	3,955	3,813	4,853	5,173	4,422	3,548



REVISIONS TO BENCHMARKS AND METRICS; CHANGES TO DATA COLLECTION METHODOLOGY

There are no revisions to benchmarks, metrics, and data collection for this activity.

HACSC will review the benchmarks, metrics and data collection methodologies starting with the FY2014 report to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

AUTHORIZATION FOR APPROVED ACTIVITY

This activity is authorized in HACSC's MTW agreement, Attachment C, Paragraph D (1)(c) and waives certain provisions of Section (o)(5) of the 1937 Act, and 24 CFR 982.516 as necessary to implement HACSC's MTW Plan.

An MTW waiver was required for this activity because HUD regulations require annual reexaminations.

IMPACT OF RENT REFORM INITIATIVE

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

This activity promotes economic self-sufficiency and creates an incentive for families to seek and retain employment. HACSC's policy only requires families to report a change in the type of income; even if this change results in a higher rent calculation, HACSC will not apply the higher tenant rent to owner (TRO) payment until the next scheduled reexamination.

In FY2013, no participants requested a hardship exemption from this activity. However, if a hardship request is received it will be handled on a case by case basis.

Expediting Initial Eligibility Income Verification Process (Activity #2009-2)

DESCRIPTION OF MTW ACTIVITY

Originally, this activity simplified HUD's verification hierarchy by extending the applicant verification submission window from 60 days to 120 days. Although HACSC discontinued the part of this activity relating to third-party verifications (due to HUD PIH Notice 2010-19, which allows participant provision of third-party verification), HACSC continues the extended timeframe of the applicant documentation window.

In accordance with 24 CFR §5.233, as mandated by HUD, HACSC continues to use HUD's Enterprise Income Verification (EIV) system to detect billing or fraud issues.

IMPACT OF THE ACTIVITY

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

FY2013 RESULTS

During FY2013, there were several times (less than ten) that staff used the 120-day document submission window as documents could not be processed within the regulatory 60 days. In most of these cases, the processing delays were caused at the time of new contract within the Project Based Voucher (PBV) program when there were delays in starting the contract.

Activity 2009-2: Expediting Initial Eligibility Income Verification Process							
Metrics	**Baseline (FY2008)**	**Benchmark**	**Actual (FY2009)**	**Actual (FY2010)**	**Actual (FY2011)**	**Actual (FY2012)**	**Actual (FY2013)**
Direct labor hours to recertify applicant income documentation	29.7 hours	0 hours	0 hours	0 hours	N/A	N/A	0 hours

REVISIONS TO BENCHMARKS AND METRICS; CHANGES TO DATA COLLECTION METHODOLOGY

There are no revisions to benchmarks, metrics, and data collection for this activity.

HACSC will review the benchmarks, metrics and data collection methodologies starting with the

FY2014 report to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

AUTHORIZATION FOR APPROVED ACTIVITY

This proposed activity is authorized in the HACSC Moving to Work Agreement, Attachment C, Paragraph D (3)(b) and waives certain provisions of CFR 982.516 and 982 Subpart E as necessary to implement HACSC's MTW Plan.

IMPACT OF RENT REFORM INITIATIVE

This activity does not qualify as a Rent Reform Initiative.

Reduced Frequency of Inspections (Activity #2009-3)

DESCRIPTION OF MTW ACTIVITY

Under this activity, HACSC conducts biennial inspections of assisted units occupied by MTW families. HACSC created this activity because the staff time and administrative costs associated with the normally required annual inspections was excessive and disproportionate to the benefits, especially for those units that do not have a history of Housing Quality Standards (HQS) deficiencies. The Agency provides on-going HQS trainings to staff and informational workshops to participating owners to enhance their understanding of HQS in an ongoing effort to ensure program participants are living in safe, decent and sanitary housing. In implementing this activity and in ongoing communication with owners and participants, staff continues to ensure that special inspections will be conducted upon request.

IMPACT OF THE ACTIVITY

This activity was implemented in September 2008, and the stated objective of reducing federal expenditures continues to be realized as a direct result of reducing the number of inspections.

Activity 2009-3: Reduced Frequency of Inspections for Units Under Continued Occupancy							
Metrics	**Baselines (FY2008)**	**Benchmarks**	**Actual (FY2009)**	**Actual (FY2010)**	**Actual (FY2011)**	**Actual (FY2012)**	**Actual (FY2013)**
Total # of units that had regular inspections	14,606	7,303	8,764	6,597	6,424	8,010	7,292
Total labor hours spent conducting regular inspections	32,186	12,331	19,130	11,052	10,847	13,537	12,396
Direct labor cost to conduct regular inspections	$804,770	$308,867	$326,420	$282,218	$271,692	$363,198	$332,585
Quality control audit error rate	19%	10%	N/A	N/A	17%	17%	0%
Cost of postage	$12,853	$6,427	$7,712	$5,805	$5,653	$7,049*	$6,707

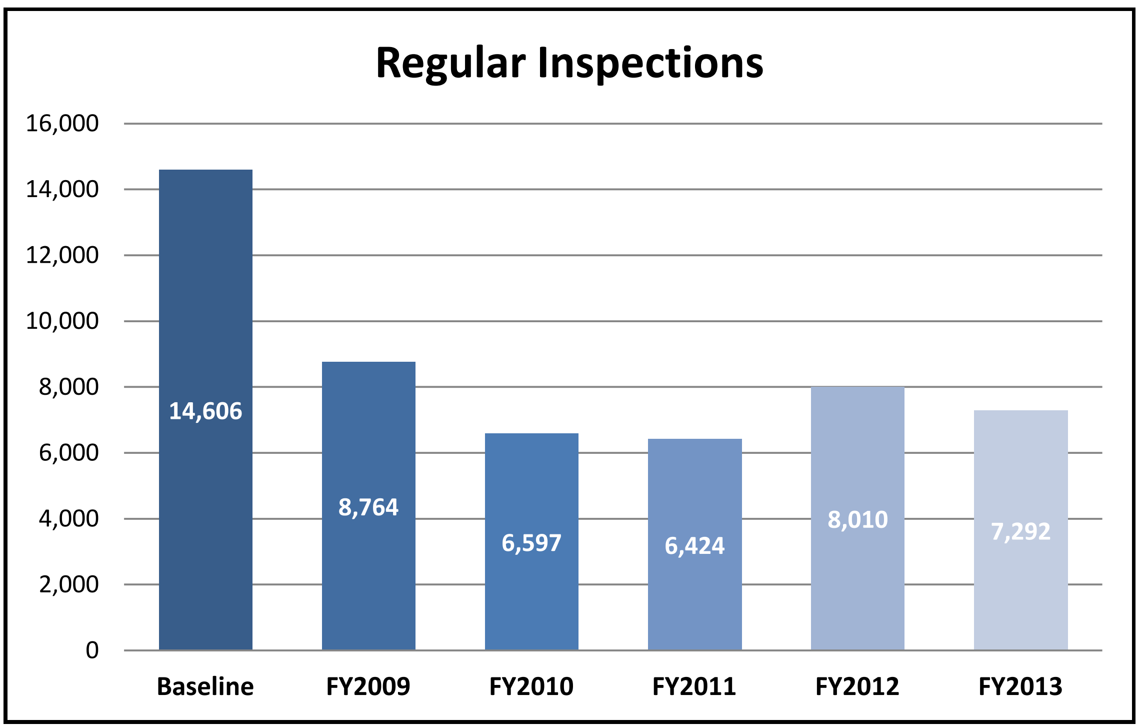
*Postage costs from FY2012 MTW Report were corrected.

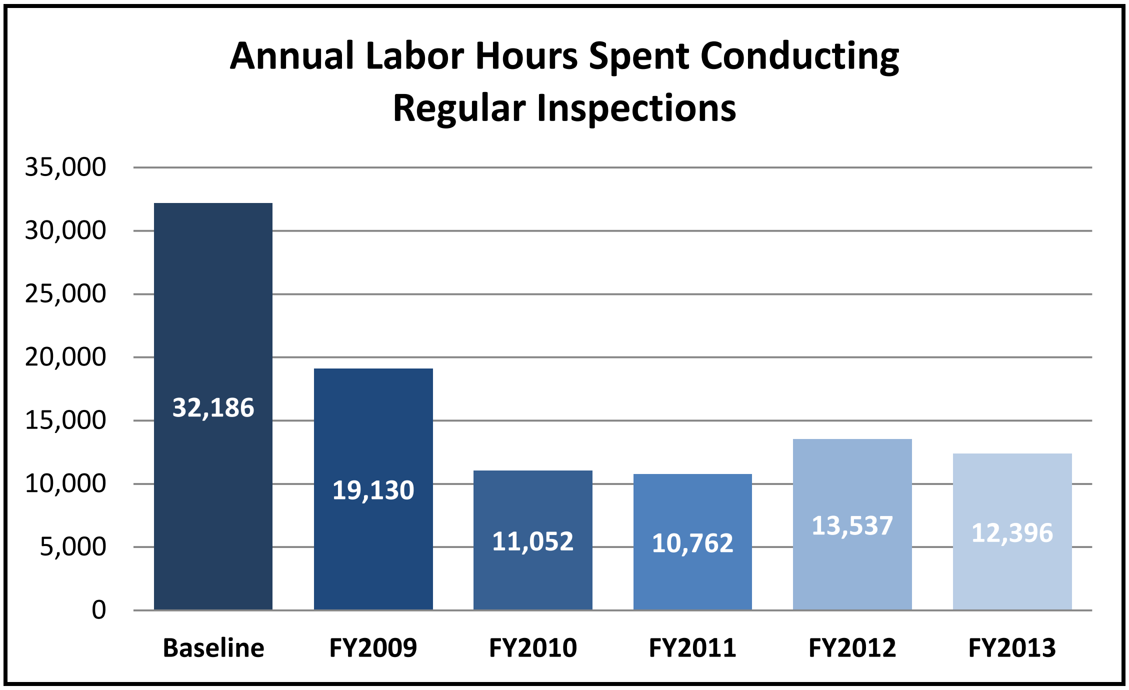
FY2013 RESULTS

During FY2013, 7,292 units had regularly scheduled inspections, an approximate 50% decrease in the number of inspections from the baseline year. 12,396 total labor hours were spent conducting these inspections, a 39% reduction in labor hours, and a 41% reduction in direct labor costs from the baseline.

Also in FY2013, HACSC executed a contract with an outside vendor to conduct regular inspections, which were formerly completed by HACSC staff. During the transition period there was a slight delay in the scheduling and conducting of inspections. However, the number of inspections conducted in 2013 remains in-line with the 2-year inspection cycle relative to the number of assisted units.

Through implementation of this activity, HACSC benefited from significant labor time and related costs savings. By transitioning inspection services to an outside contractor, HACSC has been afforded the opportunity to focus on its business model reorganization. Staff formerly assigned to conduct inspections, have been reassigned to the Occupancy Unit which has resulted in a reduction in caseload by 100 per Housing Specialist.





The Quality Control (QC) inspections error rate reported by the inspection contractor is 0%-- all QC audits agreed with the original inspection results. HACSC will continue to monitor the results of internal audits to correct any errors identified, and provide necessary training.

REVISIONS TO BENCHMARKS AND METRICS; CHANGES TO DATA COLLECTION METHODOLOGY

There are no revisions to benchmarks, metrics, and data collection for this activity.

HACSC will review the benchmarks, metrics and data collection methodologies starting with the FY2014 report to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

AUTHORIZATION FOR APPROVED ACTIVITY

This activity is authorized in HACSC's Moving to Work Agreement, Attachment D, Paragraph C and waives certain provisions of Section 8 (o) of the 1937 Act and 24 CFR 982 & 985, as necessary to implement HACSC's MTW Plan.

An MTW waiver is necessary for this activity because HUD regulations require that the PHA must inspect the unit leased to a family at least annually during assisted tenancy.

IMPACT OF RENT REFORM INITIATIVE

This activity does not qualify as a Rent Reform Initiative.

