Moving to Work (MTW) Program
January 1, 2008 through June 30, 2008

Combined Annual Plan for the Housing Authorities of the County of Santa Clara and the City of San Jose
THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CLARA (HACSC)

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I. INTRODUCTION

In January 2008, the US Department of Housing and Urban Development (HUD) signed a 10-year Moving to Work (MTW) Demonstration Agreement with the Housing Authority of the County of Santa Clara (HACSC) and the Housing Authority of the City of San Jose (HACSJ), to launch its MTW Program. This document represents HACSC’s first MTW Plan, covering the period from January 1, 2008 through June 30, 2008.

The purpose of this MTW Plan is to establish HACSC’s long-term vision, goals and objectives, and to seek HUD approval where appropriate.

HACSC was established in 1967 by the Santa Clara County Board of Supervisors, and in 1976 the City of San Jose Housing Authority contracted with HACSC. Currently HACSC administers federal public housing and rental assistance programs for both the County of Santa Clara and the City of San Jose. As authorized by the MTW Agreement, this MTW Plan presents a consolidated strategy to be implemented for both the County and City programs.

Under the MTW Agreement, HACSC is given budget flexibility and the authorization to develop policies that are outside the limitations of certain HUD regulations and provisions of the Housing Act of 1937. The additional flexibility offered by MTW will allow HACSC to more successfully achieve its mission and program goals, as well as enhance its ability to serve the needs of low-income people and communities in the County of Santa Clara.

EXECUTIVE SUMMARY – PARTIAL YEAR MTW PLAN

The three major goals for the MTW program are to increase cost effectiveness, promote self-sufficiency, and to expand housing options for program participants. HACSC’s partial year MTW plan addresses changes the agency is proposing to implement in the period of the MTW demonstration, from January 1, 2008 through June 30, 2008. These changes will support the transition to creating more efficient programs for the following FY 2009 MTW plan.

HACSC proposes to use its MTW flexibility as follows for this initial period:

1. Sources and Use of Funding

   HACSC will combine resources (public housing and housing choice voucher) under the block grant MTW program to better use the funding stream to address local program and administrative needs.

2. Participation in Section 8 Management Assessment Program (SEMAP)

   HACSC will opt out of SEMAP as provided in Section 2.G of the Moving to Work Agreement and will establish its own quality control system designed to measure the quality and timeliness of work performed for this initial period and FY2009.

   By taking immediate advantage of MTW flexibility during the first months of the program, HACSC strives to achieve the goal of increased cost effectiveness and to
incorporate the financial fungibility authorizations that will lay the groundwork for FY2009.

3. Facilitation of Transfer/Demo Disposition of Public Housing Units

In September 2007 HACSC received HUD approval for Demo Disposition/transfer of its 548 public housing units, with plans to transition these units to project-based units under HACSC-affiliated non-profit entities. For many years and on an increasing basis, capital funds from HUD have been insufficient to maintain and upgrade public housing units to provide safe and attractive properties over the long-term. Using project-based assistance, MTW budget flexibility, and leveraging Federal Low-Income Housing Tax Credits (LIHTC) and other sources of financing, will enable HACSC to assure the residents and community that these 548 units will continue to be viable, attractive properties for years to come.

Therefore, to initiate this transfer process, HACSC will begin project-basing, without a competitive bid process, each public housing development as it completes its Demo Disposition from public housing status. Eliminating the competitive bid process will shorten the long processing time currently required when project-basing HACSC-owned properties which would impede HACSC’s ability to promptly remedy the insufficient funding at these developments.

A. HACSC MISSION

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

Historically, HACSC has worked closely with numerous community stakeholders to promote its mission while maintaining a high level of customer and stakeholder satisfaction. Through its website, periodic newsletters, and regular participation in community forums, HACSC has widely and consistently communicated the services and opportunities it provides throughout the County of Santa Clara and the City of San Jose.

In recent years, HACSC has renewed its efforts to attract and retain the highest caliber employees who are dedicated to carrying out the HACSC mission. These efforts have positioned HACSC and the community to fully embrace the goals of MTW, and to quickly benefit from the advantages and opportunities available through this program.

B. MTW GOALS AND OBJECTIVES

Participation in the MTW Demonstration gives HACSC the flexibility to make positive program changes, and to better respond to local housing needs and realities. HACSC’s goals for its MTW Demonstration are aligned with the three major goals established in the 1996 Appropriations Act, when the MTW Demonstration program was first established. Accomplishment of these goals, together with HACSC’s specific objectives, is outlined below:
1. **Increase Cost Effectiveness**: Reduce costs and achieve greater cost-effectiveness in Federal expenditures.

