

Moving to Work (MTW) Draft 2015 Annual Report

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

September 30, 2015



HOUSING AUTHORITY OF THE COUNTY OF SANTA CLARA (HACSC)

Board of Commissioners

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

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I. INTRODUCTION

Purpose of This Report

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

HACSC, for itself and on behalf of the Housing Authority of the City of San José (HACSJ), entered into a ten-year agreement with the Department of Housing and Urban Development (HUD) in the beginning of 2008 to become a Moving to Work (MTW) agency. This report demonstrates the status of HACSC's seventh full year as an MTW agency during Fiscal Year (FY) 2015 (July 1, 2014 through June 30, 2015).

What is MTW?

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

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

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

HACSC's Short-Term MTW Goals

HACSC accomplished a number of the short-term goals identified in the FY2015 MTW Annual Plan. The Agency refined and finalized HACSC's Quality Control Plan, a written framework for providing ongoing internal reviews/audits of all the major functions of the agency's housing assistance programs, including managing and updating the waitlist, determining initial eligibility of applicants for assistance, issuing vouchers, the new admissions process, interim and regular reexaminations, rent reasonableness and rent adjustments, Housing Quality Standards (HQS) inspections, reasonable accommodations, moves to other units, and termination of assistance. At the end of FY2015, staff worked with its consultant to conduct testing of the Quality Control tool. Final training on how to audit files using the tool is scheduled for October, 2015. In conjunction with the development of its Quality Control Plan and tool, HACSC established a new Housing Compliance unit dedicated to maintaining program integrity, ensuring data quality, and investigating and prosecuting program abuse and fraud.

HACSC also began testing new work tablets for its inspectors to streamline the paperwork and HQS inspections process, as well as launched a beta version of the owner portal, an online platform that allows owners to conduct transactions and check account information online. In FY2016, the Agency plans on forwarding other initiatives such as the upfront scanning feature, which allows documents received in HACSC's lobby to be scanned directly to recipient computer folders, and satellite centers to

provide more accessibility to participants in remote areas of the County. These reforms represent only a small segment of HACSC's overall strategy in serving program participants more effectively without sacrificing program integrity. HACSC also launched its Strive Scholarship Program (funded through non-federal sources), which supports post-secondary educational financial assistance for Section 8 tenants.

In FY2015, HACSC focused on three key objectives that strengthen and improve the HACSC-managed real estate portfolio. These objectives were to improve and renovate existing units, develop new units, and strengthen the financial resiliency of the properties and the agency through sound management practices and strategic public investment that leverages private capital. In FY2015, HACSC accomplished the following:

- Using non-MTW funds, closed tax credit and bond financing and began construction at Poco Way Apartments (130 family units), and closed out tax credit limited partnerships for Helzer Court, Bracher Senior and Blossom River Apartments;
- Completed construction and stabilization of Bendorf Gardens (100 family units) using MTW funds;
- Obtained all final planning and building department approvals for the Laurel Grove and Park Avenue Senior Apartments (formerly Park Avenue Apartments). These projects will be constructed on land purchased with MTW funds, and financed in part through the use of Replacement Housing Factor (RHF) and Demolition and Disposition Transition Funding (DDTF). The use of these federal dollars will make it possible to leverage an additional \$50 million dollars in non-MTW bond loans and tax credit investment.

In FY2015, HACSC received approval from HUD and the VA to project base ten Veterans Affairs Supportive Housing (VASH) vouchers at two of HACSC's senior properties, Bracher Senior Housing and Morrone Gardens Apartments (five PBVs at each property). Four PBV HUD-VASH units at Morrone Gardens were leased to qualifying veteran seniors during FY2015. As units become vacant, HACSC will finish lease-up of all ten PBV units. The Agency continues to partner with the Palo Alto Veterans Affairs Health Care System to increase the number of VASH project based vouchers available for local homeless veterans.

Having successfully weathered the unprecedented funding cuts due to the federal sequestration in 2013, HACSC continued its momentum of supporting the increase of affordable housing in Santa Clara County during FY2015. While Santa Clara County's rebounded economy has lowered the unemployment rate, it has adversely affected program participants searching for rental housing in a highly competitive rental market with a very low vacancy rate. The overwhelming need of additional affordable housing units for program participant families spurred HACSC's Board of Commissioners in May 2015 to approve the solicitation and selection of qualifying proposals to award up to 1,000 Section 8 Project-Based Vouchers (PBVs) through competitive request for proposals process, with at least 300 PBVs reserved for 100% permanent supporting housing projects. HACSC expects its first solicitation for PBV proposals to be issued in early October, 2015.

In addition to the 1,000 PBVs planned to be released, HACSC has continued to foster its community partnerships under its Chronically Homeless Direct Referral (CHDR) program for PBV units. Construction was completed on seven PBV units at Parkside Studios toward the end of FY2015 and 18 more PBV units are projected to come onboard in FY2016.

HACSC's Long-Term Vision

In FY2015, HACSC continued to implement its five-year strategic plan adopted in FY2014. The identification of goals and core values in HACSC's multi-year strategic plan has allowed the Agency to better respond to the needs of the community while remaining focused on its goals and objectives through the mindful allocation of resources.

HACSC endeavors to achieve its mission through the following long-term goals:

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

In order to improve existing housing and expand the availability of new affordable housing to meet community needs, HACSC has a long range plan to upgrade and preserve its existing portfolio and to develop new affordable units. Over the past five years, 731 housing units have been fully rehabilitated. This includes 551 public housing units that were converted into tax credit housing and two former HUD 236 and 221(d) properties built in the 1970's and acquired by HACSC in the 1990's. These properties have now been converted to low-income-tax-credits and the affordability of the units has been extended an additional 55 years.

HACSC plans to pursue strategies within FY2016 and beyond that will set the foundation for the Agency to fulfill its MTW and non-MTW long-term goals. One notable ongoing strategy is the development of HACSC's Housing Resources and Voucher Allocation Policy (HRVAP). In early 2015, HACSC began the process of engaging stakeholders within Santa Clara County to contribute their input on a range of program topics that will eventually inform HACSC's development of policies that reflect the community's priorities and guides the Agency as to how resources will be used most strategically to provide and inspire housing solutions. HACSC used MTW funds to retain a consulting firm to facilitate the HRVAP project and gathered stakeholder feedback on program issues that directly affect the allocation of precious MTW resources, including: payment standards; subsidy standards; whether to increase the percentage of PBVs and by how much; allocating vouchers to special needs populations; and the development of activities that will encourage program participant's economic self-sufficiency.

The consultant kicked off the HRVAP project in January 2015 and utilized a multi-phased approach to build stakeholder understanding and engagement through facilitated community meetings and

activities, online surveys, key informant interviews, and targeted focus groups. The first two phases conducted from January through March 2015 focused on outreach development, focused engagements, and meeting facilitations. During the third phase from March to April 2015, the consultant analyzed, refined, and finalized collective feedback solicited from the stakeholders in a summary report. In the final phase between May and August 2015, the consultant presented its findings and summary report to HACSC and its Board of Commissioners, and provided support of the policy decision-making. Moving in parallel with this effort, HACSC staff will develop policy options that incorporate community feedback for the Board's consideration. Following the Board's adoption of the HRVAP, HACSC expects to develop and pursue both MTW activities and non-MTW objectives in FY2016 and beyond.

One MTW activity following the HRVAP process will be the redesign of the Focus Forward Program. In FY2014, HACSC proposed a pilot program as an alternative to the HUD Family Self Sufficiency (FSS) Program. The proposed 'Focus Forward' program aimed to provide more focused and meaningful case management (with a smaller client to case manager ratio), accelerated program timelines and immediate and ongoing monetary incentives to enrolled households through a tiered rent schedule. However, with the implementation of Activity 2014-4: Increased Tenant Contribution (Up to 35% of Gross Income) due to the federal sequestration in 2013, it was determined that the Focus Forward program would have to be over-hauled to align its rent calculation method and monetary incentives with the rent simplification process of Activity 2014-4. Moving forward during FY2016, HACSC expects to be fully committed to designing and implementing the HRVAP policies, and will re-design the Focus Forward program for re-proposal as early as FY2017. HACSC will continue to keep the current FSS program open and operating until the successor Focus Forward program is re-designed, approved, and implemented.

In the long term, HACSC will continue to grow its MTW University, a wide-ranging training curriculum with different tracks for staff, tenants, owners and community partners. Since becoming an MTW agency in 2008, HACSC has sought innovative ways to advance the MTW objectives of reducing federal expenditures while increasing housing options and self-sufficiency for low-income residents of Santa Clara County. MTW University has been designed as a tool to promote the MTW program within the Agency and the community. The purpose of MTW University is to ensure staff, applicants, participants, and community stakeholders are provided with resources and opportunities to further HACSC and MTW's missions and objectives and to gain a better understanding of Section 8 regulations, HACSC policies and Agency processes.

HACSC knows focusing on staff training provides exponential gains in job performance levels, confidence, communication skills, and business relationships. A well-trained staff ensures federal dollars are spent wisely. One of the first priorities of the MTW University curriculum is to focus on training and information for staff, which contributes to professional and skill development and provides opportunities to share ideas and input on how to improve the Agency and further its mission. Successive phases of the program include trainings and workshops to promote the continuing education of program participants, property owners, and community stakeholders regarding the MTW program. In FY2015, HACSC launched a series of monthly Tenants' Housing Search Workshops in three languages to better equip participants with the skills and information for a successful housing search. HACSC also provided an Owners' Workshop for Housing Choice Voucher (HCV) and Project-Based Voucher (PBV) landlords. These trainings and workshops will continue to encourage information sharing and input and will demystify the MTW mission and objectives of the Agency.