Explore New Housing Opportunities for the Chronically Homeless (Activity #2009-5)

DESCRIPTION OF MTW ACTIVITY

The Chronically Homeless Direct Referral (CHDR) program, originally launched in FY2011, is a locally-designed voucher referral program which serves the chronically homeless population in Santa Clara County. HACSC worked in partnership with the Collaborative on Housing and Homeless Issues (Collaborative) for over a year to design the program, which ensures that chronically homeless families who receive vouchers are connected to supportive homeless programs and case management services.

IMPACT OF THE ACTIVITY

The CHDR program increases housing choice by assisting the homeless population through a more targeted and efficient process than the waiting list system. Following a housing-first model, local case management programs provide appropriate case management services to identified chronically homeless families who are not on the voucher waiting list. The program ensures that those referred are receiving case management, which can include assistance with the initial process of securing housing (completing the voucher application and eligibility process, finding a suitable unit, and obtaining money for security deposits) as well as various referrals and services to help families maintain housing stability and achieve reintegration into the community.

FY2013 RESULTS

Through the coordination between HACSC and partner agencies, the 200 vouchers originally allocated to the CHDR program were fully utilized in FY2012, the first full year of the program (specifically, 202 chronically homeless vouchers were used). Building on the successes of the CHDR program, in FY2012, HACSC committed to set-aside an additional 100 vouchers to the homeless population in Santa Clara County.

Working closely with community partners and service providers to address current, local needs and to adapt program design, HACSC revised the CHDR program in FY2013. Differences between the CHDR 2013 program and the original CHDR program include: revising the definition of chronically homeless to match federal standards, updating the referral process to focus on the most vulnerable chronically homeless population to reflect local needs and priorities, and formalizing the relationship between HACSC and the County of Santa Clara, who serves as the point of contact for case management partners.

The first three allocations of 25 vouchers of the 100 set-aside vouchers were allocated in FY2013. As of the end of FY2013, 13 chronically homeless families were housed as a result of the CHDR 2013 program. For these 13 households, the average number of days from receipt of referral application to voucher issuance was 16 days, a decrease of three days from FY2012. This decrease may be attributed to the familiarity of both HACSC staff and its partner case management programs with the referral process and application procedures involved for the program. The average number of days from voucher issuance to lease up was 54 days, which meets the benchmark and is in line with the baseline. HACSC continues to work closely with case management providers and community partners to lease the remaining 87 vouchers.

In addition to the new CHDR 2013 program, HACSC continued to provide rental assistance to the chronically homeless individuals who were assisted as part of the original CHDR program. Since the beginning of the CHDR program, 23 households have left the program—four in FY2011, nine in FY2012, and ten in FY2013 (note: the numbers from FY2011 and FY2012 are higher than what was reported in last year's report due to retroactive program exits). Ten of the remaining 189 households on the CHDR program exited in FY2013 (5%). This number and percentage met the benchmark and are lower than the baseline. Because CHDR participants are closely connected to case management assistance and supportive services, participants in the program are less likely to leave the program.

Activity 2009-5: Explore New Housing Opportunities for the Chronically Homeless					
Metrics	**Baseline (FY2010)**	**Benchmark**	**Actual (FY2011)**	**Actual (FY2012)**	**Actual (FY2013)**
# of days from receipt of application to voucher issuance	31	31	31	19	16
# of days from voucher issuance to lease up	54	54	48	75	54
% of participants who-lose their assistance per year	9%	5%	No data available	4%	5%
# of participants who lose their assistance per year	18 (of 200)	10 (of 200)	No data available	8 (of 202)	10 (of 189)

In FY2012, HACSC worked with a third-party consultant (Management Partners) to evaluate the provision of case management services in connection with various HACSC programs, including CHDR. In addition to reviewing program structure and approaches and interviewing staff and key stakeholders, the consultant also distributed surveys to program participants to better understand participant experiences in the programs. The resulting consultant report, finalized in FY2013, concluded that the external case management model used in the CHDR program provides effective results, and provided general recommendations to enhance the existing program, including:

- Identifying the appropriate case management services;
- Establishing and monitoring contact standards that support review and progress on clients' goals; and
- Ensuring case management that targets specific measureable outcomes using baselines, with clear accountability and follow-up contacts for case managers.

Moving forward, HACSC intends to use recommendations from the study to form the basis for an expanded scope of services to be provided under the CHDR 2013 program, which includes intensive case management. HACSC will continue to work closely with case management providers and community stakeholders to monitor and evaluate the CHDR 2013 program.

REVISIONS TO BENCHMARKS AND METRICS; CHANGES TO DATA COLLECTION METHODOLOGY

There are no revisions to benchmarks, metrics, and data collection for this activity.

HACSC will review the benchmarks, metrics and data collection methodologies starting with the FY2014 report to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

AUTHORIZATION FOR APPROVED ACTIVITY

This activity is authorized in HACSC's Moving to Work Agreement, Attachment C, Paragraph D (4) and waives certain provisions of Sections 8(o)(6), 8(o)(13)(J) and 8(o)(16) of the 1937 Act and 24 CFR 982 Subpart E, 982.204 and 98.3 Subpart F as necessary to implement HACSC's MTW Plan.

An MTW waiver is necessary for this activity because HUD regulations require that applicants be admitted to the Section 8 program either as a special admission (as identified in 24 CFR 982.203) or from the Housing Authority's waiting list.

IMPACT OF RENT REFORM INITIATIVE

This activity does not qualify as a Rent Reform Initiative.

30-Day Referral Process for Project-Based Vacancies (Activity #2009-8)

DESCRIPTION OF MTW ACTIVITY

Project-based voucher units, depending on unit type, size, or location, can be difficult to fill and may require contacting hundreds of applicants from the HACSC waiting list before enough prospective applicants are referred to the PBV owner for selection. This activity allows owners to directly refer applicants after 30 days of unsuccessful attempts to fill the unit using referrals from the HACSC waiting list.

IMPACT OF THE ACTIVITY

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

FY2013 RESULTS

Even though this activity reduced the HACSC referral time to 30 days, the average number of days a unit was vacant increased by nine days from the baseline and twenty days from the benchmark. One major factor for the increase in number of vacancy days was that many of the vacant units were at sites where owners did not have their own waiting lists and were dependant on HACSC referrals. During the referral process, HACSC discovered that many applicants on its PBV waiting list had not updated their contact information. This resulted in longer periods of outreach before an eligible applicant was found. Other factors included the following: difficulty for PBV owners to fill vacancies for certain types of units; challenges in obtaining required documents during initial intake/eligibility determination process by both PBV owners and HACSC; applicants changing their decisions to move during the initial eligibility process; changes in family income and composition affecting the applicant's eligibility during the initial intake process; and PBV owners exhausting their own waiting list. The total amount owners lost due to vacancies also increased.

Activity 2009-8: 30-Day Referral Process for Project-Based Vacancies						
Metrics	**Baseline (FY2009)**	**Benchmarks**	**Actual (FY2010)**	**Actual (FY2011)**	**Actual (FY2012)**	**Actual (FY2013)**
Average number of days unit was vacant	76 days	65 days	69 days	31 days	53 days	85 days
HACSC compensation to owners* (due to vacancies)	$45,289	$38,496	$33,586	$41,555	$29,130	$47,818
Dollar amount owners lost** (due to vacancies)	$110,749	$94,137	$64,663	$32,121	$55,455	$125,336

*PBV owners received 80% of the contract rent for the first 30 days of vacancy
**PBV owners lose 100% of the contract rent after 30 days of vacancy

Because an increased number of PBV owners do not keep their own waiting lists and are dependent on HACSC to fill their vacancies, HACSC revised and launched a new PBV applicant referral process, designed to expand the pool of eligible applicants it refers to an owner. Additionally, the PBV waiting list is being updated in FY2014 to ensure the most up-to-date contact information. HACSC will be monitoring the outcomes of this activity closely in FY2014.

REVISIONS TO BENCHMARKS AND METRICS; CHANGES TO DATA COLLECTION METHODOLOGY

There are no revisions to benchmarks, metrics, and data collection for this activity.

HACSC will review the benchmarks, metrics and data collection methodologies starting with the FY2014 report to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

AUTHORIZATION FOR APPROVED ACTIVITY

This activity is authorized in HACSC's Moving to Work Agreement, Attachment C, Paragraph D4 and D7, and waives certain provisions of Section 8(o)(6), 8(o)(13)(J) and 8(o)(16) of the 1937 Act and 24 CFR 982 Subpart E, 982.305 and 983 Subpart F as necessary to implement HACSC's MTW Plan.

An MTW waiver is necessary for this activity because HUD regulations require PHAs to provide project based assistance to families selected from its waiting list.

IMPACT OF RENT REFORM INITIATIVE

This activity does not qualify as a Rent Reform Initiative.

Utilization of Low Income Housing Tax Credit (LIHTC) Tenant Income Certification (TIC) for Income and Asset Verification (Activity #2009-9)

DESCRIPTION OF MTW ACTIVITY

Property owners of project-based units that utilize tax credits comply with Federal LIHTC regulations, which are very similar to income verification regulations that HACSC uses, to certify a prospective resident's income eligibility. These two sets of income regulations often result in duplicative efforts, which inconveniences applicants and program participants who must provide documentation twice.

This activity allows HACSC to use the Tenant Income Certification (TIC) form required under the LIHTC Program as verification of the family's income and assets, thereby streamlining the process. In accordance with 24 CFR §5.233, as mandated by HUD, HACSC continues to use HUD's Enterprise Income Verification (EIV) system to detect billing or fraud issues.

IMPACT OF THE ACTIVITY

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

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

Activity 2009-9: Utilization of LIHTC TIC for Income and Asset Verification

Metrics	Baselines (FY2009)	Benchmarks	Actual (FY2010)	Actual (FY2011)	Actual (FY2012)	Actual (FY2013)
Average # of labor hours it takes to process one PBV transaction	3 hours, 50 minutes	3 hours (a 50 minute reduction per transaction)	3 hours	3 hours	3 Hours	3 hours
Labor cost to process one PBV transaction	$87.52	$68.33	$68.33	$68.33	$68.33	$68.33
PBV tax-credit new admissions processing time	46 days	30 days	31 days	31 days	31 days	23 days

FY2013 RESULTS

This activity continues to benefit HACSC and its clients by providing administrative relief through documentation streamlining. In FY2013:

- 58 PBV tax-credit new admissions completed under the new process in FY2013
- 50 minutes saved from each PBV tax-credit new admission process completed
- 48 labor hours saved in the new admissions process
- $1,113 saved in direct labor cost in FY2013
- Time cycle to complete a new admissions application reduced from 46 to 23 days

In contrast to FY2012, HACSC processed few new admissions to the PBV program in FY2013. Since no new PBVs were awarded in FY2013, the majority of PBV new admissions were to fill vacant PBV units. The Agency has saved 420 total labor hours since this activity's implementation by using the owner-provided TIC to verify a PBV applicant family's income and assets, resulting in a total direct labor savings of $9,672. Annual savings continue to vary year-by-year, depending on the number of PBV applicants at LIHTC properties.

Activity 2009-9 Aggregate Savings					
Metrics	**FY2010**	**FY2011**	**FY2012**	**FY2013**	**Totals**
# of tax-credit new admissions completed using owner-provided TIC	199	77	170	58	504
# of labor hours saved	166	64	142	48	420
Labor dollars saved	$3,819*	$1,478	$3,262	$1,113	$9,672

* Labor savings from FY2010 MTW report were corrected.

REVISIONS TO BENCHMARKS AND METRICS; CHANGES TO DATA COLLECTION METHODOLOGY

There are no revisions to benchmarks, metrics, and data collection for this activity.

AUTHORIZATION FOR APPROVED ACTIVITY

This activity is authorized in HACSC's Moving to Work Agreement, Attachment C, Paragraph D3 (b) and waives certain provisions of 24 CFR 982.516 and 982 Subpart E as necessary to implement HACSC's MTW Plan.

