Moving to Work (MTW) 2009 Annual Report

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

September 30, 2009
Housing Authority of the County of Santa Clara (HACSC)

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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 affordable, high-quality housing.
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I. INTRODUCTION AND OVERVIEW

Purpose of this Report

This document reports on how the Housing Authority of the County of Santa Clara (HACSC) performed in carrying out its planned Moving to Work (MTW) program during a 16-month period ending June 30, 2009. The report is required by the U.S. Department of Housing and Urban Development (HUD), and is a companion to the approved 2008 and 2009 MTW Annual Plans. HACSC signed a 10-year MTW Agreement with HUD in early 2008. (This agreement also applies to the Housing Authority of the City of San Jose, which is administered by HACSC.)

Established as an independent local government agency in 1967 by the Santa Clara County Board of Supervisors, HACSC provides rental housing assistance in various forms to over 17,000 low- and very-low income households throughout Santa Clara County.

MTW is about Innovation

MTW is a federal demonstration program established by Congress in 1996. It encourages selected housing authorities to modify the way they run federal housing subsidy programs, harnessing local ingenuity and attention to community needs to meet three broad federal goals:

- To increase cost effectiveness in housing program operations,
- To promote participants’ economic self-sufficiency, and
- To expand participants’ housing options.

MTW requires HACSC to reach for these goals while ensuring that the Agency continues to serve substantially the same mix of tenants (in terms of income level and family size), and at least as many households as before it had MTW status.

Summary of HACSC’s MTW Progress and Successes in Fiscal Year 2009

The results of HACSC’s first phase of MTW have tracked well with its stated plans and overall objectives. The Agency has aimed in the short-term to simplify and reduce costs in routine program administration, and use the resulting time and cost savings over the longer-term to improve customer service, strengthen program integrity, ensure financial stability, and meet high-priority local housing needs.

HACSC fully implemented six planned MTW activities during FY2009. Three of these activities had broad impact on the day-to-day operation of the Housing Choice Voucher (HCV)
Program, and together accounted for the vast majority of MTW-generated cost savings and impact. By reducing the frequency of tenant reexaminations (Activity #1) and of regular housing inspections (Activity #2), and by simplifying the tenant income verification process (Activity #3), HACSC streamlined HCV operations in ways that respected tenants and property owners, maintained program integrity, and produced significant program cost savings. The combined impact of implementing these MTW activities was dramatic. In FY2009, HACSC:

- Reduced workloads, leading to over $1 million in annualized labor cost savings through attrition (unfilled staff vacancies);
- Decreased non-personnel administrative costs by over $230,000;
- Reduced the length of the “cycle time” for processing new tenant admissions and reexaminations by 28% and 33%, respectively;
- Increased staff capacity, measured in full-time-equivalent (FTE) positions, by 15 FTE’s; and
- Reduced paper usage by over 7,500 pounds, a 9% reduction from pre-MTW usage.

Early implementation of the workload reductions in the HCV program have allowed HACSC to rapidly realize cost savings and immediately devote more attention to improving customer service, refining and documenting program processes and workflow, expanding staff training and cross-training, and investing in sorely-needed new HCV program software. Focusing now on these foundational activities will allow HACSC to move forward with planning for future expansions of client services and tenant self-sufficiency incentives.

In another key program area – the disposition and renovation of its public housing sites – HACSC has used its MTW flexibility to minimize “red tape” and help ensure the long-term viability of its existing affordable housing stock. Through MTW Activity #10, HACSC was able to project-base Rincon Gardens, a 200-unit senior apartment complex going through public housing disposition, without a competitive process. This action avoided a costly three-month review process, but more importantly it allowed HACSC to move quickly to create a stable long-term financing package for this development. HACSC and the community will realize similar short- and long-term benefits as HACSC converts the remainder of its public housing sites to PBV in FY2010.

HACSC has also made significant progress this past year in addressing a longstanding local priority: ending homelessness. With the backdrop of MTW flexibility, HACSC has become a major player in the local planning process around ending homelessness.

The most tangible evidence of this progress is HACSC’s annual set-aside of 200 vouchers for the chronically homeless. For the past two years, this set-aside has proved successful at getting families housed and has served as a foundation for HACSC and its community partners to build a viable direct voucher referral program. Still in development (and only permissible under MTW – see Activity #5), a direct voucher referral program would more quickly and effectively match vouchers and appropriate case management services with identified chronically homeless families who are not on the voucher waiting list.
HACSC planned eight additional MTW activities that for various reasons were not launched in FY2009. Section V of this report describes the status of these activities, five of which are expected to be fully implemented in FY2010, and three of which no longer require MTW waivers (and therefore will not be tracked as MTW activities).