II. GENERAL HACSC OPERATING INFORMATION

II.4.Report.HousingStock					
A. MTW Report: Housing Stock Information					
New Housing Choice Vouchers that were Project-Based During the Fiscal Year					
Property Name	Anticipated Number of New Vouchers to be Project-Based *	Actual Number of New Vouchers that were Project-Based	Description of Project		
Parkside Studios	6	0	Parkside Studios is a family, new construction project, consisting of 58 studio units. Parkside Studios was completed in late June 2015, and the PBV HAP Contract was executed in July 2015, and PBV units were not leased up or issued to potential tenants until July 2015. As a result, the total number of PBV units will be reported in the FY2016 Report.		
Eklund I Apartments	10	10	Eklund I is a 10-unit public housing property, which was disposed and transferred to a private ownership. All 10 units were project-based during the fiscal year.		
Eklund II Apartments	6	6	Eklund II is a 6-unit public housing property, which was disposed and transferred to a private ownership. All 6 units were project-based during the fiscal year.		
Anticipated Total Number of New Vouchers to be Project-Based *		Actual Total Number of New Vouchers that were Project-Based	Anticipated Total Number of Project-Based Vouchers Committed at the End of the Fiscal Year *	Anticipated Total Number of Project-Based Vouchers Leased Up or Issued to a Potential Tenant at the End of the Fiscal Year *	
22		16	1,302	1,302	
			Actual Total Number of Project-Based Vouchers Committed at the End of the Fiscal Year	Actual Total Number of Project-Based Vouchers Leased Up or Issued to a Potential Tenant at the End of the Fiscal Year	
			1,301	1,301	
* From the Plan					
Other Changes to the Housing Stock that Occurred During the Fiscal Year					
One vacant PBV unit was removed due to the unit's conversion into a property manager's unit as requested by the owner.					
Examples of the types of other changes can include but are not limited to units that are held off-line due to the relocation of residents, units that are off-line due to substantial rehabilitation and potential plans for acquiring units.					

General Description of Actual Capital Fund Expenditures During the Plan Year

No MTW funds were used for capital fund expenditures for public housing units during the fiscal year.

Overview of Other Housing Owned and/or Managed by the PHA at Fiscal Year End

Housing Program *	Total Units	Overview of the Program
Tax Credit	1,153	Senior Tax Credit Housing. This program includes non-elderly disabled and Project Based Vouchers or Project Based Assistance.
Tax Credit	1,045	Family Tax Credit Housing. This program includes Project Based Vouchers or Project Based Assistance.
Other	23	Public and Other HUD Assisted Housing. This program includes Project Based Vouchers or Project Based Assistance.
Total Other Housing Owned and/or Managed	2,221	
<p>* Select Housing Program from: Tax-Credit, State Funded, Locally Funded, Market-Rate, Non-MTW HUD Funded, Managing Developments for other non-MTW Public Housing Authorities, or Other.</p>		
If Other, please describe:		Public and Other HUD Assisted Housing. This program includes Project Based Vouchers or Project Based Assistance.

II.5.Report.Leasing

B. MTW Report: Leasing Information

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

Housing Program:	Number of Households Served*	
	Planned	Actual
Number of Units that were Occupied/Leased through Local Non-Traditional MTW Funded Property-Based Assistance Programs **	513	178
Number of Units that were Occupied/Leased through Local Non-Traditional MTW Funded Tenant-Based Assistance Programs **	0	0
Port-In Vouchers (not absorbed)	0	0
Total Projected and Actual Households Served	513	178

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

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

Housing Program:	Unit Months Occupied/Leased****	
	Planned	Actual
Number of Units that were Occupied/Leased through Local Non-Traditional MTW Funded Property-Based Assistance Programs ***	6,156	2,136
Number of Units that were Occupied/Leased through Local Non-Traditional MTW Funded Tenant-Based Assistance Programs ***	0	0
Port-In Vouchers (not absorbed)	0	0
Total Projected and Annual Unit Months Occupied/Leased	6,156	2,136

The number of actual units was less than the planned units to be occupied/leased through Local Non-Traditional MTW Funded Property-Based Assistance Programs because HACSC did not use MTW funds for all the planned units. Beginning September 2014, HACSC absorbed all port-ins.

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

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

	Average Number of Households Served Per Month	Total Number of Households Served During the Year
Households Served through Local Non-Traditional Services Only	N/A	N/A

Reporting Compliance with Statutory MTW Requirements: 75% of Families Assisted are Very Low-Income									
<p>HUD will verify compliance with the statutory objective of “assuring that at least 75 percent of the families assisted by the Agency are very low-income families” is being achieved by examining public housing and Housing Choice Voucher family characteristics as submitted into the PIC or its successor system utilizing current resident data at the end of the agency's fiscal year. The PHA will provide information on local, non-traditional families provided with housing assistance at the end of the PHA fiscal year, not reported in PIC or its successor system, in the following format:</p>									
Fiscal Year:	2011	2012	2013	2014	2015	2016	2017	2018	
Total Number of Local, Non-Traditional MTW Households Assisted	N/A	N/A	279	425	252				
Number of Local, Non-Traditional MTW Households with Incomes Below 50% of Area Median Income	N/A	N/A	238	372	242				
Percentage of Local, Non-Traditional MTW Households with Incomes Below 50% of Area Median Income	N/A	N/A	85%	88%	96%				

Reporting Compliance with Statutory MTW Requirements: Maintain Comparable Mix

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

Baseline for the Mix of Family Sizes Served

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

Explanation for Baseline Adjustments to the Distribution of Household Sizes Utilized

Non-Applicable

Mix of Family Sizes Served

	1 Person	2 Person	3 Person	4 Person	5 Person	6+ Person	Totals
Baseline Percentages of Household Sizes to be Maintained **	33%	23%	18%	13%	7%	6%	100%
Number of Households Served by Family Size this Fiscal Year ***	6,411	3,910	2,105	1,631	970	753	15,780
Percentages of Households Served by Household Size this Fiscal Year ****	41%	25%	13%	10%	6%	5%	100%
Percentage Change	8%	2%	-5%	-3%	-1%	-1%	0%

Justification and Explanation for Family Size Variations of Over 5% from the Baseline Percentages	During this period, most of the new families admitted to the program have been selected from the Project Based Voucher (PBV) waiting list to fill PBV vacancies and for targeted and pre-committed voucher programs, such as Veterans Affairs Supportive Housing and the Chronically Homeless Direct Referral Program. 83% of HACSC's PBV units are SRO's, Studios and 1 Bedrooms (most are for senior housing projects) and the CHDR/VASH programs assist homeless and chronically homeless individuals who typically have a family size of one.										
* "Non-MTW adjustments to the distribution of family sizes" are defined as factors that are outside the control of the PHA. Acceptable "non-MTW adjustments" include, but are not limited to, demographic changes in the community's population. If the PHA includes non-MTW adjustments, HUD expects the explanations of the factors to be thorough and to include information substantiating the numbers used.											
** The numbers in this row will be the same numbers in the chart above listed under the column "Baseline percentages of family sizes to be maintained."											
*** The methodology used to obtain these figures will be the same methodology used to determine the "Occupied number of Public Housing units by family size when PHA entered MTW" and "Utilized number of Section 8 Vouchers by family size when PHA entered MTW" in the table immediately above.											
**** The "Percentages of families served by family size this fiscal year" will reflect adjustments to the mix of families served that are directly due to decisions the PHA has made. HUD expects that in the course of the demonstration, PHAs will make decisions that may alter the number of families served.											
Description of any Issues Related to Leasing of Public Housing, Housing Choice Vouchers or Local, Non-Traditional Units and Solutions at Fiscal Year End											
Housing Program		Description of Leasing Issues and Solutions									
Federal MTW Public Housing Units		HACSC did not have any issues related to the leasing of these units.									
Federal MTW Housing Choice Voucher Program		The rental market in Santa Clara County is one of the most expensive in the nation. In FY2015, the average open market contract rent in Santa Clara County was \$2,585 (a 10% increase from last year) and vacancy rates were less than 4%. This has resulted in continuing issues in voucher holders ability to find a rental unit that will accept Section 8. HACSC is taking alleviating steps by increasing its payment standards, owner outreach and other solutions. However, the long-term solution is to increase the affordable housing stock in the county. In FY2015, HACSC initiated a strategic action to solicit and select proposals to award up to 1,000 Project-Based Vouchers (PBVs) to selected housing developers/owners.									
Federal MTW Non-Traditional Activities		HACSC did not have any issues related to the leasing of these units.									
Number of Households Transitioned To Self-Sufficiency by Fiscal Year End											
Reduced Frequency of Tenants Reexaminations/2009-1		263		Households who leave assistance voluntarily, or after 180 days of zero Housing Assistance Payments.							
Expand Tenant Services at HACSC- or Affiliate-owned Affordable Housing Properties/2012-5		0		HACSC did not utilize this activity during FY2015							
Households Duplicated Across Activities/Definitions		0		* The number provided here should match the outcome reported where metric SS #8 is used.							
ANNUAL TOTAL NUMBER OF HOUSEHOLDS TRANSITIONED TO SELF SUFFICIENCY		263									

II.6.Report.Leasing

C. MTW Report: Wait List Information

Wait List Information at Fiscal Year End

Housing Program(s) *	Wait List Type **	Number of Households on Wait List	Wait List Open, Partially Open or Closed ***	Was the Wait List Opened During the Fiscal Year
Federal MTW Public Housing Units	Community-Wide	743	Closed	No
Federal MTW Housing Choice Voucher Program	Program Specific	18,038	Closed	No
Federal MTW Non-Traditional Activities	Site Based	18,713	Closed	No

More can be added if needed.

* *Select Housing Program* : Federal MTW Public Housing Units; Federal MTW Housing Choice Voucher Program; Federal non-MTW Housing Choice Voucher Units; Tenant-Based Local, Non-Traditional MTW Housing Assistance Program; Project-Based Local, Non-Traditional MTW Housing Assistance Program; and Combined Tenant-Based and Project-Based Local, Non-Traditional MTW Housing Assistance Program.

** *Select Wait List Types*: Community-Wide, Site-Based, Merged (Combined Public Housing or Voucher Wait List), Program Specific (Limited by HUD or Local PHA Rules to Certain Categories of Households which are Described in the Rules for Program Participation), None (If the Program is a New Wait List, Not an Existing Wait List), or Other (Please Provide a Brief Description of this Wait List Type).