An MTW waiver is necessary for this activity because HUD regulations require that PHA's must obtain and document in the file third-party verification of reported family income, value of assets, expenses related to deductions from annual income, and other factors that affect the determination of adjusted income.

IMPACT OF RENT REFORM INITIATIVE

This activity does not qualify as a Rent Reform Initiative.

Selection of HACSC-Owned Public Housing Projects for PBV Without Competition (Activity #2009-10)

DESCRIPTION OF MTW ACTIVITY

This activity allows HACSC to select HACSC-owned public housing projects for project-based voucher assistance without a competitive process, saving both staff time through labor hours and increased costs through labor dollars that would be associated with a competitive process. Furthermore, this activity provides an efficient means of preserving public housing units as affordable housing and meets the MTW objective of increasing housing choices for low-income families.

IMPACT OF THE ACTIVITY

Allowing HACSC to avoid the lengthy three-month competitive project-basing process for HACSC-owned public housing properties saved staff time and associated labor costs as well as publishing costs. The time savings also significantly shortened the disposition conversion schedule.

FY2013 RESULTS

In 2009, HACSC-owned public housing projects were selected for Project-Based Vouchers without competition and results were reported on in the FY2009 MTW Report. HACSC currently owns 20 units of public housing. In FY2013, HACSC requested to dispose of the remaining units and HUD approval of the disposition request is currently pending. Once HUD approval is granted, HACSC will use this activity to convert the units to project-based voucher units.

Activity 2009-10: Selection of HACSC-Owned Housing Projects for PBV Without Competition			
Metrics	**Baselines (FY2008)**	**Benchmarks**	**Results* (FY2009)**
Processing time to select applications for PBV in a competitive process	13 weeks	0 weeks	0 Weeks
Labor hours/cost to develop, write and issue an RFP (using in-house labor)	65 hours/$2,340	0 hours/$0	0 hours/$0
Labor hours/cost to respond to public inquiries and meet with RFP responders	35 hours/$1,260	0 hours/$0	0 hours/$0
Labor hours/cost to review and process applications submitted	50 hours/$1,800	0 hours/$0	0 hours/$0
Cost to publish RFP in San José Mercury Newspaper	$2,890	$0	$0
Labors hours to write public notices	8 hours/$288	0 hours/$0	0 Hours/$0

*This activity was fully implemented in FY2009.

REVISIONS TO BENCHMARKS AND METRICS; CHANGES TO DATA COLLECTION METHODOLOGY

There are no revisions to benchmarks, metrics, and data collection for this activity.

HACSC will review the benchmarks, metrics and data collection methodologies starting with the FY2014 report to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

AUTHORIZATION FOR APPROVED ACTIVITY

This activity is authorized in HACSC'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 982.1, 982.102 and 24 CFR Part 983, as necessary to implement HACSC's MTW Plan.

An MTW waiver is necessary for this activity because HUD PBV regulations require that PHA-owned properties be selected competitively and that selection must be approved by HUD or a HUD-approved independent entity.

IMPACT OF RENT REFORM INITIATIVE

This activity does not qualify as a Rent Reform Initiative.

Project-Base 100% of Units in Family Projects (Activity #2009-11)

DESCRIPTION OF MTW ACTIVITY

Project-based voucher regulations place a 25% cap on project-based units per multi-family building in complexes serving families. However, if an owner provides supportive services (such as employment training and daycare), and *requires* families living in units above the 25% cap to participate in those services, the regulations allow for an exception to the 25% cap.

This activity allows HACSC to project-base more than 25% of the units in an existing building in multifamily complexes without *requiring* participation in supportive services. Although families must be made aware of and encouraged to participate in supportive services offered by owners, participation in those services is not mandatory. The activity increases housing choices for low-income families by making the units more attractive to families who may choose to not accept or do not need supportive services. It will also reduce administrative burden by removing the compliance monitoring that the Agency would need to do for families living in the "excepted" units (i.e. units above the 25% cap).

IMPACT OF THE ACTIVITY

This activity has resulted in savings of staff labor hours and labor dollars. By eliminating quarterly compliance reviews to ensure that families were using supportive services (and the processing of resultant non-compliant terminations), as required by project-based regulations, staff was able to save approximately one hour per year per unit.

FY2013 RESULTS

In FY2013, HACSC did not project base any family housing projects. But supportive services were made available on-site for the three previously project-based family projects (Miramar Way, Julian Gardens, and Lucretia Gardens) throughout all of FY2013. Lifesteps reported that at least 32 of 39 households utilized the range of services provided over the 12-month period. Although HACSC estimated that approximately 25% of families at the properties would use the offered supportive services, in actuality, 82% of families took advantage of the services in FY 2013.

Lifesteps, a non-profit organization continued to offer supportive services at the three affected properties, such as after school programs, educational classes, one-on-one counseling, and assistance with daily living, crisis intervention, and social activities.

Eklund 1 Apartments (10 units) is the only remaining multi-family project left to be 100% project-based and is one of the two public housing properties pending HUD approval for disposition (Eklund II and Deborah Drive Apartments do not qualify as multifamily buildings and therefore, are not subject to the 25% per project-based regulations).

Activity 2009-11: Project Base 100% of Units in Family Projects				
Metrics	**Baselines**	**Benchmarks**	**FY2012 (Actual)**	**FY 2013 (Actual)**
# of units project-based without a supportive service requirement	13	49	39	39*
Families participating in supportive services	36†	12‡	28	32
Direct labor hours associated with tasks required to insure 100% compliance with supportive service requirement (estimate based on the number of family units affected)	40	0	0	0
Direct labor costs associated with tasks required to insure 100% compliance with supportive service requirement (estimate based on the number of family units affected)	$1,052	$0	$0	$0

* Eklund I, a 10 unit project, did not enter PBV contract this year.
†This number is based on the assumption that if 100% of the units in these family projects are project-based, all families in the “excepted” units (the remaining 75% of the units) would be required to participate in supportive services.
‡ HACSC anticipates that 25% of the residents in the family projects will use the optional supportive services.

REVISIONS TO BENCHMARKS AND METRICS; CHANGES TO DATA COLLECTION METHODOLOGY

There are no revisions to benchmarks, metrics, and data collection for this activity.

HACSC will review the benchmarks, metrics and data collection methodologies starting with the FY2014 report to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

AUTHORIZATION FOR APPROVED ACTIVITY

This activity is authorized in HACSC’s Moving To Work Agreement, Attachment C, Paragraph D 7, and waives certain provisions of 24 CFR 982.516 and 982 Subpart E and 983, as necessary to implement HACSC’s MTW Plan.

An MTW waiver is necessary for this activity because HUD PBV regulations require a 25% per project cap on the number of PBV units at each project unless the units that exceed the 25% are for elderly or disabled families or families required to receive supportive services.

IMPACT OF RENT REFORM INITIATIVE

This activity does not qualify as a Rent Reform Initiative.

Combined Waiting List for the County of Santa Clara and the City of San José (Activity #2009-13)

DESCRIPTION OF MTW ACTIVITY

Since 1976, HACSC has been administering housing assistance programs for both the City of San José and the County of Santa Clara under the one agency. In accordance with the 1976 agreement between the two agencies, HACSC uses one Annual Plan, one Administrative Plan and submits a combined MTW plan for both housing authorities. Without this activity, in order to comply with regulation 24 CFR 982.404(f), HACSC would need to maintain separate waiting lists for each of these two entities even though the two authorities are operating as one.

HUD approval of Activity 2009-13 allowed HACSC to continue to operate one combined waiting list for both housing authorities and for the Housing Choice Voucher (HCV) Program and the Project-Based Voucher (PBV) Program.

IMPACT OF THE ACTIVITY

Through this activity HACSC was able to meet two of the three statutory objectives; reduce cost and achieve greater cost effectiveness in federal expenditures, and increases housing choices for low-income families. By registering on two separate waiting lists, applicant families would face additional restrictions in where they could rent in the county depending on which waiting list they are selected from.

2009-13: Combined Waiting Lists for the County of Santa Clara and the City of San José							
Metrics	**Baseline (FY2008)**	**Benchmark**	**Actual (FY2009)**	**Actual (FY2010)**	**Actual (FY2011)**	**Actual (FY2012)**	**Actual (FY2013)**
Direct labor hours/cost associated with tasks required to maintain separate waiting lists	380 hours / $8,325	380 hours / $8,325 savings	380 hours / $8,479 savings	380 hours / $8,479 savings	380 hours / $8,479 savings	380 hours / $8,479 savings	380 hours / $8,479 savings

FY2013 RESULTS

As indicated in the table above, the value of the labor time saved has remained consistent with previous years. If this activity was removed, the labor time related to administering two waiting lists would reinstate an administrative cost burden at a minimum of $8,479 annually.

REVISIONS TO BENCHMARKS AND METRICS; CHANGES TO DATA COLLECTION METHODOLOGY

There are no revisions to benchmarks, metrics, and data collection for this activity.

HACSC will review the benchmarks, metrics and data collection methodologies starting with the FY2014 report to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

AUTHORIZATION FOR APPROVED ACTIVITY

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

An MTW waiver is necessary for this activity because HUD regulations require that each PHA must maintain separate waiting lists.

IMPACT OF RENT REFORM INITIATIVE

This activity does not qualify as a Rent Reform Initiative.

Payment Standard Changes Between Regular Reexaminations (Activity #2009-14)

DESCRIPTION OF MTW ACTIVITY

Current HUD regulations require that if a family's unit (voucher) size changes between regular reexaminations, the new voucher size and corresponding payment standard will be used when the family moves or at the first regularly scheduled reexamination following the change, whichever comes first. Because of the decrease in frequency of reexaminations for HACSC's MTW families, a program participant who reports a family composition change that decreases their voucher size between regular reexaminations may be over-housed and cause the Housing Authority to pay a higher portion of Housing Assistance Payment (HAP) for a longer period of time. Conversely, increases in the family's voucher size may cause a family to pay a higher portion of rent than is necessary for a longer period of time.

With the implementation of this activity, voucher size changes that result from a family composition change that occur between regular reexaminations will be effective immediately. The Housing Authority continues to follow HUD regulations by using the lower of the payment standard for the family's new voucher size or the payment standard for the dwelling unit when processing the interim reexamination. If the application of the new payment standard results in a decrease in the tenant's rent portion, the interim reexamination effective date will be the first of the month following the change. If the application of the new payment results in an increase in the tenant's rent portion, the interim reexamination effective date will be the first of the month following a 90-day notice to the tenant and owner.

IMPACT OF THE ACTIVITY

This activity was first implemented in April, 2010 and has been fully implemented since FY2011. In creating this activity, HACSC anticipated that HAP costs would be saved by using the new payment standard at the interim calculation instead of at the next reexamination. During FY2013, there were 440 family composition changes reported that resulted in interim reexaminations using a new family voucher size. Over time (from the date of the interim reexamination until the family's next regular reexamination), these changes could result in a net HAP savings of over $500,000. Other factors affect HAP costs and therefore HACSC may not realize the entire savings projected. Based on the initial data as outlined below, this activity meets the MTW objective of reducing federal expenditures.

FY2013 RESULTS

HACSC processed 440 interim reexaminations for changes in family composition/voucher size in FY2012—354 families had decreases in voucher size and 86 families had increases in voucher size.

Of the 440 families that had a voucher size change, 346 had a new lower payment standard which resulted in a decrease in HAP payment. The net HAP savings due to applying the lower voucher size payment standard is $366,376 in FY2013.

Activity 2009-14: Payment Standard Changes Between Regular Reexaminations					
Metric	**Baseline (FY2010)**	**Benchmark**	**Actual (FY2011)**	**Actual (FY2012)**	**Actual (FY2013)**
Net annual decrease in HAP costs	$0	$115,000	$109,002	$214,569	$366,376

REVISIONS TO BENCHMARKS AND METRICS; CHANGES TO DATA COLLECTION METHODOLOGY

There are no revisions to benchmarks, metrics, and data collection for this activity.