   - Develop a more efficient and effective operation by simplifying and streamlining administrative regulatory requirements.
   - Enhance the agency’s financial stability and ability to achieve its mission by maintaining balanced budgets and appropriate reserves, over time.
   - Improve HACSC’s policies and procedures so that they better support program integrity, process efficiency, reduce bureaucracy, and promote fiscal responsibility.

2. **Promote Self-Sufficiency**: Give incentives to families with children where the head of household is working, seeking work, or is preparing for work, by encouraging participation in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient.

   To meet this goal, HACSC will:

   - Promote self-sufficiency and asset development to the maximum extent possible among participants, by expanding current programs and developing new tools in order to enhance life skills.
   - Improve the quality of life for low-income families by providing direct access to educational, social and economic development services and opportunities.
   - Work in partnership with local community organizations to develop a comprehensive approach to ending homelessness and promote self-sufficiency.
   - Increase the number of low-income families participating in HACSC’s homeownership program by partnering with developers, counselors, realtors, and banks.

3. **Expand Housing Options for Low-income Families**:

   - Enhance HACSC’s ability to increase and preserve the supply of affordable; high-quality housing.
   - Capitalize on housing opportunities to improve the vitality of HACSC-owned developments as well as increase the supply of affordable housing through future developments.
   - Take affirmative measures to support equal opportunity in housing for all families participating in HACSC programs.

HACSC’s philosophy in creating and carrying out its MTW goals and its Plan addresses two core values. The first core value is to work collaboratively with all its stakeholders, owners, community constituencies, and other potential partners, and to be sensitive and highly responsive to their diverse needs. Special consideration will be given to the needs of low-, very low-, and extremely low-income families who are current or prospective residents.

The second core value underpinning HACSC’s MTW planning process is to create a superior business model for its operations, with a consistent focus on enhancing its financial sustainability, while ensuring and expanding the resources available for its programs that will
support the affordable housing needs of low-income residents of the County of Santa Clara over the long-term.

C. MTW ACTIVITIES

HACSC will be pursuing two inter-related initiatives during this Plan period. HACSC’s philosophy in launching the MTW Demonstration is to implement its MTW activities gradually over the first few years of the Demonstration which will allow time for a planning process that is inclusive and an implementation process that allows for necessary adjustments. The MTW activities to be implemented during this initial period will be centered on one aspect of the Project-based Voucher Program (PBV) and HACSC’s investment policy.

II. GENERAL HACSC OPERATING INFORMATION

This section provides information about the types and number of units in the HACSC program, as well as the characteristics of the families served. HACSC administers over 16,961 units of housing assistance consisting of public housing, moderate rehabilitation, shelter plus care, and Section 8 HCV units throughout the County of Santa Clara.

A. HOUSING STOCK INFORMATION

1. Public Housing Units

HACSC currently owns and operates seven public housing projects that include 548 public housing units. During FY2009, HACSC plans to remove these units from public housing and transition them to non-public housing owned by HACSC-affiliated non-profit entities, incorporating, in some cases, Low-Income Housing Tax Credits (LIHTC).

HACSC was granted HUD approval on September 26, 2007 for this Demo Disposition because public housing operating and capital funding have been inadequate to meet costs for more than the past five years, and these capital funding deficits are projected to further increase in the coming years. HACSC has estimated that $28 million is currently needed to address deferred maintenance and unmet capital improvement needs at its public housing sites.

Once Demo Disposition is complete, these developments will utilize 100% project-based voucher assistance going forward with no displacement of currently assisted families. HACSC is taking all necessary steps to accomplish this transition and to fulfill relevant HUD requirements, including applying for replacement vouchers, holding participant meetings at each development, and submitting projects for subsidy layering review with HUD.

See description of units to be transferred, see Table 1 below (List of Public Housing properties/units to be transferred through Demo Disposition Process) for more information. No new public housing units will be added.
Table 1: List of Public Housing properties/units to be transferred through Demo Disposition Process

<table>
<thead>
<tr>
<th>Development</th>
<th>Type</th>
<th>Number of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rincon Gardens</td>
<td>Senior</td>
<td>200</td>
</tr>
<tr>
<td>Cypress Gardens</td>
<td>Senior</td>
<td>125</td>
</tr>
<tr>
<td>Lenzen Gardens</td>
<td>Senior</td>
<td>94</td>
</tr>
<tr>
<td>Sunset Gardens</td>
<td>Senior</td>
<td>75</td>
</tr>
<tr>
<td>Julian Gardens / Lucretia Gardens</td>
<td>Family</td>
<td>25</td>
</tr>
<tr>
<td>Miramar/Deborah</td>
<td>Family</td>
<td>20</td>
</tr>
<tr>
<td>Eklund 1 and Eklund 2</td>
<td>Family</td>
<td>16</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>555 (of which 7 are manager units)</strong></td>
</tr>
</tbody>
</table>

During FY2008 and FY2009, prior to Demo Disposition, HACSC will be performing maintenance and upgrading projects at each of these seven public housing developments, using FY2006 and FY2007 Capital Improvement Program grants. The specific repairs and improvements, and the accompanying costs for each, are detailed in Section VI, Sources and Uses of Funds, Table 5 (Planned Sources and Expenditures by Development).