*** For Partially Open Wait Lists, provide a description of the populations for which the waiting list is open.

N/A

If Local, Non-Traditional Program, please describe:

Most Non-Traditional units at sites have site based wait lists and number of households varies from month to month. Some are open and some are closed depending on the funding source and demand.

If Other Wait List Type, please describe:

N/A

If there are any changes to the organizational structure of the wait list or policy changes regarding the wait list, provide a narrative detailing these changes.

N/A

III. PROPOSED MTW ACTIVITIES

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

IV. APPROVED MTW ACTIVITIES: HUD APPROVAL PREVIOUSLY GRANTED

To date, HACSC has had 34 activities approved by HUD. Of these, 7 were closed out. HACSC closed out one activity (Activity 2015-1: Using UPCS or Local Inspection Standards to Determine Housing Quality Standards) during the FY2015, as indicated in the activity status summaries. Except where indicated in the activity status explanation, HACSC did not revise the activities' metrics, baselines, or benchmarks, and make any changes or modifications to the activities during the Plan year.

A. IMPLEMENTED ACTIVITIES

ACTIVITY 2009-1: REDUCED FREQUENCY OF TENANT REEXAMINATIONS

DESCRIPTION OF MTW ACTIVITY

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

IMPACT OF ACTIVITY

The labor hours saved as a result of this activity allows HACSC to improve the assistance it provides to clients, stakeholders and partners. To date, the reduction in reexamination workload, combined with the completion of a business process streamlining and department restructuring which occurred in April 2015, allowed the Agency to reduce each caseload by an average of 126 participants per Specialist since the baseline year. As a result, the average caseload size per specialist is now 466. This reduction in caseload furthers HACSC's progress in improving the quality of service delivered to its clients.

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

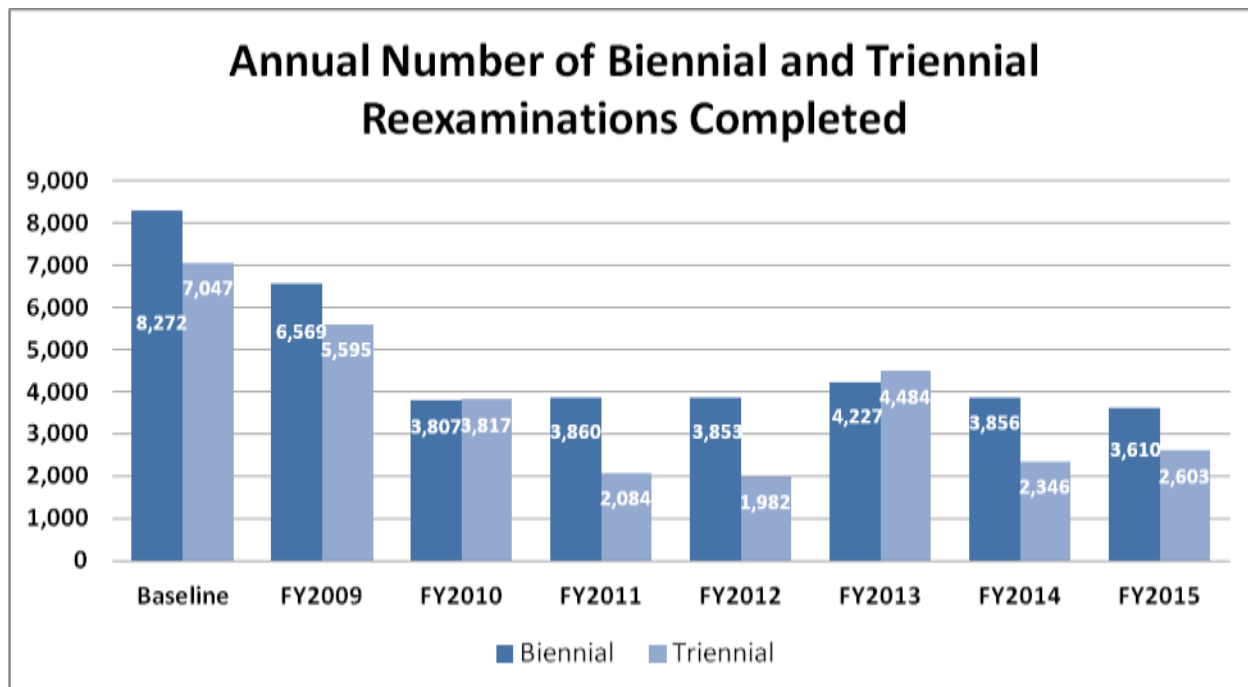
IMPACT OF RENT REFORM ACTIVITY

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

In FY2015, no participants requested a hardship exemption from this activity. However, if a hardship request is received it will be handled on a case by case basis.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

In FY2015, 6,213 biennial and triennial reexaminations were completed, which demonstrates a 59% reduction from the baseline year. Although this activity is the basis for the reduction in completed regular reexaminations during FY2015, HACSC has also experienced a slow decline in voucher utilization in the past three years due to the high cost rental market and low rental unit vacancy rate in Santa Clara County. The dynamic rental market has reduced the success of HACSC voucher holders and has contributed to the slow attrition of the voucher utilization rate. The lower voucher utilization rate is an additional explanation for the higher than expected reduction in completed reexaminations.



HACSC spent 24,315 labor hours when processing regular reexaminations in FY2015 which resulted in a labor savings of 37,615 hours as compared to the baseline year. The potential savings resulting from this reduction of workload is valued at approximately \$902,511 in total labor cost savings when compared to the established baseline.

In FY2015, the participants who were affected by this activity experienced a decrease in their tenant share to a total of \$6,876,191. However, the tenant rent portion did not decrease due to Activity #2009-1. The decrease in tenant rent share can be attributed to Activity #2014-4, which allows HACSC to raise the Tenant's Rent Portion up to the 35% percent of their gross income. In FY2015, HACSC's Board of Commissioners approved the reduction of the tenant portion from 35% to 32% of the tenant's gross income.

Additionally, the lower voucher utilization rate can be an explanation to an overall lower numbers of participants working in categories of Metric SS#3: Increases in Positive Outcomes in Employment Status.

Activity 2009-1: Reduced Frequency of Tenant Reexaminations				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease).	\$1,640,509	\$820,254	\$634,545	Yes
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease).	61,930	30,965	24,315	Yes
CE #5: Increase in Tenant Rent Share				
Tenant rent share in dollars (increase).	\$8,065,166	\$8,065,166*	\$6,876,191	No
SS #1: Increase in Household Income				
Average earned income of households affected by this policy in dollars (increase).	\$23,021	\$23,021**	\$24,769	Yes
SS # 3: Increase in Positive Outcomes in Employment Status				
	4,317	4,317*	3,701	No
Number of Head of Households employed.	N/A***			
Number of Head of Households employed full-time.				
Number of Head of Households employed part-time.	N/A****			
Number of Head of Households enrolled in an educational program.				
Number of Head of Households enrolled in job training program.	N/A****			
Number of Head of Households unemployed.				
Number of Head of Households in Other Category (ex: receiving TANF, SSI, Child Support, General Assistance, etc.).	15,211	15,211*	12,726	Yes
SS # 4: Households Removed from Temporary Assistance for Needy Families (TANF)				
Number of households receiving TANF assistance (decrease).	1,955	1,955*	1,312	Yes
SS #8: Households Transitioned to Self-Sufficiency				
Number of households transitioned to self-sufficiency (increase).*****	322	322**	263	No

*HACSC does not anticipate that this activity will increase the Agency's rental revenue, increase positive outcomes in employment status, or decrease the number of households on TANF assistance. The "tenant rent share in dollars" baseline amount is the total amount that households pay toward rent per month as of the beginning of FY2015.

**HACSC does not expect that this activity will lead to households transitioning to self-sufficiency.

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

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

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

REVISIONS TO BENCHMARKS AND METRICS

There were no changes to the activity's metrics, baselines, or benchmarks during FY2015.

ACTIVITY 2009-2: EXPEDITING INITIAL ELIGIBILITY INCOME VERIFICATION PROCESS

DESCRIPTION OF MTW ACTIVITY

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

IMPACT OF ACTIVITY

Extending the documentation timeframe provides labor savings, both to applicants and to HACSC. With this activity, applicants do not need to repeatedly provide updated income and asset documentation if the previously provided information becomes too old (dated older than 60 days) before voucher issuance. This activity was initially proposed to allow HACSC to transfer residents affected by the public housing disposition (which occurred between 2007 and 2011) to the Project Based Voucher program with no lapse in assistance, but has been helpful in saving time during other times of increased new admissions when there might be delays between determining initial eligibility and voucher issuance.

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

During FY2015, HACSC did not utilize the extended 120-day document submission window. All applicant verification documents were within the regulatory 60 days of voucher issuance.

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

REVISIONS TO BENCHMARKS AND METRICS

There were no changes to the activity's metrics, baselines, or benchmarks during FY2015.

ACTIVITY 2009-3: REDUCED FREQUENCY OF INSPECTIONS

DESCRIPTION OF MTW ACTIVITY

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

HACSC will be closing this activity and will be reporting on it for the last time in this report. Section 220 of the 2014 Appropriations Act allows PHAs to inspect assisted dwelling units biennially instead of annually. These changes have been authorized by HUD through revisions of Title 24 Code of Federal Regulations (CFR) Parts 5, 943, and 982.

IMPACT OF ACTIVITY

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

IMPACT OF RENT REFORM ACTIVITY

This activity did not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

In FY2015, the total number of completed inspections increased to 7,945. As a result, the time to complete the task of performing the required unit inspections increased to 17,747 labor hours, which is higher than the benchmark. Despite the increase in the number of hours spent on conducting inspections, HACSC still realized a total savings of \$373,911. The number of inspections completed may vary from year to year due to the way biennial inspections have been scheduled. Therefore, the amount of savings will vary each year. The error rate of HQS inspections dropped to 4%.