HACSC will review the benchmarks, metrics and data collection methodologies starting with the FY2014 report to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

AUTHORIZATION FOR APPROVED ACTIVITY

This activity is authorized in HACSC's Moving to Work Agreement, Attachment D, Paragraph D (1) (c) and waives certain provisions of Section 8 (o) (5) of the 1937 Act, and 24 CFR 982.505 (5) as necessary to implement the HACSC MTW Plan.

An MTW waiver is necessary for this activity because HUD regulations require that Payment Standard changes that occur during the HAP contract term will be effective at the time of time of regular reexamination.

IMPACT OF RENT REFORM INITIATIVE

This activity does not qualify as a Rent Reform Initiative.

Eliminating 100% Excluded Income from the Income Calculation Process (Activity #2010-1)

DESCRIPTION OF MTW ACTIVITY

HUD regulation requires that all family income, including those that are excluded from the rental assistance calculation process, is reported through the form 50058. To simplify the rent calculation process and achieve greater cost effectiveness in federal expenditures, HACSC has eliminated the requirement to verify, count, and report income that HUD specifies as 100% excluded from the income calculation process. Examples of 100% excluded income are food stamps, income from minors, lump sum additions to family assets, and foster care payments. Given the numerous sources of 100% excludable income, the cost and time related to verification of calculation of excluded income on the 50058 is significant and causes unnecessary administrative and financial burdens to the Agency. In accordance with 24 CFR §5.233, as mandated by HUD, HACSC continues to use HUD's Enterprise Income Verification (EIV) system to detect billing or fraud issues.

IMPACT OF THE ACTIVITY

During FY2013, the Housing Authority processed an estimated 2,940 new admissions and reexaminations for families who reported one or more forms of 100% excluded income. Through this activity, staff saved approximately 34 minutes per transaction. As a result, a total of 1,666 labor hours were saved by means of this activity.

The reduction in staff time achieved through this activity was incorporated into the business process review which recommended reduced staffing levels that HACSC adopted in FY2013.

Activity 2010-1: Eliminating Excluded Income from the Income Calculation Process				
Metric	**Baseline (FY2010)**	**Benchmark**	**Actual (FY2012)**	**Actual (FY2013)**
Average # of labor hours it takes to process one transaction	3 hours, 50 minutes	3 hours, 16 minutes (a 34 minute reduction per transaction)	3 hours, 16 minutes	3 hours, 16 minutes
Labor cost to process one transaction	$87.52	$72.83	$72.83	$72.83

FY2013 RESULTS

Since implementation of this activity in FY2010, HACSC has saved a total of 5,440 labor hours by eliminating the verification and calculation of excluded income. The number of families reporting income sources that are 100% excluded from the calculation process vary from year to year, which reflects the varying savings.

Below is a summary of the results for FY2013:

- 2,940 MTW families with at least one source of excluded income had income calculations completed.
- 9,604 labor hours were spent processing new admissions or reexaminations for families who reported one or more sources of excluded income.
- 1,666 labor hours were saved by not verifying and calculating this income.
- $42,248 in direct labor costs were saved through this activity

Activity 2010-1: Aggregate Savings					
Metrics	**FY2010**	**FY2011**	**FY2012**	**FY2013**	**Totals**
# of transactions completed for families reporting excluded income	668	2,753	3,238	2,940	9,599
# of labor hours saved	379	1,560	1,835	1,666	5,440
Labor dollars saved	$9,813	$40,442	$47,566	$42,248	$140,069

With the publication of PIH Notice 2013-4, issued January 28, 2013, the verification and calculation of 100% excluded income is no longer required. Therefore, HACSC will be eliminating this activity and this is the last year that the Agency will report on this activity.

REVISIONS TO BENCHMARKS AND METRICS; CHANGES TO DATA COLLECTION METHODOLOGY

There are no revisions to benchmarks, metrics, and data collection for this activity.

AUTHORIZATION FOR APPROVED ACTIVITY

This activity is authorized in HACSC's Moving to Work Agreement, Attachment C, Paragraph D (1) (c) and Attachment C, Paragraph D (3) (b) and waives certain provision of Sections 8 (o) (5) of the 1937 Act and 24 C.F.R. 982.516, and 982 Subpart E, as necessary to implement HACSC's MTW Plan.

An MTW waiver is necessary for this activity because HUD regulations require that PHA's must obtain and document in the file verification of reported family income.

IMPACT OF RENT REFORM INITIATIVE

This activity does not qualify as a Rent Reform Initiative.

Excluding Asset Income from Income Calculations for Families with Assets Under $50,000 (Activity #2010-2)

DESCRIPTION OF MTW ACTIVITY

With this activity, HACSC will not calculate and include income received from family assets under $50,000. Few applicants or participants have assets in amounts that substantially affect their total income, yet the time required to calculate the income earned from assets is often significant. Before beginning this activity, the Housing Authority conducted an analysis of MTW families with assets under $50,000. The average annual asset income for these families was $21, which, when included in the rent calculation process, does not affect the amount of Housing Assistance Payment paid. Therefore, HACSC has eliminated the step of calculating and including income received from family assets under $50,000. In accordance with 24 CFR §5.233, as mandated by HUD, HACSC continues to use HUD's Enterprise Income Verification (EIV) system to detect billing or fraud issues.

IMPACT OF THE ACTIVITY

Since its implementation in FY2010, this activity has addressed the statutory objective of reducing administrative costs and has encouraged families to increase their savings. During FY2013, there were 5,768 new admissions and reexaminations (transactions) processed for families who reported total family assets under $50,000. With an approximate 10 minutes per transaction labor savings by no longer calculating asset income for these families, a total labor savings of 962 hours was realized. The reduction in staff time needed for this activity has increased staff productivity in other areas and has met the MTW statutory goal of increasing cost effectiveness. This labor savings was incorporated in the business process review which helped to identify appropriate staff levels. Additionally, staff time has been redirected to cross training in other positions and processes, increased customer service, increased quality control functions and other special projects.

Activity 2010-2: Excluding Asset from Income Calculations for Families with Assets under $50,000				
Metrics	**Baselines (FY2010)**	**Benchmarks**	**Actual (FY2012)**	**Actual (FY2013)**
Average # of labor hours it takes to process one transaction	3 hours, 50 minutes	3 hours, 40 minutes (a 10 minute reduction per transaction)	3 hours, 40 minutes	3 hours, 40 minutes
Labor cost it takes to process one transaction	$87.52	$74.92	$74.92	$74.92

FY2013 RESULTS

Below is a summary of the results:

- 5,768 MTW families with assets under $50,000 had income calculations completed in FY2013.
- Staff spent 21,111 labor hours processing new admissions or reexaminations for families who reported family assets under $50,000.
- 962 labor hours were saved by not calculating this income.
- $71,639 in direct labor costs were saved in FY2013.

The Agency has saved a total of 3,116 labor hours since this activity's implementation by eliminating the calculation of income from family assets under $50,000. The number of families reporting assets may vary from year to year and therefore the amount of savings will vary each year.

Activity 2010-2: Aggregate Savings					
Metrics	**FY2010**	**FY2011**	**FY2012**	**FY2013**	**Totals**
# of transactions completed for families reporting assets under $50,000	1,451	5,308	6,164	5,768	18,691
# of Labor Hours Saved	242	885	1,027	962	3,116
Labor Cost Saved	$18,283	$66,881	$77,666	$71,639	$234,469

REVISIONS TO BENCHMARKS AND METRICS; CHANGES TO DATA COLLECTION METHODOLOGY

There are no revisions to benchmarks, metrics, and data collection for this activity.

HACSC will review the benchmarks, metrics and data collection methodologies starting with the FY2014 report to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

AUTHORIZATION FOR APPROVED ACTIVITY

This proposed activity is authorized in the HACSC Moving to Work Agreement, Attachment C, Paragraph D (1)(c) and Attachment D, Paragraph D(3)(b) and waives certain provision of Sections 8(o)(5) of the 1937 Act and 24 C.F.R. 982.516, and Subpart E, as necessary to implement the Agency's Annual MTW Plan.

An MTW waiver is necessary for this activity because HUD regulations require PHA to calculate income from family assets in excess of $5,000.

IMPACT OF RENT REFORM INITIATIVE

This activity qualifies as a Rent Reform Initiative as defined by HUD because it changes the way rent is calculated for a Section 8 participant by modifying the types of income that are included in rent calculations.

Under this provision, HACSC only verifies and calculates asset income if a family's assets total $50,000 or more. Staff anticipated that this activity would benefit families who qualify for it by allowing them to retain the rent portion of asset income if family assets are under $50,000. This activity may promote economic self-sufficiency by encouraging family savings.

HACSC allows administrative flexibility to handle hardship cases on a case by case basis should this activity ever adversely affect a family.

Apply Current Increased Payment Standards at Interim Reexaminations (Activity #2010-3)

DESCRIPTION OF MTW ACTIVITY

This MTW activity was proposed to allow the application of the current payment standard (if the payment standard has increased since the family's last regular reexamination) to the rental assistance calculation at interim reexaminations. Because lowering a payment standard typically results in a higher rent portion for the assisted family, if the payment standard decreased since the family's last reexamination, the decreased payment standard will be effective at the family's second regular reexamination as outlined in HUD regulation 24 CFR 982.505(c)(3).

IMPACT OF THE ACTIVITY

This activity was first implemented in February 2010. The Agency anticipated that by using a higher payment standard at interim reexaminations, this activity would lessen rent burden for some MTW families and thereby increase their housing choices by helping maintain their unit's affordability. This activity was also intended to reduce administrative costs by reducing staff time required to process family moves into a less expensive unit. Since the activity began, HACSC has only increased its Payment Standards once. The results that year supported this activity—the number of families with rent burden who moved significantly dropped.

FY2013 RESULTS

HACSC did not use this activity in FY2013 because the Agency has not changed the payment standard amount since March 2011. Although HUD's 2013 Fair Market Rents dropped, HACSC's market analysis did not support a decrease in payment standards. Additionally, there was adequate evidence that the 2011 payment standards were sufficient to maintain maximum lease-up. Therefore, HACSC did not adjust its payment standards during FY2013. Should there be any increases to the current payment standard, HACSC will track and report on this activity.

REVISIONS TO BENCHMARKS AND METRICS; CHANGES TO DATA COLLECTION METHODOLOGY

There are no revisions to benchmarks, metrics, and data collection for this activity.

HACSC will review the benchmarks, metrics and data collection methodologies starting with the FY2014 report to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

AUTHORIZATION FOR APPROVED ACTIVITY

This proposed activity is authorized in the HACSC Moving to Work Agreement, Attachment C, Paragraph D (1) (c) and Paragraph D (2) (a) and waives certain provisions of Section 8 (o) (1-3), 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 the HACSC MTW Plan.

This waiver was necessary to implement this MTW activity because regular HUD regulations require any changes in payment standard be applied at the client's next regularly-scheduled reexamination.

IMPACT OF RENT REFORM INITIATIVE

This activity does not qualify as a Rent Reform Initiative.

Allocating Project-Based Vouchers to HACSC-Owned Projects Without Competition (Activity #2010-4)

DESCRIPTION OF MTW ACTIVITY

This activity allows HACSC to select HACSC-owned non-public housing sites for project-based assistance without a competitive process, saving both staff time through labor hours and increased costs through labor dollars that would be associated with a competitive process. By avoiding the competitive process for its own properties, HACSC is able to cost-effectively and efficiently project base units to ensure their ongoing availability while meeting the MTW objective of increasing housing choices for low-income families.

IMPACT OF THE ACTIVITY

Allowing HACSC to avoid the lengthy three-month competitive project-basing process for HACSC-owned properties saved staff time and associated labor costs as well as publishing costs.

FY2013 RESULTS

No Project Based Vouchers were allocated to HACSC-owned properties in FY2013. HACSC will continue to monitor this activity and report on results in the future.