Reaffirming HACSC’s MTW Philosophy and Objectives

HACSC’s MTW “philosophy” embraces the two core values of working collaboratively with all stakeholders and creating a superior business model for its operations to ensure high performance and long-term financial sustainability.

As stated in its 2008 and 2009 Annual Plans, HACSC’s MTW planning process and implementation is guided by broad objectives that flow directly from the three statutory goals for the program:

In the area of increasing program cost-effectiveness, HACSC’s objectives include:

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

In the area of client self-sufficiency, HACSC’s objectives include:

- Promoting self-sufficiency and asset development to the maximum extent possible among participants by expanding current programs and developing new tools to enhance life skills;
- Improving the quality of life for low-income families by providing direct access to educational, social and economic development services and opportunities;
- Working in partnership with local community organizations to support approaches to ending homelessness and promoting self-sufficiency; and
- Increasing the number of low-income families participating in HACSC’s homeownership program by partnering with developers, counselors, realtors, and banks.

In the area of expanding housing options for low-income families, HACSC’s objectives include:

- Leverage the power of MTW’s funding flexibility model to strengthen HACSC’s already proven record of success in producing high-quality housing for low-income populations;
• Continue to capitalize on opportunities to improve the vitality of HACSC-owned developments as well as increase the supply of affordable housing through future developments; and
• Take affirmative measures to support and ensure equal housing opportunities for all families participating in HACSC programs.
II. GENERAL HACSC OPERATING INFORMATION

This section provides information about the types and number of units in the HACSC program, the characteristics of the families served and discusses any changes that may have occurred during FY2009 to housing stock, leasing and waiting list numbers. HACSC administers over 17,609 units of housing assistance consisting of Section 8 Housing Choice Vouchers, Moderate Rehabilitation, and Shelter Plus Care units, 355 Public Housing units and 1,717 affordable housing units throughout the County of Santa Clara.

A. Housing Stock Information

1. Public Housing Units and Planned Capital Expenditures

Through planned disposition, HACSC’s public housing stock decreased by 200 units during FY2009. The current number of public housing units in its inventory is 355.

HACSC was granted HUD approval on September 26, 2007, for the disposition of its public housing because public housing operating and capital funding had been inadequate to meet costs for more than the past five years, and these capital funding deficits were projected to increase in the coming years.

On September 16, 2008, HACSC transferred ownership of 200 of its public housing units to a non-profit entity. Rincon Gardens, a property for senior residents, began a 15 year PBV contract on the same day. The remaining 9 public housing projects, representing 355 units, will be converted to PBV in FY2010.
Table 1: List of Public Housing properties/units to be transferred through the disposition process

<table>
<thead>
<tr>
<th>Development</th>
<th>Type</th>
<th>Number of Units</th>
</tr>
</thead>
<tbody>
<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</td>
<td>Family</td>
<td>9</td>
</tr>
<tr>
<td>Lucretia Gardens</td>
<td>Family</td>
<td>16</td>
</tr>
<tr>
<td>Miramar Way</td>
<td>Family</td>
<td>16</td>
</tr>
<tr>
<td>Deborah Drive</td>
<td>Family</td>
<td>4</td>
</tr>
<tr>
<td>Eklund I</td>
<td>Family</td>
<td>10</td>
</tr>
<tr>
<td>Eklund II</td>
<td>Family</td>
<td>6</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>355</strong></td>
</tr>
</tbody>
</table>

(includes 8 manager units)

As a part of the disposition and rehabilitation of the public housing projects, significant capital expenditures have been planned. The improvements for Cypress Gardens, Lenzen Gardens, Sunset Gardens, Julian Gardens, Lucretia Gardens and Miramar Way will occur after the sale of the properties has taken place. The improvements at Deborah Drive, Eklund I and Eklund II are to be financed with American Recovery and Reinvestment Act grant funds and will take place in FY2010 prior to the transfer of ownership.

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

HACSC served 16,508 households through the County of Santa Clara under the MTW program as of June 30, 2009. These include the following programs:

- 15,959 Tenant-Based vouchers
- 549 PBV units

HACSC had an increase to its allocation of vouchers of 546 conversion vouchers issued to its public housing tenants on July 1, 2008. This increase represented less than 10% of HACSC’s voucher baseline.