Activity 2009-3: Reduced Frequency of Inspections				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease).	\$817,623	\$315,294	\$443,712	No
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease).	32,186	12,331	17,747	No
CE #3: Decrease in Error Rate of Task Execution				
Average error rate in completing a task as a percentage (decrease).*	19%	10%	4%	Yes

* Average error rate in HQS audit inspections.

REVISIONS TO BENCHMARKS AND METRICS

There were no changes to the activity's metrics, baselines, or benchmarks during FY2015.

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

DESCRIPTION OF MTW ACTIVITY

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

IMPACT OF ACTIVITY

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

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

During FY2015, 11 families were housed through the CHDR program. A net total of 262 households received assistance and experienced an increase in residential mobility since the program's inception. CHDR participants are closely connected to case management assistance and supportive services, and therefore, are less likely to leave the program. In FY2015, 7 participants exited the CHDR program for an average annual program attrition rate of 3 percent.

Due to a tight rental market and substantial credit and rental history barriers, CHDR voucher holders face significant difficulties in leasing a private market unit. HACSC, in agreement with other program stakeholders, set aside 25 CHDR vouchers to be project-based. A Request for Proposal (RFP) was issued in December 2013 and developers were chosen through a competitive selection process in February 2014 to build new units. Seven Project-Based Voucher (PBV) units at Parkside were completed on June 26, 2015. The PBV Housing Assistance Payments (HAP) Contract was executed in July 2015. Families are currently being processed for eligibility determination to occupy the seven Project-Based Voucher (PBV) units. The remaining 18 PBV units at Donner Lofts and Onizuka Crossing are projected to be completed in spring 2016.

Activity 2009-5: Exploring New Housing Opportunities for the Chronically Homeless				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
HC #3: Decrease in Wait List Time				
Average applicant time on wait list in months (decrease).	87	0	0	Yes
HC #5: Increase in Resident Mobility				
Number of households able to move to a better unit and/or neighborhood of opportunity as a result of the activity (increase).	0	300 (with an annual 3% attrition rate)	262	No
HC #7: Households Assisted by Services that Increase Housing Choice				
Number of households receiving services aimed to increase housing choice (increase).	0	300 once fully leased up (with an annual 3% attrition rate)	262	No

REVISIONS TO BENCHMARKS AND METRICS

There were no changes to the activity's metrics, baselines, or benchmarks during FY2015.

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

DESCRIPTION OF MTW ACTIVITY

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

IMPACT OF ACTIVITY

This activity was designed to reduce the necessary outreach to fill a vacant PBV unit from the HACSC waiting list, thus supporting program cost effectiveness. It also has the added benefit of increasing owner satisfaction with the PBV program by filling vacancies more expeditiously. In the first three years of implementation, the activity was highly successful, reducing the average number of days a PBV unit is vacant by 25 days.

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

There were 155 PBV vacancies that occurred in FY2015. HACSC saved approximately 15 minutes per vacancy by allowing owner referrals after 30 days of unsuccessful attempts by owners to fill their

vacancies through HACSC’s referrals. This amounted to a total labor savings of 39 hours this year resulting in labor cost savings of \$3,410. The total cost of task in dollars significantly decreased to \$13 per transaction because the task was reassigned from a manager’s responsibility to an administrative assistant function.

REVISIONS TO BENCHMARKS AND METRICS

HACSC revised the metrics’ baselines and benchmarks to better measure the activity’s efficiency and/or effectiveness in its FY2015 MTW Annual Report. The first table below shows the original indicators as described in the FY2015 MTW Annual Plan, and the second table reflects the revised indicators.

Activity 2009-8: 30-Day Referral Process for Project-Based Vacancies				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease).	\$2,139	\$1,462	N/A	N/A
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease).	47	31	N/A	N/A

Activity 2009-8: 30-Day Referral Process for Project-Based Vacancies				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease).	\$35 per transaction	\$23 per transaction	\$13 per transaction	Yes
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease).	45 minutes per transaction	30 minutes per transaction	30 minutes per transaction	Yes

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

DESCRIPTION OF MTW ACTIVITY

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

IMPACT OF ACTIVITY

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

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

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

In FY2015, HACSC completed a total of 108 initial certifications, each taking approximately three hours. Through this activity, HACSC saved approximately 90 staff hours to gather and calculate the annual household income of 108 families, and reduced the total cost by \$2,073 to verify their income and assets.

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

The Agency has saved 548 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 \$12,645. Annual savings continue to vary year-by-year, depending on the number of applicants moving into LIHTC properties.

Activity 2009-9 Aggregate Savings							
Metrics	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	Totals
# of Tax-Credit New Admissions Completed Using Owner-Provided TIC.	199	77	170	58	46	108	658
# of Labor Hours Saved.	166	64	142	48	38	90	548
Labor Dollars Saved.	3,819	\$1,478	\$3,262	\$1,113	\$900	\$2,073	\$12,645

REVISIONS TO BENCHMARKS AND METRICS

There were no changes to the activity's metrics, baselines, or benchmarks during FY2015.

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

DESCRIPTION OF MTW ACTIVITY

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

HACSC will be closing this activity and will be reporting on it for the last time in this report. HACSC will use MTW Activity 2010-4 in project basing the remaining 4 public housing units. MTW Activity 2010-4 allows the Agency to select any of its properties for PBV assistance without a competitive process, including public housing units.

IMPACT OF ACTIVITY

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

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

In FY2015, HACSC utilized this activity in project basing 16 units of public housing located at 2002 Halford Avenue and 3780 Poinciana Drive in Santa Clara, also known as the Eklund I Apartments and Eklund II Apartments. HACSC realized a total savings of \$11,240 in staff time through labor hours and increased costs associated with a competitive process. The actual total savings is higher than the baseline amount due to increased staff compensation levels and the higher potential publishing cost if HACSC has provided public notice of the competitive selection process in the local newspaper.

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

REVISIONS TO BENCHMARKS AND METRICS

There were no changes to the activity's metrics, baselines, or benchmarks during FY2015.

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

DESCRIPTION OF MTW ACTIVITY

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

IMPACT OF ACTIVITY

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

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

In FY2015, HACSC project-based 100% of the units at Eklund I Apartments, the agency's remaining family public housing project which has 10 2-bedroom units. One of the households needed to move because the household was over-housed. However, the household moved with continued housing assistance through the Housing Choice Voucher (HCV) Program. Supportive services continued to be available on-site for the three earlier project-based family projects (Miramar Way, Julian Gardens, and Lucretia Gardens) throughout all of FY2015.

Activity 2009-11: Project Base 100% of Units in Family Projects				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
HC #4: Displacement Prevention				
Number of households at or below 80% AMI that would lose assistance or need to move (decrease). These units serve families.	36*	0	0	Yes

*Eklund I Apartment was the remaining family public housing project. When Eklund I Apartments was project-based, the baseline increased to 36.

REVISIONS TO BENCHMARKS AND METRICS

There were no changes to the activity's metrics, baselines, or benchmarks during FY2015.

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

DESCRIPTION OF MTW ACTIVITY

In 1976, HACSC signed an agreement to administer housing assistance programs on behalf of both the City of San José and the County of Santa Clara. In accordance with this agreement, HACSC is allowed to operate under one Annual Plan, one Administrative Plan, and one MTW plan for both housing authorities. In 2009, this activity was implemented to allow HACSC to operate using one Waiting List for both housing authorities.

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

IMPACT OF ACTIVITY

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

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

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

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

REVISIONS TO BENCHMARKS AND METRICS

There were no changes to the activity's metrics, baselines, or benchmarks during FY2015.

ACTIVITY 2009-14: PAYMENT STANDARD CHANGES BETWEEN REGULAR REEXAMINATIONS**DESCRIPTION OF MTW ACTIVITY**

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

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

IMPACT OF ACTIVITY

This activity, implemented in FY2009 and amended in FY2014, allows HACSC to effectuate an immediate change in voucher size and its corresponding payment standard when a change in family composition or a change in HACSC's voucher size policy occurs between regular reexaminations. HACSC realizes substantial HAP cost savings, which were anticipated by allowing new payment standards to take effect at the time of interim reexaminations instead of regular reexaminations. Based on the data outlined below, this activity is on schedule and meets the MTW objective of reducing federal expenditures.

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

The Agency processed 559 interim reexaminations resulting from a change in family composition. HACSC did not implement any subsidy size policy changes during FY2015. HACSC exceeded its cost savings benchmark with a total of \$200,500,269 in HAP payments for FY2015.

HACSC may not fully attribute the actual HAP savings amounts in FY2015 solely to this activity because it is extremely difficult to clearly identify what portion of the overall HAP savings is due to the immediate implementation of its new voucher size policy. A range of other factors contributed to HACSC's overall reduction of HAP payments, which included other cost-savings MTW activities, and a lower voucher utilization rate due to economic and rental market conditions in Santa Clara County.

Activity 2009-14: Payment Standard Changes Between Regular Reexaminations				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease).*	\$246,302,481	\$246,059,768	\$200,500,269	Yes

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

REVISIONS TO BENCHMARKS AND METRICS

There were no changes to the activity's metrics, baselines, or benchmarks during FY2015.

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

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

IMPACT OF ACTIVITY

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

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a rent reform initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

In FY2015, 4,496 MTW families with assets under \$50,000 had income calculations completed. With an approximate 10 minutes per transaction labor savings by no longer calculating asset income for these families, a total labor savings of 750 hours was realized. As a result, the Agency saved \$56,650.

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

HACSC has saved a total of 4,601 labor hours since the activity's implementation by eliminating the calculation of income from family assets under \$50,000. The number of families reporting assets may vary from year to year and therefore the amount of savings will vary each year.