Activity 2010-4: Allocate Project Based Vouchers to HACSC-Owned Housing Projects Without Competition			
Metrics	**Baselines (FY2010)**	**Benchmarks**	**Actual (FY2012)**
Processing time to select applications for PBV in a competitive process	13 weeks	0 weeks	0 weeks
Labor hours/cost to develop, write and issue an RFP (using in-house labor)	65 hours/$2,340	0 hours/$0	0 hours/$0
Labor hours/cost to respond to public inquiries and meet with RFP responders	35 hours/$1,260	0 hours/$0	0 hours/$0
Labor hours/cost to review and process applications submitted	50 hours/$1,800	0 hours/$0	0 hours/$0
Cost to publish RFP in San José Mercury Newspaper	$2,890	$0	$0
Labors hours to write public notices	8 hours/$288	0 hours/$0	0 hours/$0

REVISIONS TO BENCHMARKS AND METRICS; CHANGES TO DATA COLLECTION METHODOLOGY

There are no revisions to benchmarks, metrics, and data collection for this activity.

HACSC will review the benchmarks, metrics and data collection methodologies starting with the FY2014 report to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

AUTHORIZATION FOR APPROVED ACTIVITY

This activity is authorized in HACSC'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 982.1, 982.102 and 24 CFR Part 983, as necessary to implement HACSC's MTW Plan.

An MTW waiver is necessary for this activity because HUD PBV regulations require that PHA-owned properties be selected competitively and that selection must be approved by HUD or a HUD-approved independent entity.

IMPACT OF RENT REFORM INITIATIVE

This activity does not qualify as a Rent Reform Initiative.

Assisting Over-Income Families Residing at HACSC-Owned PBV Properties (Activity #2010-5)

DESCRIPTION OF MTW ACTIVITY

This activity waives PBV regulations relating to preference for in-place families in order to continue to commit tax-exempt bonds and tax credits to the disposed public housing properties. Families with income below the PBV limit but above the tax-credit limit will receive Section 8 voucher and relocation assistance.

IMPACT OF THE ACTIVITY

This activity helps maintain the affordability of units that would otherwise become unaffordable to very-low income families by applying tax credits in unison with PBV assistance. It also increases housing choices for low income families by preserving and improving the affordable housing stock in Santa Clara County.

FY2013 RESULTS

This activity was not used in FY2013.

REVISIONS TO BENCHMARKS AND METRICS; CHANGES TO DATA COLLECTION METHODOLOGY

There are no revisions to benchmarks, metrics, and data collection for this activity.

HACSC will review the benchmarks, metrics and data collection methodologies starting with the FY2014 report to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

AUTHORIZATION FOR APPROVED ACTIVITY

This activity is authorized in HACSC's Moving To Work Agreement, Attachment C, Paragraph D 3 (a), Paragraph D 4, and waives certain provisions of Sections 16 (b), 8(o)(4), 8(o)(6), 8(o)(13)(J), 8(o)(16) and 24 CFR 5.603, 5.609, 5.611, 5.628, 982.201, 982 subpart E, 982.305 and 983 subpart F, as necessary to implement HACSC's MTW Plan.

An MTW waiver is necessary for this activity because HUD PBV regulations require that families currently living in the unit which become project based must meet specific income limits that are higher than tax-credit limits.

IMPACT OF RENT REFORM INITIATIVE

This activity does not qualify as a Rent Reform Initiative.

Streamlined Approval Process for Exception Payment Standard for Reasonable Accommodation (Activity #2011-1)

DESCRIPTION OF MTW ACTIVITY

Without this activity, any request for an exception Payment Standard above 110% of the published FMRs had to go to HUD for approval. This activity allows HACSC to approve, as a reasonable accommodation, an exception payment standard of the published FMRs (not to exceed 120% of the FMR) to provide a person with a disability an equal opportunity to secure housing. Also, because the review and response time from HUD is no longer a consideration in the approval process, the tenant's opportunity to obtain an accessible unit is more secure.

IMPACT OF THE ACTIVITY

With the capability to approve an exception payment standard as a reasonable accommodation without HUD Field Office approval, HACSC can improve its responsiveness to the needs of persons with disabilities who may have special housing requirements. This activity will also increase housing choices for families with members with disabilities because a family can obtain a unit more expeditiously.

FY2013 RESULTS

There were no requests for exception to the payment standard in this fiscal year.

Activity 2011-1: Streamlined Approval Process for Exception Payment Standard for Reasonable Accommodation					
Metric	**Baseline**	**Benchmark**	**Actual (FY2011)**	**Actual (FY2012)**	**Actual (FY2013)**
# of days to approve or deny an exception payment standard for reasonable accommodation	65	10	15	11	N/A

REVISIONS TO BENCHMARKS AND METRICS; CHANGES TO DATA COLLECTION METHODOLOGY

There are no revisions to benchmarks, metrics, and data collection for this activity.

HACSC will review the benchmarks, metrics and data collection methodologies starting with the FY2014 report to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

AUTHORIZATION FOR APPROVED ACTIVITY

This activity is authorized in HACSC's Moving To Work Agreement, Attachment C, Paragraph D 2(a) and waives certain provisions of section 8 (o) of the 1937 Act and 24 CFR 982.505 (d) and 24 CFR 982.503 (c)(2)(ii), as necessary to implement HACSC's MTW Plan.

An MTW waiver is necessary for this activity because HUD regulations require that exception payment standards above 110% of FMR must be approved by HUD Field Office.

IMPACT OF RENT REFORM INITIATIVE

This activity does not qualify as a Rent Reform Initiative.

Simplify Requirements Regarding Third-party Inspections and Rent Services (Activity #2011-2)

DESCRIPTION OF MTW ACTIVITY

HACSC initiated this activity in order to waive the regulatory requirement in which HUD must approve a qualified independent agency designated to conduct housing quality standards (HQS) inspection and rent reasonableness services for HACSC-owned units. This qualified independent agency conducts both initial and regularly scheduled Housing Quality Standards (HQS) inspections, as well as rent reasonable services for initial contracts and requested rent adjustments. The regulation also required the contracted agency to furnish copies of each inspection report and rent reasonableness determination to the HUD field office. Under this activity, submissions of these reports are no longer necessary.

IMPACT OF THE ACTIVITY

HACSC continues to realize the on-going benefits associated with reduced costs and administrative streamlining related to this activity. Reduction in costs associated with the inspection process is achieved by avoiding unnecessary delays and expenses related to the provision of HQS inspection and rent determination services for HACSC-owned units, while continuing to retain the integrity of the third-party inspection process.

FY2013 RESULTS

HACSC continued to work with its third-party inspection and rent reasonableness vendor for services related to all HACSC-owned or affiliated units.

Activity #2011-2: Simplify Requirements Regarding Third-party Inspections and Rent Services					
Metrics	**Baseline**	**Benchmark**	**Actual (FY2011)**	**Actual (FY2012)**	**Actual (FY2013)**
# of days to approve a qualified independent inspection agency through HUD	7 days	0 days	0 days	0 days	0 days
$ cost to send copies of inspection reports to HUD	$649	$0	$0	$0	$0

REVISIONS TO BENCHMARKS AND METRICS; CHANGES TO DATA COLLECTION METHODOLOGY

There are no revisions to benchmarks, metrics, and data collection for this activity.

HACSC will review the benchmarks, metrics and data collection methodologies starting with the FY2014 report to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

AUTHORIZATION FOR APPROVED ACTIVITY

This activity is authorized in HACSC's Moving To Work Agreement, Attachment C, Paragraph D 2(b), D 2(c), and D 5 and waives certain provisions of section 8 (o) of the 1937 Act and 24 CFR 983.103 (f)2, 24 CFR 983.59 (b) and 24 CFR 982.352 (b)(iv)(B), as necessary to implement HACSC's MTW Plan.

An MTW waiver is necessary for this activity because HUD regulations require that an independent entity inspect and determine rents at PHA owned properties. The independent entity must be approved by HUD and submit inspection reports and rent determinations documents to HUD.

IMPACT OF RENT REFORM INITIATIVE

This activity does not qualify as a Rent Reform Initiative.

Create Affordable Housing Acquisition and Development Fund (Activity #2012-3)

DESCRIPTION OF MTW ACTIVITY

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

Currently, HACSC and its affiliates own or control approximately 2,200 units of affordable rental housing throughout Santa Clara County. With the implementation of this activity, HACSC's goals are to increase the supply of quality rental housing, and to serve a diverse range of resident populations many of which have special needs or are vulnerable populations. HACSC will use a variety of methods to pursue these goals, such as:

- Using MTW flexibility purchase land or buildings and/or construct affordable units, or to participate in project ownership/development by providing financing for direct construction or rehabilitation costs;
- Leveraging, where possible, additional funds from private and public sources (including Low Income Housing Tax Credits);
- Pursuing, where appropriate, partnerships with funders that support energy conservation and renewable energy in building design; and
- Bearing costs of site acquisition and construction or rehabilitation of sites either directly, or in a joint venture with another developer/partner.

IMPACT OF THE ACTIVITY

The exceptionally high cost of land and high market rents in Santa Clara County create a special challenge for developers of affordable housing. The situation has worsened in recent years due to a decrease in federal, state, and local sources or funds for affordable housing. HACSC created this activity to use its broader use of funds authority to generate more development activities throughout Santa Clara County. The activity was anticipated to lead to the development or rehabilitation of up to 250 units over five years, with affordability for low-income tenants and with an affordability restriction on the properties of up to 55 years. In FY2013 four separate projects were supported by this activity that will ultimately result in the preservation or new construction of 437 units for households earning between 15% and 60% of area median income.

FY2013 RESULTS

Through funding approved under this activity, four projects were in the pre-development or development stage by the end of FY2013:

- Ford and Monterey Family Housing - 75 units of family housing developed by Eden

Housing, Inc. Through a competitive RFP process, Eden Housing was selected to receive a loan of $6.5 million dollars to develop 75 tax-credit units that serve Very Low and Extremely Low Income households, including five units set aside for mentally ill, formerly homeless individuals or families. The project began construction in January 2013 and will be completed in FY2014.

- Villa Garcia Family Housing – 80 units of family housing originally developed through the HUD 236 program and operated by Villa Garcia, Inc., a HACSC affiliated non-profit. Following repayment of the HUD mortgage, the Housing Authority Board approved a loan of $1 million dollars to pay for pre-development expenses associated with the preservation and rehabilitation of 80 units of housing that serves 59 households at or below 50% of median income and 21 households at or below 60% of median income. The project began construction in November 2012 and will be completed in FY2014.

- Park Avenue Development – In FY2013 the Housing Authority Board approved a loan of up to $2.7 million to pay for pre-development and development expenses associated with the new construction of up to 182 units of affordable housing on the HACSC owned site. In FY2013 the HACSC Board also approved the commitment of up to $1.8 million of RHF funds to be used for the development of non-public affordable housing. In FY2013, plans were submitted to the City of San Jose for planning and zoning approvals.

- Villa San Pedro Family Housing – 100 units of family housing originally developed through a HUD 221(d)(3) loan and operated by Villa San Pedro HDC, Inc., a HACSC affiliated non-profit. Following repayment of the original HUD mortgage, the Housing Authority Board approved a loan of $2.3 million dollars to be used to repay a HUD Flexible Subsidy Loan and to pay for pre-development expenses associated with refinancing through tax-exempt bonds and low income housing tax credits. This project serves 88 households at or below 50% of median income and 11 households at or below 60% of median income. There is an existing Project Based Assistance contract for rental assistance at the 88 Low Income units. The project is scheduled to close in FY2014.

Activity 2012-3: Create Affordable Housing Acquisition and Development Fund			
Metrics	**Baselines (FY2011)**	**Benchmarks (by 2016)**	**Actual (FY2013)**
# of new affordable rental units developed or rehabilitated	0	250	32
$ per unit invested in development of affordable units – HACSC MTW funds	0	$60,000	$12,000
$ per unit leveraged to develop affordable units – other sources	0	$300,000	$200,000

REVISIONS TO BENCHMARKS AND METRICS; CHANGES TO DATA COLLECTION METHODOLOGY

There are no revisions to benchmarks, metrics, and data collection for this activity.