After Demo Disposition in FY2009, HACSC will continue performing maintenance, upgrades and improvement using funds from investor equity payments generated through sale of Low-Income Housing Tax Credits (LHTIC) and proceeds from private activity bonds.

2. Section 8 HCV Program, Moderate Rehabilitation and Shelter Plus Care

HACSC currently serves 16,406 households throughout the County of Santa Clara. These include the following programs:

- 15,649 Tenant-Based vouchers (including 53 Mainstream vouchers)
- 351 PBV units
- 200 Moderate Rehabilitation units
- 200 Shelter Plus Care units serving homeless, disabled households

There will be no new project based units added during the effective dates of this Plan.

3. Other Housing planned to be managed by HACSC

The following tax credit properties are managed by Property Management Inc., an affiliate of the HACSC.
### Senior Housing

<table>
<thead>
<tr>
<th>Name and Location</th>
<th>Number of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>El Parador, Campbell</td>
<td>125</td>
</tr>
<tr>
<td>Avenida Espana Gardens, San Jose</td>
<td>84</td>
</tr>
<tr>
<td>DeRose Gardens, San Jose</td>
<td>76</td>
</tr>
<tr>
<td>Morronne Gardens, San Jose</td>
<td>102</td>
</tr>
<tr>
<td>Villa Hermosa, San Jose</td>
<td>99</td>
</tr>
<tr>
<td>Bracher Senior Apartments, Santa Clara</td>
<td>72</td>
</tr>
<tr>
<td>John Burns Gardens, Santa Clara</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>658</strong></td>
</tr>
</tbody>
</table>

### Family Housing

<table>
<thead>
<tr>
<th>Name and Location</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Pedro Gardens, Morgan Hill</td>
<td>36 units, (20 leased to very low income families, 16 sweat equity homes purchased by low income home buyers who helped build their own home.)</td>
</tr>
<tr>
<td>Blossom River Apartments, San Jose</td>
<td>144</td>
</tr>
<tr>
<td>Helzer Courts Apartments, San Jose</td>
<td>155</td>
</tr>
<tr>
<td>Huff Gardens, San Jose</td>
<td>36 units tax credit, (36 units Project Based Voucher not included)</td>
</tr>
<tr>
<td>Pinmore Gardens, San Jose</td>
<td>51</td>
</tr>
<tr>
<td>Poco Way Apartments, San Jose</td>
<td>128</td>
</tr>
<tr>
<td>Klamath Gardens, Santa Clara</td>
<td>17</td>
</tr>
<tr>
<td>RiverTown Apartments, Santa Clara</td>
<td>100</td>
</tr>
<tr>
<td>Opportunity Center for Homeless, Palo Alto</td>
<td>89</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>756</strong></td>
</tr>
</tbody>
</table>

### Farmworker Housing

<table>
<thead>
<tr>
<th>Name and Location</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arturo Ochoa Migrant Farmworker Center, Gilroy</td>
<td>100 units (funded through California State Office of Migrant Services)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

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### B. LEASE-UP INFORMATION

1. **Public Housing**

   HACSC is currently 100% leased-up in all of its 548 public housing units. As described in the Table in Section 2 (A) (1), during FY2009, HACSC plans to transition these units from public housing to non-public housing, project-based units. Since all public housing units are fully occupied at this time, only turnover units will need leasing activity.
2. **Section 8 HCV Program**

The Section 8 HCV Program anticipates being 100% leased-up throughout the period covered by this Plan.

C. **WAIT LIST INFORMATION**

HACSC currently maintains the following wait lists:

- Housing Choice Voucher
- Moderate Rehabilitation
- Project-Based
- Public Housing for Family Housing
- Site-based Public Housing for Senior Housing

1. **Section 8 HCV Program**

In April 2006, HACSC opened the wait list for the HCV program, including tenant-based assistance, PBV assistance and the Moderate Rehabilitation program. Currently HACSC’s Section 8 HCV wait list includes:

- 55,507 eligible registrants for HCV wait list, and
- Of those on the HCV wait list, 50,922 households are registered for the Project-Based and Moderate Rehabilitation Programs, in addition to registering for tenant-based assistance.