Activity 2010-2: Aggregate Savings							
Metrics	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	Totals
# of transactions completed for families reporting assets under \$50,000.	1,451	5,308	6,164	5,768	4,407	4,496	27,594
# of Labor Hours Saved.	242	885	1,027	962	735	750	4,601
Labor Cost Saved.	\$18,283	\$66,881	\$77,666	\$71,639	\$55,528	\$56,650	\$346,647

REVISIONS TO BENCHMARKS AND METRICS

There were no changes to the activity's metrics, baselines, or benchmarks during FY2015.

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

DESCRIPTION OF MTW ACTIVITY

This activity, implemented in FY2010, allows the application of the current payment standard (if the payment standard has increased since the family's last regular reexamination) to the rental assistance calculation at interim reexaminations. Since implementation in FY2010, HACSC has met the statutory objective of reducing administrative costs and increasing housing choice for low-income families. HACSC has realized savings in staff hours and costs of tasks.

IMPACT OF THE ACTIVITY

By using a higher payment standard at interim reexaminations, this activity lessens the rent burden for some MTW families and thereby increases 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--in FY2015. The results supported this activity—the number of families with rent burden who moved significantly dropped. HACSC raised its payment standards on October 1, 2014 and again on January 1, 2015. The increases in payment standard benefited MTW families whose approved gross rents exceed the maximum subsidy payment standards for their units, allowing them to maintain their unit's affordability. As a result, those families did not have to move into a less expensive unit.

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a rent reform initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

HACSC used this activity in FY2015 because the Payment Standards were increased on October 1, 2014 and on January 1, 2015. Payment standards remain between 90% and 110% of current Fair Market Rents.

There were 2,186 MTW families who had an increased payment standard applied at an interim reexamination in FY2015. Of those families, only 8 could be defined as having a rent burden (paying more than 32% of their income towards the rent) when they moved. By using the higher payment standard, HACSC was able to decrease the number of families paying more than 32% of their income towards the rent which may have contributed to the decrease in the number of families who moved with rent burden. However, the lack of affordable and suitable housing units in the area served as a discouragement for families move despite the increases in the payment standards.

The Housing Authority attributes the increase in average HAP for families having interim reexaminations in FY2015 to the higher payment standards and to rising rental prices.

Activity 2010-3: Applying Current Payment Standards at Interim Reexaminations				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total Cost of Task in dollars (decrease).	\$37,973	\$30,368	\$3,084	Yes
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease).	1,393	1,114	110	Yes

REVISIONS TO BENCHMARKS AND METRICS

There were no changes to the activity's metrics, baselines, or benchmarks during FY2015.

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

DESCRIPTION OF MTW ACTIVITY

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

IMPACT OF THE ACTIVITY

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

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

HACSC did not use this activity during FY2015.

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

REVISIONS TO BENCHMARKS AND METRICS; CHANGES TO DATA COLLECTION METHODOLOGY

There were no changes to the activity's metrics, baselines, or benchmarks during FY2015.

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

DESCRIPTION OF MTW ACTIVITY

This activity, implemented in FY2011, allows HACSC to approve any requests for an exception payment standard above 110% of the published Fair Market Rent (FMR), as a reasonable accommodation for persons with disabilities. Under current HUD regulations, HUD approves the requests for an exception

standard above 110% of the published FMRs. The length of time it takes for HUD to review and approve each exception payment standard request affects the tenant’s opportunities to secure an accessible unit expeditiously.

IMPACT OF ACTIVITY

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

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

During FY2015, HACSC authorized exception payment standards above 110% of the FMR as a reasonable accommodation for 6 households. As a result, the 6 households were no longer at risk of losing their assistance and were able to move to a more suitable unit that accommodated their special housing needs.

Activity 2011-1: Streamlined Approval Process for Exception Payment Standard for Reasonable Accommodation				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
HC #4: Displacement Prevention				
Number of households at or below 80% AMI that would lose assistance or need to move (decrease).	3	0	6	Yes
HC #5: Increase in Resident Mobility				
Number of households able to move to a better unit and/or neighborhood of opportunity as a result of the activity (increase).	0	3	6	Yes

REVISIONS TO BENCHMARKS AND METRICS

There were no changes to the activity’s metrics, baselines, or benchmarks during FY2015.

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

DESCRIPTION OF MTW ACTIVITY

This activity, implemented in FY2011, waives the regulatory requirement in which HUD must approve a designated, qualified independent agency to conduct Housing Quality Standards (HQS) inspections and rent reasonableness services for HACSC-owned units. This qualified independent agency conducts both initial and regularly scheduled HQS inspections, as well as rent reasonable services for initial contracts and requested rent adjustments. In addition, this activity allows HACSC to waive the second part of the HUD regulation that requires the independent agency to supply copies of each HQS inspection report and rent reasonableness determination to the HUD field office.

IMPACT OF ACTIVITY

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

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

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

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

REVISIONS TO BENCHMARKS AND METRICS

There were no changes to the activity's metrics, baselines, or benchmarks during FY2015.

ACTIVITY 2012-2: MINIMUM TWO-YEAR OCCUPANCY IN PROJECT-BASED UNIT**DESCRIPTION OF MTW ACTIVITY**

This activity, implemented in FY2015, requires a Project Based Voucher (PBV) family to remain two full years in the PBV program before becoming eligible to request continued assistance with a tenant-based voucher when moving. This requirement has contributed to the occupancy stability in the PBV program and to a modest decrease in the number of PBV vacancies (in comparison to the total of PBV units) and associated turnover costs, including vacancy payments. 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, (3) who present other compelling reasons to move out, or (4) who request a move under the Violence Against Women Act (VAWA).

HACSC has created its own PBV Statement of Family Responsibility and PBV Tenancy Addendum forms to replace the HUD forms. HACSC versions remain the same as the HUD versions except for the stipulation on the two-year PBV residency requirement.

IMPACT OF ACTIVITY

This activity addresses the statutory objective of achieving greater cost effectiveness in federal expenditures by reducing Agency costs and staff time spent on processing turnover in PBV units.

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

In FY2015, 56 eligible PBV families moved and received continued housing assistance through tenant-based vouchers. HACSC saved approximately 6 hours in labor hours this year resulting in labor cost savings of \$2,333. Tenant-based vouchers were available for eligible PBV families wanting to move with continued housing assistance during FY2015. However, the lack of affordable and suitable housing units in the area served as a discouragement for eligible PBV families to move.

REVISIONS TO BENCHMARKS AND METRICS

HACSC revised the metrics' benchmarks because the original benchmarks were calculated based on the two-year projection of 124 requests from eligible PBV participants for continued assistance with a tenant-based voucher when moving. The new benchmarks are now based on projected 62 requests each year. The first table below shows the original indicators as described in the FY2015 MTW Annual Plan, and the second table reflects the revised indicators.

Activity 2012-2: Minimum Two-year Occupancy in Project-based Unit				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE # 1: Agency Cost Savings				
Total cost of task in dollars (decrease).	\$4,254	\$0	\$0	N/A
CE # 2: Staff Time Savings				
Total time to complete the task in staff hours (decrease).	83	83	0	N/A

Activity 2012-2: Minimum Two-year Occupancy in Project-based Unit				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE # 1: Agency Cost Savings				
Total cost of task in dollars (decrease).	\$4,254	\$2,127	\$1,921	Yes
CE # 2: Staff Time Savings				
Total time to complete the task in staff hours (decrease).	83	42.5	37	Yes

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

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

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

IMPACT OF ACTIVITY

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

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

During this fiscal year, HACSC used this activity to fund two projects: Eden Housing and Park Avenue. Eden Housing received a loan of \$5.76 million for development of 74 tax-credit units to serve very low

and extremely low income household. The project was completed and fully leased in FY2015. HACSC waitlist families enjoyed a preference in the leasing process, and 44 of the 74 families leased up at project opening were from HACSC's waitlist.

HACSC used \$5.74 million to purchase 777 Park Avenue in San José, which is currently entitled for the construction of 180 units (100 senior; 80 family units). Park Avenue's development rezoning application was approved by the City of San Jose in September 2014. Park Avenue's planned development permit was approved by the City of San Jose in March 2015.

Activity 2012-3: Create Affordable Housing Acquisition and Development Fund				
Unit of Measurement	Baseline	Benchmark (5 year)	Outcome	Benchmark Achieved?
CE #4: Increase in Resources Leveraged				
Amount of funds leveraged in dollars (increase).	\$0	\$75 million	\$26.3 million	Yes*
HC #1: Additional Units of Housing Made Available				
Number of new housing units made available for households at or below 80% AMI as a result of the activity (increase).	0	250 units	74	Yes*

*HACSC anticipates achieving its 5-year benchmark upon completion of the 777 Park Avenue housing project.

REVISIONS TO BENCHMARKS AND METRICS

There were no changes to the activity's metrics, baselines, or benchmarks during FY2015.

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

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

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

IMPACT OF ACTIVITY

By 2017, HACSC expects to have used the fund to preserve up to 500 units of affordable housing, with an affordability restriction of at least 55 years. The preservation fund allows HACSC and affiliate-owned properties to remain affordable to existing and future tenants.

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

To date, HACSC has used MTW funds to pay HUD loans on two properties that were rehabilitated: Clarendon and Bendorf (formerly known as Villa Garcia, Inc. and Villa San Pedro, Inc.). In the FY2014 MTW Report, HACSC stated that the Agency used MTW funds to support the rehabilitation of Poco Way, Pinmore Gardens and Klamath Gardens Apartments. A further analysis of the Agency's expenses in FY2014 demonstrated that these projects were paid through local non-MTW funding streams. Therefore, HACSC has only used this activity for two properties (Clarendon and Bendorf) and not five as previously reported.

In FY2015, HACSC used MTW funds to support (in part) the costs of the asset management staff that oversee property management activities, ensure the portfolio's compliance with funding requirements, and undertake the long-range planning and risk analysis associated with the affordable housing portfolio. HACSC anticipates that the use of MTW funds in support of asset management activities will result in approximately 4% increase in the agency's rental revenue.

By using MTW funds in the amounts of \$920,000 for Clarendon and \$3.4 million for Bendorf, HACSC has leveraged \$24,010,000 in additional non-MTW funds for Clarendon and \$35,600,000 in additional non-MTW funds (with \$2,270,000 in prior loans remaining in place) for Bendorf.