HACSC will review the benchmarks, metrics and data collection methodologies starting with the FY2014 report to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

AUTHORIZATION FOR APPROVED ACTIVITY

This proposed activity is authorized in HACSC's Moving to Work Agreement, Attachment D – Use of Funds.

IMPACT OF RENT REFORM INITIATIVE

This activity does not qualify as a Rent Reform Initiative.

Create Affordable Housing Preservation Fund for HACSC and Affiliate-Owned Properties (Activity #2012-4)

DESCRIPTION OF MTW ACTIVITY

Using its broader use of funds authority, HACSC ensures the long-term stability and viability of existing HACSC- and affiliate-owned rental housing properties through the creation of an affordable housing preservation fund. In conjunction with the creation of an affordable housing preservation fund, HACSC conducts detailed capital needs assessments and reviews financial projections at each site, establishes priorities for rehabilitation and refinancing, and explores options for upgrading units.

IMPACT OF THE ACTIVITY

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

FY2013 RESULTS

In FY2013, projects were initiated to rehabilitate HACSC's two oldest properties (built in the 1970's). The portfolio still includes over 1,300 units that will need capital investment, and potentially re-syndication of tax credits to maintain the quality and quantity of units available to low, very-low, and extremely-low income residents.

MTW funds were used in FY2013 to successfully complete a buyout of the Morrone Gardens property from a tax credit limited partnership, and thereby preserve 102 units of senior housing serving households at or below 50% median income. The approved FY2013 MTW Plan includes a provision that states when and if MTW funds are loaned to develop affordable housing, any loan payments subsequently collected may be transferred into the Preservation Fund in order to support the above approved uses. Loan repayment funds and/or MTW funds are anticipated to be deposited to the Preservation Fund in FY2014.

Activity 2012-4: Create Affordable Housing Preservation Fund for HACSC- and Affiliate-Owned Properties			
Metrics	**Baselines (FY2011)**	**Benchmarks (by 2016)**	**Actual (2013)**
# of new affordable rental units in sites with unaddressed capital improvement needs	1,500	1,000	102
$ invested in preservation of affordable units – HACSC MTW funds	0	$6 million	$52,000
$ leveraged to preserve affordable units – other sources	0	$14 million	$500,000

REVISIONS TO BENCHMARKS AND METRICS; CHANGES TO DATA COLLECTION METHODOLOGY

There are no revisions to benchmarks, metrics, and data collection for this activity.

HACSC will review the benchmarks, metrics and data collection methodologies starting with the FY2014 report to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

AUTHORIZATION FOR THE ACTIVITY

This proposed activity is authorized in HACSC's Moving to Work Agreement, Attachment D – Use of MTW Funds.

IMPACT OF RENT REFORM INITIATIVE

This activity does not qualify as a Rent Reform Initiative.

Expand Tenant Services at HACSC and Affiliate-Owned Affordable Housing Properties (Activity #2012-5)

DESCRIPTION OF MTW ACTIVITY

This activity allows HACSC to use its broader use of funds authority to expand its provision of programs and services for tenants living at HACSC- or affiliate-owned non-Section 8/9 affordable rental properties. Programs and services include, but are not limited to: educational classes, life skills training, after-school programs, case management, resource services, social programs, and emergency assistance. The types of programs and services offered vary based on the specific needs of each senior or family property. While services are made available, and tenants are encouraged to attend, participation is not required as a condition of residency.

IMPACT OF THE ACTIVITY

Recognizing that housing alone is often not enough to provide stability, HACSC has partnered with third-party providers, and now offers a range of services and programs to all of its 26 HACSC or affiliate-owned properties, including the 16 non-Section 8/9 sites. Regular resident needs surveys are conducted to identify and prioritize potentially appropriate services at each site. By deliberately tailoring programs and services to each community, HACSC anticipates that tenants will gain some or all of the necessary skills to address daily living requirements, maintain housing, and, for work-able residents, possibly re-enter or move up in the work force. Another benefit is a greater sense of community among residents through participation in services and programs. Besides benefits for tenants, HACSC staff will also realize greater productivity in property management by the reduction of administrative burden of processing avoidable evictions.

FY2013 RESULTS

In FY2013 HACSC provided resident services to 14 of its HACSC-owned or affiliated properties. A total of 6,710 service hours were provided to residents. While the number of hours is below the benchmark, the actual hours provided have been tailored to the needs of each community (increased at some and reduced at others). The service provider has also been very successful in referring clients to high quality programs and providers that meet the specific needs of the particular household (including educational and job training programs). This has resulted in the additional benefit of greater resident engagement in the wider community including civic involvement.

Additionally, HACSC prepared and distributed a Tenant Satisfaction Survey to all residents. The FY2013 survey participation rate was very high, with 44% of all households returning a completed survey. In FY2012, 38% of households returned a survey. Taken together, the two year's survey show a very strong participation rate in resident services among those households responding to the survey, and that participation has increased slightly from FY2012 to FY2013.

In general, residents are satisfied with the services. However, residents did express some dissatisfaction with physical conditions such as lack of parking, security concerns and the wish for apartment upgrades. It should be noted that these types of concerns are quite common to residents of all apartment communities, both market rate and affordable. The results of this survey will be used to evaluate annual utilization and effectiveness of the enriched services.

Activity 2012-5: Expand Tenant Services at HACSC- or Affiliate-Owned Affordable Housing Properties				
Metrics	**Baselines (FY2011)**	**Benchmarks**	**Actual (FY2012)**	**Actual (FY2013**
Total # of hours of services/programs provided at non-Section 8/9 properties, per year	3,936	8,400	6,371	6,710
# of non-Section 8/9 properties receiving services	6	14	14	14
% tenant satisfaction rate in regards to resident services	N/A	80%	88%	91%

REVISIONS TO BENCHMARKS AND METRICS; CHANGES TO DATA COLLECTION METHODOLOGY

There are no revisions to benchmarks, metrics, and data collection for this activity.

HACSC will review the benchmarks, metrics and data collection methodologies starting with the FY2014 report to include all applicable standard metrics, as indicated in Attachment B, issued May 2013.

AUTHORIZATION FOR THE ACTIVITY

This proposed activity is authorized in HACSC’s Moving to Work Agreement, Attachment D – Use of MTW Funds.

IMPACT OF RENT REFORM INITIATIVE

This activity does not qualify as a Rent Reform Initiative.

VII. SOURCES AND USES OF FUNDING

A. SOURCES AND USES OF MTW FUNDS

A1. SOURCES AND USES OF MTW FUNDS-Traditional Activities

FY 2013 Planned Sources	Public Housing	Section 8- MTW	MTW Consolidated
Rental Revenue	84,624		84,624
Section 8 HAP Funding		240,362,350	240,362,350
HAP earned-Portability			0
Administrative Fee		16,035,308	16,035,308
Administrative Fee-Portability			0
FSS Coordinator Fee			0
FSS Escrow Forfeits			0
Fraud Recovery			0
PH Operating Subsidy	36,765		36,765
Capital Grant Program (CGP)	250,000		250,000
Other Revenue (Laundry, tenant chrgs, others)	720		720
Other Revenue (Interest income)		34,248	34,248
Operating Revenues Sources	***372,109***	***256,431,906***	***256,804,015***
Non Operating Revenue (Land Lease)		*130,039*	*130,039*
Interest Income-Ground Lease			*0*
Total Sources (Before Transfers)	***372,109***	***256,561,945***	***256,934,054***
Transfer Fr. MTW PH Operating Reserves	17,413		17,413
Transfer Fr. 2011's Capital Grant Reserves			0
Transfer Fr. MTW Reserve		3,896,474	3,896,474
Total Planned Sources	**$389,522**	**$260,458,419**	**$260,847,941**

FY 2013 Actual Sources	Public Housing	Section 8- MTW	MTW Consolidated
Rental Revenue	80,990		80,990
Section 8 HAP Funding *		239,876,729	239,876,729
HAP earned-Portability		1,729,523	1,729,523
Administrative Fee *		14,833,268	14,833,268
Administrative Fee-Portability		54,865	54,865
FSS Coordinator Fee		310,500	310,500
FSS Escrow Forfeits		7,131	7,131
Fraud Recovery		38,664	38,664
PH Operating Subsidy	51,602		51,602
Capital Grant Program (CGP)	456,385		456,385
Other Revenue (Laundry, tenant chrgs, others)**	10,022	15,624	25,646
Other Revenue - Interest income		13,656	13,656
Operating Revenues Sources	***598,999***	***256,879,961***	***257,478,960***
Non Operating Revenue (Land Lease)		*131,454*	*131,454*
Interest Income-Ground Lease		*297,843*	*297,843*
Total Sources (Before Transfers)	***598,999***	***257,309,259***	***257,908,257***
Transfer Fr. MTW PH Operating Reserves	141,042		141,042
Transfer Fr. 2011's Capital Grant Reserves		425,371	425,371
Transfer Fr. MTW Reserve *	25,000	5,045,179	5,070,179
Total Actual Sources	**$765,041**	**$262,779,808**	**$263,544,849**

*Because of the Sequestration, HACSC is currently receiving 94% of its eligible HAP's funding and approximately 69% of its Admin fee eligibility. Due to insufficient fund, there was approximately $5M transferred from MTW reserves to provide for the Uses.

**Other Public Housing revenue includes: $998 for laundry, $8,874 for tenant charges and $150 for misc. income. Other MTW Section 8 revenue includes: $15,592 for selling/ disposing motor vehicles and $32 for other misc. income.

FY 2013 Planned Expenditures	Public Housing	Section 8- MTW	MTW Consolidated
Tenant Services	9,057		9,057
Maintenance & Operations	14,244		14,244
Utilities	17,227		17,227
Contract Costs & Protective Services	36,027		36,027
General and Administrative Expenses	62,967	16,635,219	16,698,186
Facilities Consolidation Expenditures			0
Park Avenue-Land-Security & Maint. Costs & Expenditures			0
CGP administrative expenses & Operational	250,000		250,000
Total Operational Expenses	***389,522***	***16,635,219***	***17,024,741***
Housing Assistance Payments-Portability			0
Housing Assistance Payments		243,823,200	243,823,200
Total Planned Expenditures, before transfers	**389,522**	**260,458,419**	**260,847,941**
Trf to PH- Eklund 1, 2 & Deborah to cover for operating costs			0
Trf 2011 Capital Grant remaining bal. to MTW reserves			0
Total Planned Expenditures	**$389,522**	**$260,458,419**	**$260,847,941**

FY 2013 Actual Expenditures	Public Housing	Section 8- MTW	MTW Consolidated
Tenant Services	10,167		10,167
Maintenance & Operations	11,756		11,756
Utilities	22,385		22,385
Contract Costs & Protective Services	59,327		59,327
General and Administrative Expenses *	215,090	16,537,021	16,752,111
Facilities Consolidation Expenditures		15,609	15,609
Park Avenue-Land-Security & Maint. Costs & Expenditures**		125,672	125,672
CGP administrative expenses & Operational	20,945		20,945
Total Operational Expenses	***339,670***	***16,678,302***	***17,017,971***
Housing Assistance Payments-Portability		1,729,523	1,729,523
Housing Assistance Payments		244,346,984	244,346,984
Total Actual Expenditures, before transfers	***$339,670***	***$262,754,808***	***$263,094,478***
Trf to PH- Eklund 1, 2 & Deborah to cover for operating costs		$25,000	25,000
Trf 2011 Capital Grant remaining bal. to MTW reserves	425,371		425,371
Total Actual Expenditures	**$765,041**	**$262,779,808**	**$263,544,849**

*$152K difference between planned and actual figures of Public Housing expenditures is because depreciation of capital expenditures is not included in the "plan". Total depreciation expenses is $130K in FYE 06/30/2013. Total contract costs are $22K more than estimates.