HACSC will continue to maintain the lease-up rate by processing approximately 2,000 registrants per year from the current wait list. HACSC does not anticipate opening the wait list to new applicants in FY2008.

HACSC updates its wait lists periodically in increments of 1,000 applicants at a time. The last update was initiated on February 11, 2008. Registrants are mailed a Wait List Update form to indicate their continued interest in remaining on the wait list. Applicants who do not respond to the questionnaire within the required time frame are mailed a notice of withdrawal, and are then removed from the wait list unless a request for appeal is submitted.

The demographics of the current registrants on the Section 8 HCV wait list are shown below in Table 2.

<table>
<thead>
<tr>
<th>Table 2: Applicant Income Levels by Family Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely Low Income</td>
</tr>
<tr>
<td>----------------------</td>
</tr>
<tr>
<td>Elderly</td>
</tr>
<tr>
<td>Disabled</td>
</tr>
<tr>
<td>Not Elderly/Disabled</td>
</tr>
<tr>
<td>TOTAL</td>
</tr>
</tbody>
</table>
2. Public Housing

HACSC maintains a separate wait list for its public housing, which currently consists of 2,020 applicant households including:

- 1,758 waiting for all site-based senior housing
- 262 waiting for family housing

HACSC plans to transition seven public housing projects (548 units) to non-public housing, 100% project-based units. These public housing wait lists have been closed. Each list will be updated or purged prior to Demo Disposition (see timeline below in Table 3) and remaining eligible households will be given an opportunity to lease a unit when a vacancy occurs. After a Project-Based Housing Assistance Payments Contract has been executed for a particular development and its wait list has been exhausted, vacancies will be filled from the PBV wait list.

<table>
<thead>
<tr>
<th>Name of the Complex</th>
<th>Date of the Update</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cypress and Lenzen Gardens</td>
<td>March 2008</td>
</tr>
<tr>
<td>Rincon Gardens</td>
<td>Scheduled for May 2008</td>
</tr>
<tr>
<td>All Family Units</td>
<td>Scheduled for August 2008</td>
</tr>
</tbody>
</table>

D. COMMUNITY SERVICES

HACSC has long partnered with the community to improve the quality of life for our families. However, funds to support the provision of services have been dwindling due to community and state budget crises. Using its limited funding, HACSC has been providing access to an array of supportive services to residents of both its public housing and non-public housing sites, to participants in the Family Self-Sufficiency Program (FSS), and to a limited number of Section 8 participants. Currently, these services are provided through a combination of HACSC staff, partnerships with community service agencies (i.e., County Social Services Agency, Department of Alcohol and Drugs, United Way, Lenders for Community Development) and small grants. They include:

- **Services for Senior Residents (public and non-public housing sites):** These include meal programs (on-site, meals-on-wheels, or off-site programs), health-related activities (blood pressure checks, flu shots, nursing assessment for the homebound), computer clubs (including access to computer rooms with multiple computer work stations and on-site computer courses), and social clubs (coffee, crafts, holiday events).

  A pilot aging services program is also being provided at two senior public housing projects that prevents premature institutionalization. HACSC’s partners for this program include the County Department of Aging, the Council on Aging and the City of San Jose.

- **Services for family residents (public and non-public housing sites):** These include after-school programs, summer youth programs, computer clubs
(including access to computer rooms with multiple computer work stations and on-site computer courses), health realization classes, holiday events and summer barbeques.

- **FSS Program**: Management, linkages and referrals to services such as job training, child care, transportation services, homeownership counseling, and individual development account (IDA) options, and other services determined to be appropriate for each family on the program.

- **Women Leading Change**: HACSC receives funding from United Way to administer case management funds for this program that provides financial literacy courses and matched savings (including IDA programs) for single heads of households participating in the FSS program who are motivated to move towards self-sufficiency.

- **Scholarship Program**: HACSC provides approximately 20 educational scholarships annually to eligible Section 8 HCV holders and residents of HACSC-owned properties; the scholarships range from $200 to $1,000 each. Applicants are carefully screened and multiple criteria are considered, including grades, goals and community service.

- **Assistance to Chronically Homeless**: HACSC has a wait list preference to provide 100 HCV’s to families identified as chronically homeless. Joining with non-profit community-based organizations and government agencies (including the City of San Jose) to support local homeless assistance strategies, HACSC proposes to explore its means of assisting these families to access and maintain permanent housing through further coordination with agencies who provide supportive services.