In addition HACSC had the following non-MTW units authorized as of June 30, 2009:

- 53 Mainstream vouchers
- 206 Moderate Rehabilitation units
- 200 Shelter Plus Care units serving homeless, disabled households
- 70 Veterans Affairs Supportive Housing (VASH) vouchers
3. Number of HCV Units Project-Based during FY2009

HACSC transferred ownership of one of its public housing properties to private ownership in September, 2008. Rincon Gardens Apartments, a 200 unit complex for senior citizens in the City of Campbell, entered into a PBV HAP contract on September 16, 2008 for 198 of its units.

4. Other Housing planned to be managed by the HACSC

The following tax credit properties are managed by Property Management Inc., an affiliate of the Housing Authority:

Table 2: Tax Credit 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>Morrone Gardens, San Jose</td>
<td>102</td>
</tr>
<tr>
<td>Villa Hermosa, San Jose</td>
<td>100</td>
</tr>
<tr>
<td>Bracher Senior Apartments, Santa Clara</td>
<td>72</td>
</tr>
<tr>
<td>Rincon Gardens, Campbell</td>
<td>200</td>
</tr>
<tr>
<td>John Burns Gardens, Santa Clara</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>859</strong></td>
</tr>
</tbody>
</table>

Table 3: Tax Credit Family Housing

<table>
<thead>
<tr>
<th>Name and Location</th>
<th>Number of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Pedro Gardens, Morgan Hill</td>
<td>36 units (20 low-income family leases, 16 “sweat equity” homes purchased by low income families 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 tax credit, 36 project-based voucher</td>
</tr>
<tr>
<td>Pinmore Gardens, San Jose</td>
<td>51</td>
</tr>
<tr>
<td>Poco Way Apartments, San Jose</td>
<td>120 tax credit, 10 project-based voucher</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>794</strong></td>
</tr>
</tbody>
</table>
### Table 4: Farmworker Housing

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

**B. Leasing Information**

1. **Public Housing**

   HACSC had 330 MTW public housing units occupied as June 30, 2009. HACSC does not have any non-MTW public housing units in its housing stock.

2. **Housing Choice Voucher Program**

   The Section 8 HCV Program was fully leased throughout FY2009. As of June 30, 2009, HACSC had 16,092 MTW HCV units and 648 non-MTW HCV units leased.

3. **Issues Related to Leasing HCV or Public Housing Units**

   As listed in Table 1, above, HACSC will continue to transition its public housing units to project-based voucher (non-public housing) units during FY 2010. In preparation for the disposition and rehabilitation of the properties, HACSC did not fill any public housing vacancies that occurred during FY2009. The percentage of leased public housing units dropped from 100% to 93% during FY2009.

4. **Project-Based Vouchers**

   HACSC had 510 project-based vouchers leased as of June 30, 2009.
C. Waiting List Information

HACSC maintains the following waiting lists:

- Housing Choice Voucher (HCV) – merged list for the City and County
- Moderate Rehabilitation – merged list for the City and County
- Project-Based Voucher (PBV) – merged list for the City and County
- Public Housing for Family Housing
- Site-based Public Housing for Senior Housing

In April 2006, HACSC opened the waiting list for the HCV program, including tenant-based assistance, PBV assistance, and the Moderate Rehabilitation program. As of July 2009, HACSC’s Section 8 HCV waiting list included 53,306 eligible registrants; 48,721 of these registrants also registered for the PBV and Moderate Rehabilitation programs. Ninety-one percent (91%) of HCV waiting list applicants had extremely low incomes (less than or equal to 30% of the Area Median Income). The income demographics of the current registrants on the Section 8 HCV waiting lists are shown in Table 5. The race and ethnicity demographics of this population are illustrated in the pie charts that follow.