** Park Avenue land expenses are those relates to the security and maintenance costs related to the land that was purchased by MTW funds.

A2. SOURCES AND USES OF MTW FUNDS- Non-Traditional Activities

FY 2013 Planned Sources	RHF Grants **	2012-3 ACQ. & Dev. Fund *	2012-4 Preservation Fund *	2012-5 Tenant Services *	Total
Grants	1,218,262				1,218,262
Transfer Fr. MTW Reserve****				115,000	115,000
Transfer Fr. MTW - Acq and Dev. Reserve***		8,800,000	0		8,800,000
Total Planned Sources	**$1,218,262**	**$8,800,000**	**$0**	**$115,000**	**$10,133,262**

FY 2013 Actual Sources	RHF Grants **	2012-3 ACQ. & Dev. Fund ****	2012-4 Preservation Fund ***	2012-5 Tenant Services *	Total
Grants					0
Transfer Fr. MTW Reserve					0
Transfer Fr. MTW - Acq and Dev. Reserve****		3,555,910			3,555,910
Total Actual Sources	**$0**	**$3,555,910**	**$0**	**$0**	**$3,555,910**

FY 2013 Planned Expenditures	RHF Grants	2012-3 ACQ. & Dev. Fund	2012-4 Preservation Fund *	2012-5 Tenant Services	Total
Transfer to RHF Reserves. **	1,218,262				1,218,262
Resident Services *				115,000	115,000
Misc Expenses-Postage/Feasibility/etc					0
2012-3 - Acquisition and Development Fund *		8,800,000			8,800,000
Total Planned Expenditures	**$1,218,262**	**$8,800,000**	**$0**	**$115,000**	**$10,133,262**

FY 2013 Actual Expenditures	RHF Grants**	2012-3 ACQ. & Dev. Fund****	2012-4 Preservation Fund ***	2012-5 Tenant Services *	Total
Transfer to RHF Reserves **					0
Resident Services *				0	0
Misc Expenses-Postage/Feasibility/etc		$ 848			848
2012-3 - Acquisition and Development Fund ****		3,555,062			3,555,062
Total Actual Expenditures	**$0**	**$3,555,910**	**$0**	**$0**	**$3,555,910**

* There were no expenditures incurred in FY13 for MTW Activity 2012-5.
** RHF Grant - No Activity as pending transfer approval by Field Office
*** There were no expenditures incurred in FY13 for MTW Activity 2012-4. Uses have been approved for FY14.
**** Break down of Acquisition and Development Funds expended in FYE 06/30/2013

B. SOURCES AND USES OF NON-MTW FEDERAL, STATE AND LOCAL FUNDS

B1. Sources and Uses of Federal Non-MTW Funds

FY2013 Planned Sources	Mod Rehab	Shelter Plus Care	Section 8, Non-Elderly & Disabled (N.E.D)	Section 8 VASH	Section 8 Mainstream	Section 8 FUP	Total
HAP Subsidy Income	1,098,912	3,366,996	108,562	4,340,642	677,712	1,818,613	11,411,437
Administrative Fees Income	118,375	246,809	10,311	448,532	67,461	103,111	994,599
Transfer Fr. Future Operating Reserves-to cover for VASH operating deficits							0
Transfer Fr. VASH HAP Reserve-to cover for HAP deficits				1,848,463			1,848,463
Transfer Fr. Mod Rehab Admin Reserves							0
Transfer Fr. N.E.D HAP Reserves							0
Transfer Fr. Shelter Plus Care HAP Reserves							0
Other Revenue (interest & others)							0
Total Planned Sources	**$1,217,287**	**$3,613,805**	**$118,873**	**$6,637,637**	**$745,173**	**$1,921,724**	**$14,254,499**

FY2013 Actual Sources	Mod Rehab	Shelter Plus Care	Section 8, Non-Elderly & Disabled (N.E.D)	Section 8 VASH	Section 8 Mainstream	Section 8 FUP	Total
HAP Subsidy Income	965,275	3,030,178	76,061	4,213,247	647,193	1,792,262	10,724,215
Administrative Fees Income	104,605	259,225	8,323	416,330	63,872	85,862	938,217
Transfer Fr. Future Operating Reserves-to cover for VASH operating deficits				119,585			119,585
Transfer Fr. VASH HAP Reserve-to cover for HAP deficits				892,799			892,799
Transfer Fr. Mod Rehab Admin Reserves	2,067						2,067
Transfer Fr. N.E.D HAP Reserves			60,461				60,461
Transfer Fr. Shelter Plus Care HAP Reserves		3					3
Other Revenue (interest & others)	199			1,095			1,294
Total Actual Sources	**$1,072,147**	**$3,289,406**	**$144,845**	**$5,643,056**	**$711,065**	**$1,878,123**	**$12,738,642**

FY2013 Planned Uses	Mod Rehab	Shelter Plus Care	Section 8, Non-Elderly & Disabled (N.E.D)	Section 8 VASH	Section 8 Mainstream	Section 8 FUP	Total
Housing Assistance Payments	1,098,912	3,366,996	108,562	6,189,105	677,712	1,818,613	13,259,900
Utilities							0
Maintenance							0
Administrative & Operational Expenses	118,375	246,809	10,311	448,532	67,461	103,111	994,599
Excess Sources transfer to HAP Reserves							0
Excess Sources transfer to Admin Reserves							0
Total Planned Expenditures	**$1,217,287**	**$3,613,805**	**$118,873**	**$6,637,637**	**$745,173**	**$1,921,724**	**$14,254,499**

FY2013 Actual Uses	Mod Rehab	Shelter Plus Care	Section 8, Non-Elderly & Disabled (N.E.D)	Section 8 VASH	Section 8 Mainstream	Section 8 FUP	Total
Housing Assistance Payments	965,275	3,030,181	136,522	5,107,141	647,193	1,691,262	11,577,575
Utilities							
Maintenance							
Administrative & Operational Expenses	106,872	213,605	8,323	535,915	63,872	85,862	1,014,449
Excess Sources transfer to HAP Reserves						100,999	100,999
Excess Sources transfer to Admin Reserves		45,620					45,620
Total Actual Expenditures	**$1,072,147**	**$3,289,406**	**$144,845**	**$5,643,056**	**$711,065**	**$1,878,123**	**$12,738,642**

B2. Sources and Uses of State & Local Funds

FY2013 Planned Sources	TBRA (City of Sunnyvale)	Total
Rental Assistance	150,443	150,443
Administrative Fee	21,000	21,000
Other Revenue/Grant		0
Total Planned Sources	**$171,443**	**$171,443**

FY2013 Actual Sources	TBRA (City of Sunnyvale)	Total
Rental Assistance	163,587	163,587
Administrative Fee	11,144	11,144
Other Revenue/Grant	0	0
Total Actual Sources	**$174,731**	**$174,731**

FY2013 Planned Expenditures	TBRA (City of Sunnyvale)	Total
Administrative Expenses	15,000	15,000
Utilities		0
Maintenance & Operations		0
Other Operating and General Expenses	6,000	6,000
Subtotal	***21,000***	***21,000***
Housing Assistance Payment (HAP)	150,443	150,443
Excess Sources transfer to Admin Reserves		0
Total Planned Expenditures	**$171,443**	**$171,443**

FY2013 Actual Expenditures	TBRA (City of Sunnyvale)	Total
Administrative Expenses	2,833	2,833
Utilities		0
Maintenance & Operations		0
Other Operating and General Expenses	2,558	2,558
Subtotal *	***5,391***	***5,391***
Housing Assistance Payment (HAP)	163,587	163,587
Excess Sources transfer to Admin Reserves	5,753	5,753
Total Actual Expenditures	**$174,731**	**$174,731**

*The operational expenses in "plan" was estimated based on the total expenses in FYE 06/30/2012. However, the funding from the new contract agreement reduced monthly throughout remainder of the contract term, which leads to a reduction of operational expenses to ensure enough funding to complete the contract ending in December 31, 2014.

SOURCES AND USES OF COCC

All Public Housing COCC new Revenue was used during FY2013 for low-income housing and related operating expenses.

ALLOCATION METHOD FOR CENTRAL OFFICE COSTS

The Housing Authorities of the County of Santa Clara and the City of San José have elected to use an allocation method for central office costs (overhead, support departments and facilities) that is consistent with the methodology of OMB Circular A-87.

USE OF SINGLE FUND FLEXIBILITY

Using single fund flexibility, HACSC established one agency-wide funding category called “MTW Funds,” which continues to provide the Agency with more freedom to address local program, administrative, and operational needs and objectives.

HACSC received approval to accumulate the first and second increment of RHF funds subject to the requirements of the Third Amendment to its MTW Agreement. The funds will be used for new development of affordable units at the Park Avenue site.

HACSC further exercised its fund flexibility to improve day to day work efficiencies and quality of work through staff trainings. Furthermore, tenant services have been made available to all residents of all developments, including PBV and non-PBV households; MTW funds have been set aside to help pay for the cost of these resident services, if needed, at a particular property.

Through its Affordable Housing Acquisition and Development Fund and its Affordable Housing Preservation Fund for HACSC and Affiliate Owned Properties, HACSC plans to use MTW funds to support and leverage the development and preservation of rental housing that is affordable to low, very low, and extremely low income households.

Finally, to ensure that HACSC is able to properly serve its program participants, and to improve the cost-effectiveness and day-to-day efficiency of staff activities, HACSC may also use its funding flexibility to consolidate HACSC office space and to enhance administrative support needed for on-going operations. Options include expanding current office and parking facilities at HACSC’s main administrative office, relocating staff into a single building, and/or making improvements to current HACSC offices. HACSC will make any required allocation among funding programs.

VIII. ADMINISTRATIVE

PROGRESS ON CORRECTIONS OF OBSERVED DEFICIENCIES CITED IN MONITORING VISITS

HACSC had its fifth MTW site visit in February, 2013 and there were no observations or deficiencies cited by HUD during the visit or in any subsequent written report to HACSC.

RESULTS OF AGENCY-DIRECTED MTW DEMONSTRATION EVALUATIONS

In FY2013, HACSC continued an MTW-related evaluation to explore and develop strategies for future rent reform activities. As part of this evaluation, HACSC commissioned an update to its Needs Assessment originally completed in 2011. This update highlighted the needs of certain vulnerable populations, such as the chronically homeless, disabled, and elderly.

In line with the updated Needs Assessment, HACSC began a five-year strategic plan, which included outreach to program participants and other community stakeholders to receive input on draft goals in the areas of affordable housing development, client services, Agency finance and administration, and in the Housing Choice Voucher program. This five-year plan will inform HACSC's future decision-making as to how to best meet the community's housing needs.

PERFORMANCE AND EVALUATION REPORT FOR CAPITAL FUND ACTIVITIES NOT INCLUDED IN THE MTW BLOCK GRANT

Beginning with CA39P059501-11, Capital Grants have been included within the MTW Bock grant, and no further separate reporting is required in future MTW Reports.

CERTIFICATION THAT HACSC HAS MET STATUTORY REQUIREMENTS

See attached certification in Appendix One of this MTW Report.