**III. LONG TERM MTW PLAN**

Funding fungibility under block grant MTW programs will enable HACSC to combine resources it previously could not, allowing use of HUD funding to better address local program priorities and needs. HACSC envisions the remaining years of the MTW Demonstration Program as focusing primarily on implementation activities designed to:

- Achieve a wide range of operational efficiencies and excellence in housing management, to focus and make the best possible use of our limited resources.
- Reform the Section 8 HCV Program to enhance the cost-effectiveness of assistance and to expand the impact of the program.
- Enhance support and services to promote participant self-sufficiency.
- Pursue housing development, rehabilitation and neighborhood revitalization activities.
Each of these four long-term initiatives is described in the corresponding sections below.

1. **Operational Efficiencies and Excellence**
   To ensure optimal program administration, HACSC will develop and pursue the following initiatives:
   - Implementation of new software system tailored to support MTW needs’ including flexible reporting that anticipates program tracking and evaluation.
   - Revision of written policies and procedures in support of MTW activities and other changes supportive of streamlining and smart, systems-based program administration.
   - Exploration and revision of organizational structural changes, training and job re-design to support new approaches.
   - Establishment of new comprehensive, agency wide quality control plans.

2. **Reforms to Section 8 HCV Programs**
   HACSC will consider and assess a range of potential options in subsequent phases of MTW, with a goal of structuring its Section 8 voucher assistance in ways that will assist families to achieve financial self-sufficiency over time. The full range of potential options to be investigated, including an analysis of best practices of MTW agencies nationwide, could include, but are not limited to:
   - Flat subsidies to encourage participant increases in income.
   - Flat/tiered subsidies by income category (similar to LHITC structure).
   - Income-based subsidies (to adjust/modify current model, which could include “caps” based on income levels and maximum rents).
   - Decreasing levels of household rental assistance over time to encourage economic self-sufficiency.

3. **Participant Support and Services to Promote Self Sufficiency**
   HACSC will develop plans to establish a comprehensive service program that will serve residents of HACSC-owned properties as well as Section 8 HCV holders. To meet the goals of its MTW Program, HACSC plans to use funds made available through its efforts to run a more efficient Section 8 program under MTW, leveraged with outside funding sources to expand the service provision activities.

   If determined feasible and appropriate, the sample initiatives below, or others like them, are the types of programs that could be introduced in HACSC’s subsequent Annual Plans under MTW. Uses to be explored include:
   - Establishment of a required seven year case management and service plan for all non-senior, non-disabled families with the goal of helping families to graduate from housing assistance upon completion of the service plan, with provisions for hardship policies. Depending on the program design over time, this initiative could entail hiring case managers to work with thousands of households that
would be targeted under this initiative, or it could be phased-in more gradually on a demonstration basis.

- Implementation of income/savings incentives for non-senior, non-disabled families similar to the current FSS where HACSC would set aside, in an escrow account for each eligible participant, a match of dollars equal to an incremental amount based on an increase of rent due to increased income. Only families who graduate from assistance within seven years would be eligible to collect the funds in their account. Funds accumulated for families who do not leave the program after seven years would be returned to the HACSC budget with provisions provided in the hardship policy.

Other initiatives could potentially be rolled out starting with a demonstration within the FSS program, for example.

4. Housing Development, Rehabilitation and Neighborhood Revitalization Activities

Building on HACSC’s proven track record of creating attractive, cost-efficient and sustainable affordable housing, HACSC will explore potential future development activities including acquisition, rehabilitation and/or new construction. These activities will include expanding current partnerships and/or forging new ones with non-profit and community organizations as well as local government or redevelopment agencies, to ensure that the affordable housing created meets the highest possible quality standards for its residents and for the community at large.

IV. PROPOSED MTW ACTIVITIES

During this initial phase of its MTW Demonstration, covering the remainder of FY2008, HACSC is focusing on the financial fungibility (described in Section VI) and administrative authorizations (described in Section VII) to be implemented, and is proposing to implement two MTW activities in this Plan as described below. Additional MTW activities will be proposed in the FY2009 MTW Plan.
**ACTIVITY #1: SELECT HACSC-OWNED PUBLIC HOUSING PROJECTS FOR PBV WITHOUT COMPETITION**

**A. Description of MTW Activity**

HACSC proposes to select HACSC-owned public housing projects for project-based assistance without a competitive process. Project-based voucher Final Rule regulations require projects to be selected using either a competitive process conducted by the PHA specifically for project-basing or through a previously conducted competitive process, i.e., for 9% tax credits, within 3 years prior to selection for project-based vouchers.

As a long-time developer of affordable housing, and as an administrator of project-based vouchers, HACSC has first-hand knowledge of the value of project-basing units in order to create a stable long-term financing package and preserve the affordability of housing units for decades. The time and effort required to project-base even an existing housing development is substantial and includes many other steps that provide oversight by HUD, i.e., an environmental review and subsidy layering review. Any reduction in the seemingly prohibitively lengthy process for project-basing units would have a positive impact for the owner/developer, the community and the tenants.