Table 5: Applicant Income Levels by Family Type

<table>
<thead>
<tr>
<th></th>
<th>Extremely Low Income</th>
<th>Very Low Income</th>
<th>Low Income</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elderly/Disabled</td>
<td>2.613</td>
<td>361</td>
<td>115</td>
<td>3,089</td>
</tr>
<tr>
<td>Elderly Only</td>
<td>6,562</td>
<td>81</td>
<td>30</td>
<td>6,673</td>
</tr>
<tr>
<td>Disabled Only</td>
<td>7,475</td>
<td>327</td>
<td>59</td>
<td>7,861</td>
</tr>
<tr>
<td>Not Elderly/Disabled</td>
<td>31,924</td>
<td>3,556</td>
<td>203</td>
<td>35,683</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>48,574</td>
<td>4,325</td>
<td>407</td>
<td>53,306</td>
</tr>
</tbody>
</table>
Race and Ethnicity Demographics – Section 8 HCV Waiting Lists

Applicants by Race

- White: 58%
- Black/African American: 24%
- Am. Ind./Alaskan: 6%
- Asian: 6%
- Hwn/Pac. Island: 4%
- More than One Race: 2%

Applicants by Ethnicity

- Hispanic or Latino: 31%
- Not Hispanic or Latino: 69%
HACSC maintains a separate waiting list for its public housing units. The public housing waiting lists were closed throughout FY2009.

At the end of HACSC’s 2009 Fiscal Year, the public housing waiting lists consisted of 6,067 applicant households, including 1,494 applicants for all site-based senior housing and 4,573 applicants for family housing.

HACSC plans to transition its six remaining public housing projects to non-public housing, 100% project-based units. After a Project-Based Housing Assistance Payments Contract has been executed for a particular development and its waiting list has been exhausted, vacancies will be filled from the PBV waiting list.

D. Supportive Services

During FY2009, HACSC continued to provide support services, directly and through community partners, to residents of public housing and non-public housing sites, to participants in the Family Self-Sufficiency (FSS) Program, and to a limited number of Section 8 participants. While the specific services vary widely, their fundamental purpose is to enhance the effectiveness of the housing subsidy by availing participants of assistance that empowers them to live as independently as possible (fixed-income seniors and disabled residents) or to progress toward financial independence (individuals and families).
In May 2008, HACSC applied for and received funding for 70 Veterans Affairs Supportive Housing (VASH) vouchers. The HUD–VASH program combines Housing Choice Voucher rental assistance for homeless veterans with case management and clinical services provided by the U.S. Department of Veterans Affairs at its medical centers and in the community.

By June 2008, HACSC had met with the local Veterans Administration Medical Center (Palo Alto VAMC) and established the contacts, guidelines and procedures for the partnership. In July 2008, HACSC received its first VASH referral from the VAMC.

HACSC’s early establishment of cooperative communications with the Palo Alto VAMC and rapid response in developing the VASH program was essential to the success of meeting all HUD and VA targets for voucher issuance and housing of referred veterans. Because of this successful partnership, Palo Alto VAMC applied for additional VASH vouchers in FY2009 and specifically requested that HACSC administer the vouchers, even for outlying counties. HACSC received a total of 140 additional vouchers in July 2009, allocated as follows: 105 additional vouchers for Santa Clara and San Mateo Counties and 35 vouchers for Santa Cruz County.
IV. LONG-TERM MTW PLAN

HACSC seeks to design and carry out a range of programs and activities that will increase housing opportunities for low-, very low-, and extremely low-income families. These activities include:

- preserving, modernizing, rehabilitating and reconfiguring HACSC- and affiliate-owned properties that are at risk of physical deterioration or obsolescence;

- developing new affordable housing;

- providing supportive community services that are likely to achieve the purposes of families obtaining employment, increasing earned income, or achieving economic self sufficiency;

- increasing the number of families receiving tenant-based rental assistance; and

- continuing to design and implement innovative strategies to use funds in more effective or cost-efficient ways.

HACSC will continue to promote the necessary regulatory and budgetary flexibility under MTW to realize these plans.

Long-and short-term planning for HACSC’s use of MTW flexibility must of course include a readiness to respond to the potential impacts of shifts in the economy and of other factors beyond the Agency’s control. The current economic recession has hurt households at all income levels, but the impact is greatest on very low-income families. Even those on fixed incomes have experienced unprecedented reductions in their public assistance payments, including Social Security Income.