APPENDIX ONE

FY2013 Certification of Compliance with Statutory Requirements

HOUSING AUTHORITY of the COUNTY of SANTA CLARA
Leaders in *Making a Difference.*

Executive Director
Alex Sanchez

505 West Julian Street San Jose, California 95110-2300 • Tel 408/275-8770 • TDD 408/993-3041 www.hacsc.org

Certification of Statutory Requirements

On behalf of the Housing Authority of the County of Santa Clara and the Housing Authority of the City of San Jose (the Agency), I certify that the Agency has met the three statutory requirements of the Moving to Work (MTW) Program during fiscal year 2013:

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

Alex Sanchez
Executive Director

9/4/13
Date

APPENDIX TWO

Approved MTW Activities for the FY2013 Reporting Period

		MTW Statutory Objectives		
Activity # (Plan year proposed + Activity #)	**Activity**	**Reduce cost and achieve greater cost effectiveness in federal expenditures**	**Provide incentives to families ... leading toward economic self-sufficiency**	**Increase housing choices for low-income families**
IMPLEMENTED IN FY2009				
2009-1	Reduced Frequency of Tenant Reexaminations	X		
2009-2	Simplification and Expediting of the Income Verification Process	X		
2009-3	Reduced Frequency of Inspections	X		
2009-5	Exploring New Housing Opportunities for the Chronically Homeless			X
2009-10	Selection of HACSC-owned Public Housing Projects for PBV without Competition	X		
2009-13	Combined Waiting Lists for the County of Santa Clara and the City of San José	X		X
IMPLEMENTED IN FY2010				
2009-8	Streamlining the Project-Based Voucher Referral Process			X
2009-9	Utilization of Low Income Housing Tax Credit (LIHTC) Tenant Income Certification (TIC) for Income and Asset Verification	X		
2009-11	Project-Base 100% of Units in Family Projects	X		X
2009-14	Payment Standard Changes Between Regular Reexaminations	X		
2010-1	Eliminating 100% Excluded Income from the Income Calculation Process	X		

		MTW Statutory Objectives		
Activity # (Plan year proposed + Activity #)	**Activity**	**Reduce cost and achieve greater cost effectiveness in federal expenditures**	**Provide incentives to families ... leading toward economic self-sufficiency**	**Increase housing choices for low-income families**
2010-2	Excluding Asset Income from Income Calculations for Families with Assets Under $50,000	**X**		
2010-3	Applying Current Increased Payment Standards at Interim Reexaminations	**X**		**X**
IMPLEMENTED IN FY2011				
2010-4	Allocating Project-Based Vouchers to HACSC-owned Projects Without Competition	**X**		
2010-5	Assisting Over-Income Families Residing at HACSC-owned Project-Based Voucher Properties			**X**
2011-1	Streamlined approval process for exception payment standard for reasonable accommodation			**X**
2011-2	Simplify requirements regarding third-party inspections and rent services	**X**		
IMPLEMENTED IN FY2012				
2012-3	Affordable Housing Acquisition Development Fund			**X**
2012-4	Affordable Housing Preservation Fund for HACSC- and Affiliate-Owned Properties			**X**
2012-5	Expand Tenant Services at HACSC- and Affiliate-Owned Affordable Housing Properties		**X**	
PENDING IMPLEMENTATION				
2012-2	Two-Year Occupancy in Project-Based Voucher Unit Before Eligible to Receive Voucher	**X**		

		MTW Statutory Objectives		
Activity # (Plan year proposed + Activity #)	**Activity**	**Reduce cost and achieve greater cost effectiveness in federal expenditures**	**Provide incentives to families ... leading toward economic self-sufficiency**	**Increase housing choices for low-income families**
2013-1	Elimination of the Earned Income Disallowance (EID) calculation	**X**	**X**	

Note: Obsolete activities are not shown. These were approved as activities 4, 6, 7, and 12 in FY2009. Final reporting on activities 6, 7, and 12 was provided in the FY2009 MTW Annual Report, final reporting on activity 4 was provided in FY2012 MTW Annual Report.
Activity 2012-1 had not been implemented and is being removed as of this report.

No activities were implemented in FY2013

APPENDIX THREE

FY2012 Independent Auditor's Report (OMB-A-133) for HACSC

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

Single Audit Reports

June 30, 2012

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

Index

	Page
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	3
Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program, on Internal Control over Compliance in Accordance with OMB Circular A-133 and Schedule of Expenditures of Federal and State Awards	5
Schedule of Expenditures of Federal and State Awards	8
Notes to Schedule of Expenditures of Federal and State Awards	9
Schedule of Findings and Questioned Costs	11
Summary Schedule of Prior Year Audit Findings	13

COHNREZNICK

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

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

We have audited the financial statements of the Housing Authority of the County of Santa Clara (the Authority), a component unit of the County of Santa Clara, California, and its aggregate discretely presented component units as of and for the year ended June 30, 2012, and have issued our report thereon dated January 24, 2013. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the aggregate discretely presented component units as described in our report on the Authority's financial statements. The audits of the aggregate discretely presented component units, except for the AE Associates, LTD, HACSC/Choices Family Associates, Opportunity Center Associates, Fairground Luxury Apartments, S.P.G. Housing Inc. and Subsidiaries, Villa Garcia, Inc., Villa San Pedro HDC, Inc., and Program Responsible in Daring Excellence, were not performed in accordance with Government Auditing Standards. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

- 3 -

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of the Authority in a separate letter dated January 24, 2013.

This report is intended solely for the information and use of the Board of Commissioners and management of the Authority, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Cohn Reznick LLP

Sacramento, California
January 24, 2013

CohnReznick

Independent Auditor's Report on Compliance with Requirements
that Could Have a Direct and Material Effect on Each Major Program, on
Internal Control over Compliance in Accordance with OMB Circular A-133
and Schedule of Expenditures of Federal and State Awards

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

Compliance

We have audited the compliance of the Housing Authority of the County of Santa Clara (the Authority), a component unit of the County of Santa Clara, California, with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

The Authority's basic financial statements include the operations of Villa Garcia, Inc., Villa San Pedro HDC, Inc., and Program Responsible in Daring Excellence, that expended $2,367,681, $1,448,144, and $803,683, respectively, in federal awards for the years ended December 31, 2011, December 31, 2011 and June 30, 2012, respectively, and which are not included in the Schedule of Expenditures of Federal and State Awards for the year ended June 30, 2012. Our audit, described below, did not include the operations of Villa Garcia, Inc., Villa San Pedro HDC, Inc., and Program Responsible in Daring Excellence because other auditors were engaged to perform the audits of those entities in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control over Compliance

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

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

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

Schedule of Expenditures of Federal and State Awards

We have audited the financial statements of the Authority and its aggregate discretely presented component units as of and for the year ended June 30, 2012, and have issued our report thereon dated January 24, 2013, which contained an unqualified opinion on those financial statements. Our report includes a reference to other auditors. Our audit was performed for the purpose of forming an opinion on the financial statements of the Authority as a whole. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such

- 6 -

information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

This report is intended solely for the information and use of the Board of Commissioners and management of the Authority, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

Sacramento, California
January 24, 2013

- 7 -

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

Schedule of Expenditures of Federal and State Awards

Year Ended June 30, 2012

Grantor / Pass-Through Grantor Program Title:	Federal CFDA Number	Agency or Pass-Through Number	Expenditures Amount
FEDERAL EXPENDITURES			
Direct:			
U.S. Department of Housing and Urban Development			
CDBG Cluster			
Community Development Block Grants	14.218	n/a	$ 123,421
CFP Cluster			
ARRA-Public Housing Capital Fund Stimulus (Formula) Recovery Act Funded	14.885	n/a	259,257
Shelter Plus Care			
Shelter Plus Care	14.238	n/a	2,941,382
Housing Voucher Cluster			
Family Unification Program (FUP)	14.880	n/a	1,858,397
Mainstream Vouchers	14.879	n/a	726,493
Section 8 Housing Choice Vouchers	14.871	n/a	4,479,171
Subtotal Housing Voucher Cluster			**7,064,061**
Section 8 Project-Based Cluster			
Lower Income Housing Assistance - Program Section 8 Moderate Rehabilitation	14.856	n/a	796,238
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	n/a	670,590
Subtotal - Section 8 Project-Based Cluster			**1,466,828**
Move to Work			
Public and Indian Housing	14.850	n/a	36,058
Public Housing Capital Fund	14.872	n/a	16,492
Moving To Work Demonstration Program	14.881	n/a	261,863,205
Subtotal - Move to Work			**261,915,755**
Total U.S. Department of Housing and Urban Development			**$ 273,770,704**
Total Expenditure of Federal Awards			**$ 273,770,704**
STATE EXPENDITRUES			
State of California:			
Pass-Through Department of Housing and Community Development (HCD) Division of Community Affairs - Office of Migrant Services Migrant Labor Housing (Operation)	n/a	11-OMS-847	$ 127,211
Total Expenditure of State Awards			**$ 127,211**

- 8 -

See Notes to Schedule of Expenditures of Federal and State Awards

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

Notes to Schedule of Expenditures of Federal and State Awards

Year Ended June 30, 2012

Note 1 - Reporting Entity

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

Note 2 - Summary of Significant Accounting Policies

General

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

Basis of Accounting

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

Relationship to Federal Financial Reports

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

Relationship to Basic Financial Statements

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

- 9 -

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

Notes to Schedule of Expenditures of Federal and State Awards - Continued

Year Ended June 30, 2012

Note 3 - Discrete Component Units Federal Expenditures

The Authority's discrete component units Villa Garcia, Inc., Villa San Pedro HDC, Inc. and the Program Responsible in Daring Excellence (PRIDE)'s federal expenditures are excluded from the Schedule because their federal expenditures are separately audited. Expenditures for the programs of Villa Garcia, Inc. and Villa San Pedro HDC, Inc. for the year ended December 31, 2011 and of PRIDE for the year ended June 30, 2012 listed below are taken from the single audit reports audited by other auditors. The federal expenditures of these discretely presented component units are as follows:

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development:		
Direct Programs		
Section 201 Flexible Assistance Subsidy Loan with Continuing Compliance	14.164	$ 1,415,905
Section 8 Housing Assistance Payments	14.182	757,300
Section 236 Interest Reduction Insured Loan with Continuing Compliance	14.103	122,080
Section 236 Interest Reduction Subsidy	14.103	77,396
Total Villa Garcia, Inc.		$ 2,367,681
Direct Programs		
Section 201 Flexible Assistance Subsidy Loan with Continuing Compliance	14.164	$ 799,933
Section 8 Housing Assistance Payments	14.182	578,691
Section 221(d)(3) Insured Loan with Continuing Compliance	14.135	69,520
Total Villa San Pedro HDC, Inc.		$ 1,448,144
Direct Program		
HOME Program –Tenant Based Rentals Assistance Program	14.239	$ 803,663
Total PRIDE		$ 803,663

- 10 -

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

Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

A. Summary of Audit Results

1. The auditors' report expresses an unqualified opinion on the financial statements of the Housing Authority of the County of Santa Clara and its aggregate discretely presented component units.

2. No significant deficiencies or material weaknesses related to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

3. No instances of noncompliance material to the financial statements of the Housing Authority of the County of Santa Clara were disclosed during the audit.

4. No significant deficiencies or material weaknesses related to the audit of the major federal award programs were disclosed in the Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.

5. The auditor's report on compliance for the major federal award programs for the Housing Authority of the County of Santa Clara expresses an unqualified opinion.

6. There are no audit findings relative to the major federal award programs for the Housing Authority of the County of Santa Clara.

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

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2012

7. The programs tested as major programs include:

Major Programs	Federal CFDA Number	Federal Expenditures Amount
Moving to work		
Public and Indian Housing	14.850	$ 36,058
Public Housing Capital Fund	14.872	16,492
Moving To Work Demonstration Program	14.881	261,863,205
		261,915,755
CFP Cluster		
ARRA-Public Housing Capital Fund Stimulus (Formula) Recovery Act Funded	14.885	259,257
Housing Voucher Cluster		
Family Unification Program (FUP)	14.880	1,858,397
Mainstream Vouchers	14.879	726,490
Section 8 Housing Choice Vouchers	14.871	4,479,174
		7,064,061
Total Major Program Expenditures		$ 269,239,073
Total Federal Award Expenditures		$ 273,770,704
Percentage of Total Federal Award Expenditures		98%

8. The threshold for distinguishing Type A and B programs was $3,000,000.

9. The Housing Authority of the County of Santa Clara does not qualify as a low-risk auditee.

B. Findings - Financial Statements Audit

- None reported.

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

- None reported

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

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2012

No matters were reported in prior year.

- 13 -