In addition to HACSC’s intention to continue to project-base its own new construction projects, HACSC also plans to project-base 548 units of existing housing that is currently administered as public housing, but with diminishing capital funds for maintenance and upgrades. HACSC’s application for “Demo Disposition” of these units was approved by HUD in September 2007, and upon termination of their public housing status, HACSC intends to “select” these properties for project basing.

**B. How the proposed activity relates at least one of the three statutory objectives and the anticipated impact on those objectives**

The proposed MTW activity will reduce costs and increase cost effectiveness by reducing the administrative burden and direct costs (i.e. cost of publication of public notice in the newspaper) normally associated with developing and issuing an extensive Request for Proposals (RFP), reviewing and processing the applications submitted, and waiting for HUD’s review and approval of the HACSC-owned project.

Cost effectiveness will also be achieved with respect to HACSC’s impending Demo Disposition of its public housing units, as the proposed activity will be critical in helping HACSC create a stable and reliable financial outlook for these units that will provide timely maintenance and upgrades and preserve the affordability of these units for the residents.

The activity will also increase housing choices for low-income families by accelerating the unusually lengthy processing time that typically elapses when bringing HACSC-owned project based units under contract.
C. Baselines and proposed benchmarks used to measure the performance and progress of the proposed activity

The baseline for this activity is the average number of days and administrative costs currently spent on developing, writing, and issuing an RFP, reviewing and processing applications submitted, and time spent waiting for HUD approval of HACSC-owned sites, all of which would be eliminated from the processing timeline under this MTW Activity. HACSC will monitor the activity during the implementation process for further baseline and benchmark development.

The proposed benchmarks may include:

- Reduction in the average processing time for project-basing units in HACSC-owned projects.
- Preservation of 548 affordable housing units and creation of a more reliable financial plan for the maintenance and upgrade of those units.

D. Data collection and proposed metrics

Data will be collected from the following:

- Past project-based program implementation records documenting the competitive process conducted, including purchasing deadlines and other relevant dates.
- Associated administrative costs for time spent on the activity.

Metrics may include:

- Comparison of average total time currently spent on the entire process for project-basing units versus time spent on the same activity after eliminating the activities associated with conducting the competitive process.
- Comparison of total administrative cost currently expended on the entire process for project-basing units versus the cost after eliminating the activities associated with conducting the competitive process.

E. Authorization for proposed activity

This proposed activity is authorized in HACSC’s Moving To Work Agreement, Attachment C, Paragraph D 7a, and waives certain provisions of Section 8 (o)(13)(B and D) of the 1937 Act and 24 CFR 982.1, 982.102 AND 24 CFR Part 983, as necessary to implement HACSC’s MTW Plan.
ACTIVITY #2: ADOPT STRATEGIC INVESTMENT POLICIES

A. Description of MTW Activity

HACSC will adopt investment policies consistent with California Government Code to the extent such policies are in compliance with applicable OMB circulars and other federal laws. HACSC shall invest only in securities authorized under state law that will allow the flexibility to invest productively, efficiently and securely.

B. How the Proposed Activity Relates to at Least One of the Three Statutory Objectives and the Anticipated Impact on Those Objectives

HACSC will invest using discretion in a manner which will provide maximum safety, liquidity and reasonable return on investments. Any potential higher rate of return will achieve greater cost effectiveness in federal expenditures.

C. Baselines and Proposed Benchmarks Used to Measure the Performance and Progress of the Proposed Activity Data Collection and Proposed Metrics

HACSC will review current interest rates earned on investments utilized under the current HUD eligible investments and explore alternative investment strategies consistent with HACSC policy and applicable guidelines and regulations.

D. Data Collection and Proposed Metrics

Data will be collected after reviewing the HUD eligible investments interest rate data for the past year and the current Plan year. Metrics will include a comparison of FY2008 and FY2009 investment strategies and conduct an analysis of various financial reports to measure success of the investment plan.

E. Authorization for Proposed Activity

This proposed activity is authorized in HACSC’s Moving-to-Work Agreement, Attachment C, Section B, 5 which waives certain provisions of Section 6(c) (4) of the 1937 Act and 24. CFR 982.156 as necessary to implement the Agency’s Annual MTW Plan.
V. ONGOING MTW ACTIVITIES: HUD APPROVAL PREVIOUSLY GRANTED

This section does not apply to this Plan since FY2008 is HACSC’s partial year under the MTW Demonstration.