In HACSC's FY2014 MTW Report, the Agency reported \$367,000 in the metrics as an outcome, which was the actual amount spent to leverage non-federal funds of \$59.6 million. The outcome in the metric has been updated from \$367,000 to \$59.6 million to reflect the actual amount of funds leveraged for the rehabilitation and preservation of 178 affordable housing units. In addition, HACSC has adjusted the number of housing units preserved for this activity from 277 units to 178 units to reflect only those units funded by MTW funds.

Activity 2012-4: Create Affordable Housing Preservation Fund for HACSC and Affiliate-Owned Properties				
Unit of Measurement	Baseline	Benchmark (5 year)	Outcome	Benchmark Achieved?
CE #4: Increase in Resources Leveraged				
Amount of funds leveraged in dollars (increase).	\$0	\$20 million	\$59.6 million	Yes
HC #2: Units of Housing Preserved				
Number of housing units preserved for households at or below 80% AMI (increase).	0	500	178	No

REVISIONS TO BENCHMARKS AND METRICS

In FY2015, HACSC began utilizing MTW funds to support (in part) the costs of the asset management staff that oversee property management activities. As a result, HACSC added new

indicators. The first table below shows the original indicators as described in the FY2015 MTW Annual Plan, and the second table reflects the revised indicators.

Activity 2012-4: Create Affordable Housing Preservation Fund for HACSC and Affiliate-Owned Properties				
Unit of Measurement	Baseline	Benchmark (5 year)	Outcome	Benchmark Achieved?
CE #4: Increase in Resources Leveraged				
Amount of funds leveraged in dollars (increase).	\$0	\$20 million	\$59.6 million	Yes
HC #2: Units of Housing Preserved				
Number of housing units preserved for households at or below 80% AMI (increase).	0	500	178	No

Activity 2012-4: Create Affordable Housing Preservation Fund for HACSC and Affiliate-Owned Properties				
Unit of Measurement	Baseline	Benchmark (5 year)	Outcome	Benchmark Achieved?
CE #4: Increase in Resources Leveraged				
Amount of funds leveraged in dollars (increase).	\$0	\$20 million	\$59.6 million	Yes
CE #5: Increase in Agency Rental Revenue				
Rental revenue in dollars (increase).	\$29,514,440	\$30,104,729	\$30,620,870	Yes
HC #2: Units of Housing Preserved				
Number of housing units preserved for households at or below 80% AMI (increase).	0	500	178	No

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

DESCRIPTION OF MTW ACTIVITY

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

In FY2015, HACSC did not utilize MTW funds for programs and services expansions at its non-Section 8/9 rental properties. HACSC is placing this activity on hold in FY2016 because the Agency does not expect to utilize MTW funds for programs and services expansions at its non-Section 8/9 rental properties. If non-MTW funding sources are exhausted, HACSC will re-implement this activity. There is no implementation timeline to re-activate.

IMPACT OF ACTIVITY

HACSC anticipates that tenants may gain some or all of the necessary skills to address daily living requirements, maintain housing and, for work-able residents, re-enter or advance in the work force. By deliberately tailoring programs and services to each community, HACSC anticipates that tenants will gain some or all of the necessary skills to address daily living requirements, maintain housing, and, for work-able residents, possibly re-enter or move up in the work force. Another benefit is a greater sense of community among residents through participation in services and programs. Besides benefits for tenants, HACSC staff will also realize greater productivity in property management by the reduction of administrative burden of processing avoidable evictions.

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

As mentioned earlier in the description of the activity, HACSC did not utilize MTW funds for programs and services expansions at its non-Section 8/9 rental properties. HACSC is placing this activity on hold in FY2016 because the Agency does not expect to utilize MTW funds for programs and services expansions at its non-Section 8/9 rental properties. If non-MTW funding sources are exhausted, HACSC will re-implement this activity. There is no implementation timeline to re-activate.

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

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

REVISIONS TO BENCHMARKS AND METRICS

There were no changes to the activity's metrics, baselines, or benchmarks during FY2015.

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

DESCRIPTION OF MTW ACTIVITY

This activity, implemented in FY2014, simplifies the calculation of TTP by removing all standard deductions and allowances, and calculating a TTP between 30% and 35% of the gross monthly income or

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

IMPACT OF ACTIVITY

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

IMPACT OF RENT REFORM ACTIVITY

To minimize the impact of this activity, HACSC offered a one-time hardship exemption at the time the activity was initially implemented for qualified households. HACSC received 946 requests for hardship exemption, of which 414 were determined qualified and granted the exemption. The average monthly tenant rent portion reduction received during the three-month hardship exemption period was \$121.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

In FY2015, the monthly tenant contribution was lowered from 35% to 32% of the family's gross monthly income. Lowering the tenant portion by 3% has decreased the total amount that households pay toward their rent per month by approximately \$1.2 million. In spite of the expected increase in the Housing Assistance Payment expenses due to the reduction in tenant rent portion percentage, HACSC not only met its cost savings benchmark, but exceeded it. The decrease in the total cost of the task may be attributable to multiple causes – the combined effect of several MTW activities, economic factors unrelated to MTW, and a decrease in HACSC's voucher utilization rate.

HACSC did not meet its benchmark in the number of rent calculation errors documented through quality control audits. It was expected that the simplification of the rent calculation process would reduce the number of errors in rent calculations. HACSC believes its benchmark was not met because of new employees skewing the number of errors upward and the business process restructure which changed the work processes for a number of staff.

Activity 2014-4: Increased Tenant Contribution - 35% of Gross Income				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease).*	\$246,302,481	\$210,174,768	\$200,500,269	Yes
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease). **	796	0	0	Yes
CE #3: Decrease in Error Rate of Task Execution				
Average error rate in completing a task as a percentage (decrease).	12%	5%	9%	No
CE #5: Increase in Tenant Rent Share				
Tenant rent share in dollars (increase). ***	\$8,065,166	\$8,065,166	\$6,876,191	Yes

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

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

***The “tenant rent share in dollars” baseline amount is the total amount that households pay toward rent per month as of the beginning of FY2015.

REVISIONS TO BENCHMARKS AND METRICS

There were no changes to the activity’s metrics, baselines, or benchmarks during FY2015.

ACTIVITY 2015-2: PROJECT BASED VOUCHER INSPECTION SELF-CERTIFICATION

DESCRIPTION OF MTW ACTIVITY

This activity was implemented in FY2015 and waives the regulatory requirement to perform a re-check inspection for Housing Quality Standard deficiencies. Through this activity, HACSC allows Project Based Voucher owners and tenants to self-certify the correction of reported non life-threatening HQS deficiencies within the 30-day deadline instead of having a staff member or a subcontracted inspector conduct a re-check inspection. HACSC continues to conduct re-check inspections for life threatening deficiencies which must be repaired within 24 hours.

IMPACT OF ACTIVITY

By waiving the regulatory requirement for only non-life threatening deficiencies, expenditures are reduced by eliminating the scheduling and conducting of a recheck inspection to determine if necessary repairs were made. HACSC has revised its Administrative Plan to reflect the change in policy as a result of the approval of this activity. In FY2015, 26 PBV units had 30-day HQS deficiencies which did not require recheck inspections. As a result, HACSC realized approximately \$536 in re-inspection fees to an outside vendor. The error rate of HQS inspections dropped to 4%.

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a Rent Reform Initiative.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

Activity 2015-2: Project Based Voucher Inspection Self-Certification				
Unit of Measurement*	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease).	\$22,400	\$0	\$0	Yes
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease).	691**	0	0	Yes
CE #3: Decrease in Error Rate of Task Execution				
Average error rate in completing a task as a percentage (decrease).	19%	10%	4%	Yes

*In 2013 HACSC executed a contract with an outside vendor to conduct regularly scheduled inspections on HCV and PBV units. Because the outside vendor charges per inspection, not hourly, reporting on the total decreased time to complete the task in staff hours does not apply.

**Assumes HACSC staff, rather than outside vendor.

REVISIONS TO BENCHMARKS AND METRICS

There were no changes to the activity's metrics, baselines, or benchmarks during FY2015.

ACTIVITY 2015-3: MODIFIED ELDERLY DEFINITION FOR PBV

DESCRIPTION OF MTW ACTIVITY

HUD currently defines elderly to be persons aged 62 years or older and elderly families to those whose head, spouse or co-head are 62 years of age or older. HACSC modified the age, for the Project Based Voucher (PBV) program, at which a person or family is considered elderly from persons aged 62 or older to persons aged 55 or older in order to align with the definition used by a number of affordable housing developments in the area. Therefore, PBV sites which define elderly as 55 years of age and older are considered an elderly property. This change in the definition allows HACSC to refer a larger pool of applicants (any family with Head of Household or Spouse aged 55 and older) from its PBV waiting list to fill vacancies in these units and will allow the Agency to project-base 100% of the units in a project with aged 55 or older limitations (project is not subject to the 25% PBV per project cap).

IMPACT OF ACTIVITY

HACSC increased the number of units which are available for households who would not have otherwise qualified for the unit under the property's definition of elderly. No new PBV elderly projects were added

the new elderly definition in FY2015.

IMPACT OF RENT REFORM ACTIVITY

This activity does not qualify as a rent reform activity as it does not affect the rent calculation.

BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS

HACSC achieved its projected outcome of 774 households being able to move to a better unit and/or neighborhood as a result of this activity.

Activity 2015-3: Modify Elderly Definition for PBV				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
HC #4: Displacement Prevention				
Number of households at or below 80% of AMI that would lose assistance or need to move (decrease). Units designated for elderly households.	45	0	0	Yes
HC #5: Increase in Resident Mobility				
Number of households able to move to a better unit and/or neighborhood of opportunity as a result of the activity (increase).	0	774	774	Yes

* Outcome assumes that 774 households will initially benefit from the activity the first year of implementation and then assumes a 5% vacancy rate (38 households) which will be filled with new households benefiting from the activity through 2018.