An example of the effect of the recession on HACSC’s Housing Choice Voucher clients is illustrated in the chart below. From FY2008 to FY2009, HACSC saw a reduction in voucher turnover, with corresponding changes in new admissions and interim reexaminations that were a direct result of tenant job loss and/or income declines during this period. As it formulates its longer-term MTW plans, HACSC will continue to monitor economic conditions and community service needs.
HACSC’s goal of responding to local needs includes taking advantage of opportunities to increase affordable housing stock in Santa Clara County. In December 2008, HACSC purchased a 2-acre property at 777 Park Avenue in San Jose, an ideal site for future development of affordable housing near a mass transit hub.
V. PROPOSED MTW ACTIVITIES (Awaiting Implementation or Obsolete)

This section describes MTW activities that were proposed by HACSC and approved by HUD but that were not implemented as of June 30, 2009, either because more planning and preparation is required to fully launch the activity (see sub-section A), or because subsequent HUD rulings or other determinations have made the activities permissible without requiring an MTW waiver (see sub-section B).

A. MTW Activities to be Implemented in 2010

The following five MTW activities have been planned by HACSC and approved by HUD, and are expected to be fully implemented during fiscal year 2009-10:

- Timeline to Correct Housing Quality Standards (HQS) Deficiencies (Activity #4)
- 30-Day Referral Process for Project-Based Vacancies (Activity #8)
- Utilization of Low Income Housing Tax Credit (LIHTC) Tenant Income Certification (TIC) for Income and Asset Verification (Activity #9)
- Project-Base 100% of Units in Family Projects (Activity #11)
- Payment Standard Changes Between Regular Reexaminations (Activity #14)

A brief status report on each of these activities follows.

Timeline to Correct Housing Quality Standards (HQS) Deficiencies (Activity #4)

DESCRIPTION OF MTW ACTIVITY

In its approved FY2009 MTW Plan, HACSC created a longer timeline for property owners in the Housing Choice Voucher Program to correct minor non-life-threatening HQS deficiencies. Under this plan, owners are given 30 days from the date of the deficiency notification letter to correct minor HQS violations. This activity, combined with the practice of allowing owners to self-certify correction of such violations, will create administrative efficiencies by eliminating the need for a second inspection, by reducing the number of extension requests made by owners, and by encouraging owners’ continued participation in HACSC programs.

STATUS OF THE ACTIVITY

HACSC began implementing this activity in March 2009, too late in the fiscal year to generate enough data to allow for any meaningful evaluation of its impact. HACSC has developed procedures regarding owner self-certification of repairs, is communicating with
owners and tenants about the new procedure, and will report on the activity in the MTW Annual Report for FY2010.

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

DESCRIPTION OF MTW ACTIVITY

In the Housing Choice Voucher Program, HACSC allows direct owner referrals of applicants after 30-days of unsuccessful attempts (including a “good faith effort” certification) by the owner to process referrals from the HACSC project-based applicant wait list. This activity was proposed in HACSC’s FY2009 MTW Plan and approved by HUD.

This policy is part of the project-based

certificate

regulations but was not included in the project-based

Final Rule

issued in 2005. HACSC believes the original project-based

certificate

policy eliminates extended vacancies in units that serve special needs populations. For certain types of PBV units, hundreds of applicants from the PHA waiting list are contacted before a sufficient number of interested applicants are found to refer to the PBV owner for selection. The outreach required to fill these units and the time it required to find an eligible, interested candidate can be costly to the Housing Authority and to PBV owners.

STATUS OF THE ACTIVITY

HACSC has 549 of its vouchers under PBV contract. The number of PBV vouchers will increase to 1,095 by the end of CY2009. Based on historical vacancy records, approximately 15% of these units become vacant in a one-year period. This activity was proposed to help create flexibility in how these units are filled. Its goal is to reduce lengthy vacancies for PBV owners and to improve owner satisfaction, thus contributing to a stable owner pool.

To gauge property owner reaction to this planned activity, HACSC conducted a preliminary telephone survey in July 2009. 17 PBV owners out of a total of 22 were interviewed. Each owner was asked if they strongly prefer, prefer, are undecided, slightly disagree or disagree with the proposed change in filling PBV vacancies. All owners surveyed stated that they prefer the new approach.

Because the PBV program represents a fairly small number of vouchers, HACSC focused its energies in FY2009 on launching other MTW activities that have broader impact. HACSC expects to implement this activity during FY2010.
Utilization of Low Income Housing Tax Credit (LIHTC) Tenant Income Certification (TIC) for Income and Asset Verification (Activity #9)

DESCRIPTION OF MTW ACTIVITY

For project-based units that also utilize LIHTC, HACSC will use the TIC form required under the LIHTC Program as verification of the income and assets. This activity was proposed in HACSC’s FY2009 MTW Plan and approved by HUD.