VI. SOURCES AND USES OF FUNDING

A. CONSOLIDATED BUDGET STATEMENT

Table 4: Proposed Budget Activities for the year ending June 30, 2008

<table>
<thead>
<tr>
<th>Primary Government Business-Type Activities</th>
<th>Program Expenses</th>
<th>Program Revenues</th>
<th>Net (Expenses) and Revenues Primary Government Business-Type Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conventional housing program (during and after Demo Disposition)</td>
<td>$1,850,000</td>
<td>$1,308,000</td>
<td>$659,000</td>
</tr>
<tr>
<td>HUD capital program</td>
<td>$931,538</td>
<td>-</td>
<td>$931,538</td>
</tr>
<tr>
<td>Section 8 program:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental voucher program</td>
<td>$114,750,000*</td>
<td>$200,000</td>
<td>114,550,000</td>
</tr>
<tr>
<td>Moderate rehabilitation program</td>
<td>$866,000</td>
<td>$897,000</td>
<td>$31,000</td>
</tr>
<tr>
<td>Real Estate Services</td>
<td>$2,280,000</td>
<td>$2,210,000</td>
<td>($70,000)</td>
</tr>
<tr>
<td>Shelter plus care program</td>
<td>$1,264,000</td>
<td>$1,264,000</td>
<td>-</td>
</tr>
<tr>
<td>Meal program</td>
<td>$146,000</td>
<td>$149,000</td>
<td>$3,000</td>
</tr>
<tr>
<td>Migrant program</td>
<td>$200,000</td>
<td>$200,000</td>
<td>-</td>
</tr>
<tr>
<td>Resident Services</td>
<td>$118,000</td>
<td>$59,700</td>
<td>$43,000</td>
</tr>
<tr>
<td>Total primary government</td>
<td>$122,405,538</td>
<td>$3,926,700</td>
<td>118,544,538</td>
</tr>
</tbody>
</table>
### B. PLANNED SOURCES AND EXPENDITURES BY DEVELOPMENT

**Table 5: Capital Improvement Program Goals**

<table>
<thead>
<tr>
<th>FY 2006 and 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SOURCES</strong></td>
</tr>
<tr>
<td>2006 Grant</td>
</tr>
<tr>
<td>2007 Grant</td>
</tr>
<tr>
<td>TOTAL</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>USES</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Name</td>
</tr>
<tr>
<td>Rincon Gardens</td>
</tr>
<tr>
<td>Cypress Gardens</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Lenzen Gardens</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Sunset Gardens</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Julian/Lucretia Gardens</td>
</tr>
<tr>
<td>Miramar/Deborah</td>
</tr>
<tr>
<td>Eklund Gardens</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>
C. DESCRIPTION OF CHANGES IN SOURCES AND USES OF MTW FUNDING FROM PREVIOUSLY APPROVED PLAN

This section does not apply to this MTW Plan.

D. FUNDING FUNGIBILITY PLAN

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

Under this MTW Plan, HACSC’s public housing operating subsidy, public housing, capital funds and Section8 HCV funds may all be used for both programs and other eligible activity permissible in Section 8(s),(d)(1)) of the 1937 Housing Act. It should be noted that during this fiscal year, as described in the preceding sections, HACSC plans to remove all 548 units of its public housing and transitioning them to 100% project-based units, eliminating public housing operating subsidy and capital funds from its budget.

HACSC intends to combine funding awarded by HUD into a single agency-wide funding source (“MTW Funds”) in accordance with authorizations described in Attachment C of HACSC’s MTW agreement. HACSC will use these funds to carry out the purposes of the MTW Demonstration program including those described in Section B of Attachment C. These activities may be carried out by HACSC or by an entity, agent, or instrumentality of HACSC, and will comply with OMB Circular A-87, and with its MTW Agreement.

Partial FY2008 activities anticipated by HACSC may include, but are not limited to:

1. Provision of capital funds and/or operating funds assistance to housing previously designated as public housing and undergoing conversion through Demo Disposition authorization.

2. Funding substantial rehabilitation of housing units under Demo Disposition, including administration and planning costs, relocation and other related activities.

3. Provision of housing and employment-related services and case management activities in connection with the Demo Disposition program.

4. The provision of management services, including preparation of work specifications, loan processing, inspections, tenant selection, management of tenant and project-based rental assistance and management of other facilities and operations developed under MTW.

5. The provision of safety, security, and law enforcement measure and activities appropriate to protect residents of housing from crime.

6. The provision of HCV assistance and project-based rental assistance.

7. The acquisition and/or development of new units for people of low-income.
8. The use of housing assistance payments for purposes other than payments to owner so long as these purposes are consistent with other eligible use of Section 8 and Section 9 funds.