REVISIONS TO BENCHMARKS AND METRICS

There were no changes to the activity's metrics, baselines, or benchmarks during FY2015.

B. NOT YET IMPLEMENTED ACTIVITIES

Activity	Year Approved	Action Taken During the Fiscal Year
Activity 2013-1: Elimination of the Earned Income Disallowance (EID) Calculation	FY2013	HACSC anticipated implementing this activity in FY2015. But this activity was not implemented because HACSC needed extra time to draft an instruction to staff regarding the hardship policy for the elimination of the earned income disallowance (EID) calculation. This policy will be finalized and rolled out in FY2016.
Activity 2014-1: Focus Forward Program	FY2014	With the implementation of Activity 2014-4: Increased Tenant Contribution (Up to 35% of Gross Income), HACSC determined that the Focus Forward program would have to be over-hauled to align its rent calculation method and monetary incentives with the rent simplification process of Activity 2014-4. HACSC will re-design the Focus Forward program and re-propose the new program to HUD in the future, as early as FY2017. Until a successor program is created, approved, and implemented, HACSC will continue to keep the current FSS program open and operating.
Activity 2014-2: Eliminate Requirement to Re-Determine Rent Reasonableness when HUD Decreased Fair Market Rents (FMRs)	FY2014	HACSC monitored the FY2014 FMRs, but no action was taken in FY2014 because HUD increased the FY2014 FMRs for Santa Clara County. HACSC's implementation of this activity is contingent on HUD decreasing FMRs by 5% or more.

C. ACTIVITIES ON HOLD

Activity	Year Approved/ Implemented/ Place on Hold	Actions Taken Towards Reactivating The Activity
2010-5: Assisting Over-Income Families Residing at HACSC-owned Project-Based Voucher Properties	FY2011/FY2015	This activity was implemented in FY2011. Since its implementation, HACSC has had no need to use this waiver as no families have exceeded the income threshold. Only one public housing project (Deborah Drive) remains that could potentially benefit from this activity and there is no plan at this time to dispose of this property. Therefore, HACSC has placed this activity on hold indefinitely but could re-implement when the last public housing project is disposed.
2014-3: Freeze on Contract Rent	FY2014/FY2015	Implemented in FY2014, this activity imposed a freeze on any owner requested rent increases for one year effective

Activity	Year Approved/ Implemented/ Place on Hold	Actions Taken Towards Reactivating The Activity
Increases		September 2013 through August 2014. Effective September 1, 2014, HACSC lifted the freeze and accepted owner requested rent increases again. Subsequent freezes on owner requested rent increases are subject to HACSC's Board of Commissioners' approval and are limited to a one-year term. Therefore, HACSC has placed this activity on hold indefinitely but could re-implement when necessary.

D. CLOSED OUT ACTIVITIES

Activity	Year Approved/ Implemented	Was Activity Implemented (Yes/No)	Year Closed	Final Outcome and Lessons Learned	Statutory Exception Outside of Current MTW Flexibilities
2009-4: Timeline to Correct HQS Deficiencies	FY2009/ FY2010*	Yes	FY2012	Handhelds are utilized by Inspectors during every regularly scheduled inspection. These devices are capable of recording the non-life threatening deficiency directly into the newly implemented software, which generates the deficiency notification letter. There is no longer a lag time between the date of the inspection and the date of the letter.	None
2009-6: 20% Sample Inspections Annually for PBV Units	FY2009/ NA	No	FY2009	After the approval of this activity, HUD issued PIH Notice 2008-14, which stipulates that a PHA may now renew or extend Project-Based Certificate Housing Assistance Payment (HAP) contracts as	None

Activity	Year Approved/ Implemented	Was Activity Implemented (Yes/No)	Year Closed	Final Outcome and Lessons Learned	Statutory Exception Outside of Current MTW Flexibilities
				Project-Based Voucher HAP contracts in accordance with the regulations governing the PBV program in 24 CFR Part 983. This activity saved labor time and costs. Therefore, this activity was never implemented.	
2009-7: Project-Based Unit Substitution	FY2009/ NA	No	FY2009	After the approval of this activity, HUD issued PIH Notice 2008-14, which stipulates that a PHA may now renew or extend Project-Based Certificate Housing Assistance Payment (HAP) contracts as Project-Based Voucher HAP contracts in accordance with the regulations governing the PBV program in 24 CFR Part 983. Therefore, this activity was never implemented.	None
2009-12: Adopt Investment Policies	FY2009/ NA	No	FY2009	HACSC's Board of Commissioners annually adopts investment policies in accordance with the California Government Code (CGC) Sections 5922 and 53601. California law, which HACSC cannot waive, is consistent with and more restrictive than	None

Activity	Year Approved/ Implemented	Was Activity Implemented (Yes/No)	Year Closed	Final Outcome and Lessons Learned	Statutory Exception Outside of Current MTW Flexibilities
				the provisions of federal regulations Section 6 (c) (4) of the 1937 Act and 24 CFR 982.156. Therefore, this activity was never implemented.	
2010-1: Eliminating 100% Excluded Income from the Income Calculation Process	FY2010/ FY2010*	Yes	FY2013	With the publication of PIH Notice 2013-4, issued January 28, 2013, the verification and calculation of 100% excluded income is no longer required. Therefore, HACSC eliminated this activity in FY2013. This activity saved labor time and costs.	None
2012-1: Create Standard Utility Allowance Schedule	FY2012/ NA	No	FY2013	Activity #2014-4 simplifies the rent calculation method and includes the elimination of utility allowances. Because of Activity #2014-4, Activity #2012-1 is no longer necessary and was closed out prior to implementation.	None
2015-1: Using UPCS or Local Inspection Standards to Determine Housing Quality Standards	FY2015/ NA	No	FY2015	Prior to the implementation of this activity, on June, 25, 2014, HUD published in the Federal Register that, effective July 1, 2014, "A PHA may comply with the biennial inspection requirement through reliance upon an inspection conducted	None

Activity	Year Approved/ Implemented	Was Activity Implemented (Yes/No)	Year Closed	Final Outcome and Lessons Learned	Statutory Exception Outside of Current MTW Flexibilities
				for another housing assistance program. If a PHA relies on an alternative inspection to fulfill the biennial inspection requirement for a particular unit, then the PHA must identify the alternative standard in its administrative plan.” Therefore, this activity was closed without implementation because HUD’s directive superseded this activity.	

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

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

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

V. MTW SOURCES AND USES OF FUNDS

V.3.Report.Sources and Uses of MTW Funds											
A. MTW Report: Sources and Uses of MTW Funds											
Actual Sources and Uses of MTW Funding for the Fiscal Year											
PHAs shall submit their unaudited and audited information in the prescribed FDS format through the Financial Assessment System - PHA (FASPHA), or its successor system											
Describe the Activities that Used Only MTW Single Fund Flexibility											
<p>The MTW Agreement allows HACSC to combine public housing operating and capital funds, including Asset Repositioning Fee and Replacement Housing Factor (RHF) funds, provided under Section 9, and tenant-based voucher program funds provided under Section 8 of the 1937 Act into a single, authority-wide funding source.</p> <p>Funding flexibility was used to provide additional services to program participants and owners, such as the development of an owner portal which will allow owners to conduct transactions and check account information online; and increased staff, owner and participant training and enrichment opportunities through HACSC's Moving to Work University Program. MTW funding also supported the public outreach process for the creation of the Housing Resources-Voucher Allocation policy (described in Section I of this Report).</p>											

V.4.Report.Local Asset Management Plan**B. MTW Report: Local Asset Management Plan**

Has the PHA allocated costs within statute during the plan year?

Yes

Has the PHA implemented a local asset management plan (LAMP)?

or

No

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

Has the PHA provided a LAMP in the appendix?

or

No

The Housing Authority of the County of Santa Clara does not have a Local Asset Management Plan (LAMP).

V.5.Report.Unspent MTW Funds**C. MTW Report: Commitment of Unspent Funds**

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

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

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

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

VI. ADMINISTRATIVE

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

HACSC did not have an MTW site visit during the Plan Year.

B. RESULTS OF LATEST HA DIRECTED EVALUATIONS OF THE DEMONSTRATION

In FY2015, HACSC began implementing its five-year strategic plan. This five-year plan helps inform HACSC's future decision-making as to how to best meet the community's housing needs.

C. CERTIFICATION THAT HACSC HAS MET STATUTORY REQUIREMENTS

See attached certification in Appendix One of this MTW Report.

APPENDIX ONE

FY2015 Certification of Compliance with Statutory Requirements



Interim Executive Director
Katherine Harasz

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

www.hacsc.org

Certification of Statutory Compliance

On behalf of the Housing Authority of the County of Santa Clara and the Housing Authority of the City of San Jose (the Agency), I certify that the Agency has met the three statutory requirements of the Moving to Work (MTW) Program during fiscal year 2015:

- 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.


Katherine Harasz
Interim Executive Director

9-15-2015
Date

APPENDIX TWO

Approved MTW Activities for the FY2015 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		
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

		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 FY2011				
2010-4	Allocating Project-Based Vouchers to HACSC-owned Projects Without Competition	X		
2010-5	Assisting Over-Income Families Residing at HACSC-owned Project-Based Voucher Properties			X
2011-1	Streamlined approval process for exception payment standard for reasonable accommodation			X
2011-2	Simplify requirements regarding third-party inspections and rent services	X		
IMPLEMENTED IN FY2012				
2012-3	Affordable Housing Acquisition Development Fund			X
2012-4	Affordable Housing Preservation Fund for HACSC- and Affiliate-Owned Properties			X
2012-5	Expand Tenant Services at HACSC- and Affiliate-Owned Affordable Housing Properties		X	
IMPLEMENTED IN FY2014				
2014-3	Freeze on Contract Rent Increases	X		
2014-4	Increased Tenant Contribution – Up to 35% of Gross Income	X		
IMPLEMENTED IN FY2015				
2012-2	Two-Year Occupancy in Project-Based Voucher Unit Before Eligible to Receive Voucher	X		
2015-2	Project Based Voucher Inspection Self-Certification	X		
2015-3	Modified Elderly Definition for PBV			X
PENDING IMPLEMENTATION				
2013-1	Elimination of the Earned Income Disallowance (EID) Calculation	X		
2014-1	Focus Forward Program	X		

Activity # (Plan year proposed + Activity #)	Activity	MTW Statutory Objectives		
		Reduce cost and achieve greater cost effectiveness in federal expenditures	Provide incentives to families ... leading toward economic self- sufficiency	Increase housing choices for low- income families
2014-2	Eliminate Requirement to Re-Determine Rent Reasonableness when HUD decreased Fair Market Rents (FMRs)	X		

Note: Discontinued activities are not shown. These were approved as activities 2009-4, 2009-6, 2009-7, 2009-12, 2010-1, 2012-1 and 2015-1.