Owners of project-based units that utilize tax credits must comply with Federal LIHTC regulations which are nearly identical to HCV regulations with regard to verification of income and assets when determining and recertifying income eligibility of residents. Therefore, at initial eligibility and at each regularly scheduled reexamination for each participant residing in project-based units that also utilize LIHTC, the owner and HACSC are duplicating efforts in the verification process. This causes unnecessary delays in processing new participants and creates redundant demands on the participant every year for the same documentation.

STATUS OF THE ACTIVITY

Because the PBV program represents a fairly small number of vouchers, HACSC focused its energies in FY2009 on launching other MTW activities that have broader impact. HACSC expects to implement this activity during FY2010.

To gauge property owner reaction to this planned activity, HACSC conducted a preliminary telephone survey in July 2009. 17 PBV owners out of 22 were interviewed. Each owner was asked if they strongly prefer, prefer, are undecided, slightly disagree or disagree with the activity. 15 owners surveyed stated they prefer the new approach to verifying tenant income and assets, and two were undecided.

HACSC is currently writing the procedure to implement this activity and is in the process of notifying the owners of project-based voucher units of this change in policy. HACSC expects to have this policy fully operational and will be reporting on its results in FY2010.
Project-Base 100% of Units in Family Projects
(Activity #11)

DESCRIPTION OF MTW ACTIVITY

In its approved FY2009 MTW Plan, HACSC created the policy that it may project-base more than 25% of the units in an existing building in family complexes and provide supportive services while not requiring participation in those services. Current project-based voucher regulations (issued in the Final Rule) impose a 25% cap on project-based units per multi-family building (five or more units per building) in complexes serving families. In order to project-base additional units above the 25% cap, the owner must provide services and require families living in the “excepted” units above the cap to participate in those services.

Existing housing is typically fully occupied when units are transitioned to project-based assistance, requiring current occupants to abide by a new set of leasing rules, including in this case, required participation in services if the unit is an “excepted” unit. HACSC’s proposal would lessen this sudden impact on families by not requiring participation in services. HACSC will maintain that services must be available, and families must be made aware of and encouraged to participate in those services, but participation would not be mandatory.

STATUS OF THE ACTIVITY

HACSC did not project-base any family complexes in FY 2009. The agency expects to implement this activity in FY2010, when it will be project-basing six existing public housing family projects, four of which will be affected by this activity. An evaluation of this activity will be addressed in the FY2010 MTW Annual Report. The following family public housing projects will be affected by this activity: Miramar Apartments, Julian Gardens, Lucretia Gardens, and Eklund I Apartments.

Payment Standard Changes Between Regular Reexaminations
(Activity #14)

DESCRIPTION OF MTW ACTIVITY

When there is a decrease in the family’s unit size between regular reexaminations, when applicable, an interim reexamination reflecting the new payment standard will be effective the first of the month 90 days after the decrease.
When there is an increase in the family’s unit size between regular reexaminations, when applicable, an interim reexamination reflecting the new payment standard will be effective the first of the following month.

**STATUS OF THE ACTIVITY**

HUD approved this activity on February 17, 2009. HACSC is in the process of drafting a relevant procedure and expects to implement and report on this activity in 2010.

**B. Activities That Do Not or No Longer Require MTW Waiver**

**20% Sample Inspections Annually for PBV Units**

(Activity #6)

HACSC proposed this activity as part of its FY2009 MTW Plan to consolidate previous project-based certificate and Initial Guidance regulations with the current project-based voucher Final Rule. After the approval of this activity, HUD issued PIH Notice 2008-14, in which HUD provides 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 at 24 CFR Part 983.

Due to HUD’s new provision in the project-based program regulations, HACSC will no longer need to consider this an MTW activity.

**Project-Based Unit Substitution**

(Activity #7)

HACSC proposed this activity to consolidate previous project-based certificate and Initial Guidance regulations with the current project-based voucher Final Rule. After the approval of this activity, HUD issued PIH Notice 2008-14, in which HUD provides 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 at 24 CFR Part 983.

Due to HUD’s new provision in the project-based program regulations, HACSC will no longer need to consider this an MTW activity.
Adopting Investment Policies (Activity #12)

HACSC proposed this activity in the context of developing the agency’s first-ever MTW Plan. The intent was to affirm that HACSC had and would continue to adopt investment policies consistent with the California Government Code and in compliance with applicable OMB circulars and other federal laws. HACSC’s Board of Commissioners annually adopts investment policies in accordance with the California Government Code (CGC) Sections 5922 and 53601, and California state law in this area is in fact more restrictive than applicable federal law.