9. The use of funds for other operating and administrative activities as approved by the HACSC Board of Commissioners.

E. PARTNERSHIPS WITH FOR PROFIT AND NON-PROFIT ENTITIES

As described in Section B.2 of Attachment C of the Agreement, HACSC may engage in MTW eligible activities in partnering with for profit and non-profit entities using less restrictive regulatory requirements.

VII. ADMINISTRATIVE

HACSC will opt out of Section 8 Management Assessment Program (SEMAP) and design a method of evaluating the MTW Demonstration to monitor and refine the effective use of funding related to goals and objectives. The evaluation will also provide measurable and comparable results on the activities under MTW. Progress and outcomes of tasks and objectives will be tracked and reviewed on a routine basis.
Appendix One: Board Resolution Adopting 50077-MTW equivalent form.

(Pending)
Appendix Two: Documentation of the Public Review Process

HACSC established an input process that would provide numerous avenues for public participation from key stakeholder groups including tenants, owners, community agencies and staff. This appendix documents the public review process and provides summaries and comments on the input received related to the activities described in the Draft MTW Plan for January 1 – June 30, 2008.

Public Notices

On February 27, 2008, HACSC posted a notice on its public bulletin board and on its website of the availability of its MTW Annual Plan for review.

The notice gave directions on how to submit comments on the proposed MTW Plan during the 30-day period from February 27, 2008 through March 27, 2008 (Attachment 5). The notice also provided detailed information on the upcoming public hearing regarding the plan.

The public notice was also published in the following newspapers: San Jose Mercury News, Gilroy Dispatch, El Observador (Spanish language newspaper) and Vietnam Daily News (Vietnamese language newspaper). Copies of each notice are included as a part of this appendix (Attachments 1-4).

In addition to making the entire plan available for review, summaries of the Plan in English, Spanish and Vietnamese were available in the HACSC lobby.

I. Public Hearing

The public hearing regarding the Plan was held on Thursday, March 25, 2008 at 3:00 p.m. The hearing facilitator provided a short introduction about the Draft MTW Plan, and then audience members were provided the opportunity to speak regarding the Plan. Forty persons attended the hearing and nineteen chose to speak. The hearing was recorded and the speakers’ key issues are consolidated and summarized below.

- A speaker from a transitional housing complex for the homeless shared some success stories from their project-based voucher program and advocated for an increase in the number of project-based vouchers.

- Numerous speakers advocated for an increase in the number of dedicated vouchers for the chronically homeless.

- A speaker asked that HACSC include funding for security deposits for their tenants.

- Several speakers advocated for an overall increase in vouchers for low-income families.

- A speaker said that the overall positive tone of the hearing was a testimony to a great housing authority with strong community partnerships and asked HACSC to ensure
that MTW Activity #1 (select HACSC-owned public housing projects for PBV without competition) did not give HACSC an unfair advantage.

\textbf{HACSC Comment:} Although Activity #1 would give HACSC an advantage in project-basing its public housing units, HACSC intends to continue to issue competitive Requests for Proposals in order to project-base properties that are not self-owned in the coming years just as we have in the past. By removing our own properties from that process, we will be able to administer a fair competitive process when awarding project-based subsidies.

II. \textbf{Correspondence on MTW Plan}

Letters from five different agencies commenting on the Draft MTW Plan for January 1, 2008 through June 30, 2008 were submitted during the public review period and one email was received. Included are summarized comments from the letters and emails.

\textbf{Letter from Community Homeless Alliance Ministry (CHAM) dated March 24, 2008}

- Incentives to encourage voucher holders to receive services should be positive in nature and not punitive. Escrow accumulation is a good example of positive incentive.

- There was general support for administrative changes that may increase efficiency in the delivery of services to tenants and applicants.

- There was support for an increase of the dedicated vouchers for the homeless from 100 to 300 per year.

\textbf{Letter from Santa Clara County Collaborative on Affordable Housing and Homeless Issues dated March 25, 2008}

- The agency strongly encouraged the Housing Authority to increase the number of Section 8 vouchers set aside for chronically homeless people to 200.

\textbf{Letter from Catholic Charities of Santa Clara County dated March 25, 2008}

- The agency respectfully requested the Housing Authority to consider increasing the number of Section 8 vouchers set aside for chronically homeless people to 200.

\textbf{Letter from Palo Alto Downtown Streets Team dated March 25, 2008}

- The agency respectfully requested the Housing Authority to consider increasing the number of Section 8 vouchers set aside for chronically homeless people to 200.
Email submitted 3/27/08 from the Director of the Santa Clara County Domestic Violence Advocacy Consortium

- The agency requested HACSC to consider the needs of domestic violence victims in any decisions that are made through the MTW Demonstration Program.
Appendix Three: HACSC Moving To Work (MTW) Agreement