APPENDIX THREE

FY2014 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, 2014

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

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CohnReznick LLP
cohnreznick.com

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the County of Santa Clara (the Authority), a component unit of the County of Santa Clara, California, and its discretely presented component units, which comprise the statement of net position as of June 30, 2014, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 8, 2014. We did not audit the financial statements of one blended component unit, Property Management, Inc. (PMI) and the financial statements of the aggregate discretely presented component units of the Authority. The financial statements of PMI and the discretely presented component unit financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for PMI and the aggregate discretely presented component units, is based solely on the reports of the other auditors. The audits of the aggregate discretely presented component units, except for AE Associates, LTD, HACSC/Choices Family Associates, Opportunity Center Associates LP, Fairground Luxury Family Apartments, LP, S.P.G. Housing Inc. and Subsidiaries and Villa San Pedro HDC, Inc., 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

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

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

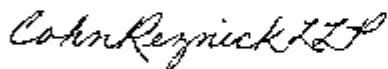
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control, that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



Sacramento, California
December 8, 2014



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

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

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the County of Santa Clara (the Authority)'s compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2014. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

The Authority's basic financial statements include the operations of Villa San Pedro HDC, Inc. that expended \$519,850 in federal awards for the year ended December 31, 2013, and which are not included in the Schedule of Expenditures of Federal Awards for the year ended June 30, 2014. Our audit, described above, did not include such operations because another auditor was engaged to perform the audit of Villa San Pedro HDC, Inc. in accordance with OMB Circular A-133.

Basis for Qualified Opinion on the Major Federal Program - Section 8 Project Based Cluster (CFDA No. 14.856 and No. 14.249)

As described at item 2014-1 in the accompanying Schedule of Findings and Questioned Costs, the Authority did not comply with requirements regarding timeliness of Housing Quality Standards inspections. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

Qualified Opinion on the Major Federal Program - Section 8 Project Based Cluster (CFDA No. 14.856 and CFDA No. 14.249)

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* paragraph above, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Authority's Section 8 Project Based Cluster program for the year ended June 30, 2014.

Unmodified Opinion on Each of the other Major Federal Programs

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the Authority's other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2014.

Other Matters

The Authority's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and accordingly we express no opinion on the response.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance for one major federal program that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, as item 2014-1 to be a significant deficiency.

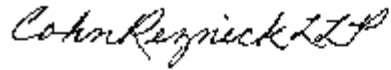
The Authority's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of Findings and Questioned Costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and accordingly we express no opinion on the response.

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

Report on Schedule of Expenditures of Federal Awards

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the County of Santa Clara (the Authority), a component unit of the County of Santa Clara, California, and its discretely presented component units, which comprise the statement of net position as of June 30, 2014, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon December 8, 2014. Our audit was performed for the purpose of forming an opinion on the financial statements of the Authority as a whole. Our report includes a reference to other auditors. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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



Sacramento, California
December 8, 2014

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

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014**

<u>Grantor / Pass-Through Grantor Program Title:</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Expenditures Amount</u>
<u>FEDERAL EXPENDITURES</u>			
<u>Direct:</u>			
U.S. Department of Housing and Urban Development			
<u>Continuum of Care</u>			
Continuum of Care	14.267	n/a	<u>\$ 3,152,076</u>
<u>Housing Voucher Cluster</u>			
Family Unification Program (FUP)	14.880	n/a	1,561,419
Mainstream Vouchers	14.879	n/a	616,781
Section 8 Housing Choice Vouchers	14.871	n/a	<u>6,544,667</u>
Subtotal Housing Voucher Cluster			<u>8,722,867</u>
<u>Section 8 Project-Based Cluster</u>			
Lower Income Housing Assistance - Program			
Section 8 Moderate Rehabilitation	14.856	n/a	640,872
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	n/a	<u>444,945</u>
Subtotal - Section 8 Project-Based Cluster			<u>1,085,817</u>
<u>Move to Work</u>			
Public and Indian Housing	14.850	n/a	56,836
Public Housing Capital Fund	14.872	n/a	9,649
Moving To Work Demonstration Program	14.881	n/a	<u>226,861,210</u>
Subtotal - Move to Work	14.881		<u>226,927,695</u>
Total Direct U.S. Department of Housing and Urban Development			<u>\$ 239,888,455</u>
<u>Indirect</u>			
U.S. Department of Housing and Urban Development			
<u>Home Investment Partnerships Program</u>			
Home Investment Partnerships Program	14.239	City of Sunnyvale, CA	<u>\$ 130,579</u>
Total indirect U.S. Department of Housing and Urban Development			<u>\$ 130,579</u>
Total Expenditure of Federal Awards			<u>\$ 240,019,034</u>

See Notes to Schedule of Expenditures of Federal 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 Awards
Year Ended June 30, 2014**

Note 1 - Reporting entity

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

Note 2 - Summary of significant accounting policies

General

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

Basis of accounting

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

Relationship to federal financial reports

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

Relationship to basic financial statements

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

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

**Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014**

Note 3 - Discretely presented component unit federal expenditures

The Authority's discrete component unit Villa San Pedro HDC, Inc.'s federal expenditures are excluded from the Schedule because their federal expenditures are separately audited. Expenditures for the programs of Villa San Pedro HDC, Inc. for the year ended December 31, 2013 listed below are taken from the single audit report audited by another auditor. The federal expenditures of the discretely presented component unit are as follows:

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<i>Direct Programs</i>		
Section 8 Housing Assistance Payments	14.182	<u>519,850</u>
Total Villa San Pedro HDC, Inc.		<u>\$ 519,850</u>

**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, 2014**

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of the Housing Authority of the County of Santa Clara and its aggregate discretely presented component units.
2. No material weaknesses or significant deficiencies related to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Housing Authority of the County of Santa Clara were disclosed during the audit.
4. One significant deficiency related to the audit of one major federal award program was 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 Required by OMB Circular A-133. No material weakness was reported.
5. The auditor's report on compliance for the major federal award programs for the Housing Authority of the County of Santa Clara expresses the following opinions:

Major Programs	Federal CFDA Number	Type of audit opinion
Moving to work Moving To Work Demonstration Program	14.881	Unmodified
Continuum of Care	14.267	Unmodified
Section 8 Project-Based Cluster		
Lower Income Housing Assistance - Program		
Section 8 Moderate Rehabilitation	14.856	Qualified
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	Qualified

6. There is one audit finding relative to one major federal award program of 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
Year Ended June 30, 2014**

7. The programs tested as major programs include:

<u>Major Programs</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures Amount</u>
Moving to Work Program	14.881	<u>\$ 226,927,695</u>
Continuum of Care	14.267	<u>\$ 3,152,076</u>
Section 8 Project-Based Cluster		
Lower Income Housing Assistance - Program		
Section 8 Moderate Rehabilitation	14.856	\$ 640,872
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	<u>444,945</u>
Subtotal - Section 8 Project-Based Cluster		<u>\$ 1,085,817</u>
Total Major Program Expenditures		<u>\$ 231,165,588</u>
Total Federal Award Expenditures		<u>\$ 240,019,034</u>
Percentage of Total Federal Award Expenditures		<u>96.31%</u>

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

9. The Housing Authority of the County of Santa Clara qualified as a low-risk auditee.

B. Findings - Financial Statements Audit

None reported.

**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, 2014**

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

Finding No. 2014-1 - Housing Quality Standards Inspections - Section 8 Project Based Cluster (CFDA No. 14.856 and CFDA No. 14.249)

Criteria:

In accordance with 24 CFR 982.401 Housing Quality Standards, every unit must meet the HQS performance requirements both at the commencement of assisted occupancy and throughout the assisted tenancy. HUD handbook specifies that the inspections must be done and pass the performance requirements at least annually.

Condition:

During our audit of internal control over compliance, we selected 25 participants to test. We noted 7 instances out of the 25 tested for which the units have not been inspected for Housing Quality Standards (HQS) requirements during the past two fiscal years.

Questioned Costs:

None.

Effect:

HUD assisted tenants are occupying units that have not received a passing HQS inspection within at least one year.

Cause:

A significant deficiency in internal control over compliance exists as the program administrators did not ensure that sufficient procedures are in place and implemented to ensure the HQS inspections are performed at least annually.

Recommendation:

Management should ensure that the program administrators have a policy in place to ensure that the HQS inspections are performed at least annually.

Views of Responsible Officials:

Management agrees with recommendation and has implemented procedures to ensure that the HQS inspections are performed timely in accordance with HUD requirements.

**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, 2014**

No matters were reported in prior year.

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

**Management Corrective Action Plan
Year Ended June 30, 2014**

Finding No. 2014-1 - Housing Quality Standards Inspections - Section 8 Project Based Cluster (CFDA No. 14.856 and CFDA No. 14.249)

Date of Implementation: September 30, 2014.

Responsible Officer: Baku Patel, Director of Finance

Contact Information: Telephone: (408) 975-4630. Email: baku.patel@hacsc.org

Action Plan:

The Authority agrees with the finding and is putting procedures in place to ensure that HQS inspections are being performed for the specific program in accordance with the applicable guidelines.