HACSC has since concluded that adoption of investment policies does not require an MTW waiver and therefore is not appropriately considered an MTW activity.
The following six MTW activities were proposed by HACSC and approved by HUD, and were implemented during fiscal year 2008-09:

- Reduced Frequency of Tenant Reexaminations (Activity #1)
- Simplification and Expediting of the Income Verification Process (Activity #2)
- Reduced Frequency of Inspections (Activity #3)
- Exploring New Housing Opportunities for the Chronically Homeless (Activity #5)
- Selection of HACSC-owned Public Housing Projects for PBV without Competition (Activity #11)
- Combined Waiting Lists for the County of Santa Clara and the City of San Jose (Activity #13)

By effectively implementing MTW activities that streamline administrative processes in the HCV program, HACSC has realized significant savings in labor and material. These savings have translated into an increase in operational capacity and enhanced program delivery. As illustrated in the table below, HACSC experienced a 30% reduction in key work tasks (regular unit inspections and tenant reexaminations) in FY2009 as a result of the combined effect of MTW Activities 1 and 2.

![Reduction of Work Activities](image)
Overall FY2009 savings can be summarized as follows:

Capacity has been increased by approximately 15 full-time equivalent (FTE) positions:

✓ Reducing the frequency of tenant reexaminations has freed up 6 FTE’s
✓ Simplifying the 3rd party verification requirements has freed up 2.7 FTE’s
✓ Reducing the frequency of regular inspections has freed up 6 FTE’s
✓ The increase in efficiency has reduced the cost to administer reexaminations, new admissions, interims, and inspections by $693,260

Program administration costs have decreased by $1.33 million, including:

✓ $1.1 million through attrition (unfilled vacancies)
✓ $92,000 through outsourced inspections avoided
✓ $83,000 in outsourced administrative assistance avoided
✓ $42,000 in postage avoided
✓ $18,500 in office supplies avoided

In addition, The HCV program reduced its use of paper in FY2009 by 7,500 pounds, a 9% reduction from the previous year. The Agency anticipates further significant reductions in paper use over the years as out-of-date Section 8 software is replaced and administrative processes are further streamlined and automated.

The nature and individual impact of each implemented MTW activity is described below.

**Reduced Frequency of Tenant Reexaminations (Activity #1)**

**DESCRIPTION OF MTW ACTIVITY**

HACSC has instituted a three-year reexamination period for families who receive income solely from Social Security, Supplemental Security Income, pensions, and/or TANF, since these sources are historically subject to minimal annual increases. For all other families, reexaminations occur biennially. This activity was proposed in the FY2009 MTW Plan.

**IMPACT OF THE ACTIVITY**

HACSC began a modified reexamination schedule that was effective for all MTW reexaminations in calendar year 2009. MTW families with reexamination due dates in January, March, May, July, September and November were scheduled for reexamination in 2009. Families with reexamination due dates in February, April, June, August, October and...
December will have their next reexamination in 2010. Thereafter, these families will be on a
two- or three-year reexamination schedule depending on the family’s income sources.

HACSC has realized a reduction in labor costs because of this and other implemented
activities through attrition (unfilled staff vacancies). These and other “combined” savings are
briefly summarized above (at the beginning of this Section VI) of this Report. Cost savings
from this activity will in part be used to increase HACSC’s reserve fund. HACSC will use these
funds to carry out activities consistent with the purposes of the MTW Demonstration
program including those described in Section B.1.b of Attachment C of HACSC’s MTW
Agreement.

Implementation of this activity has enabled HACSC to focus on improving the quality of the
HCV program. Additional time was set aside for staff re-training on program policies and
procedures, quality control audits, and an increased concentration on customer service.

**FY2009 Results**

The agency completed 12,164 MTW reexaminations in FY2009 compared to 15,319
reexaminations in FY2008, a 20% reduction. Labor hours associated with reexaminations
have been reduced from 61,930 in FY2008 to 49,175 in FY2009 (approximately 6 FTE’s), a 20%
reduction. The reduced labor hours equates to $316,570 in direct labor cost savings.

**Projected Future Results**

The agency anticipates the number of reexaminations to be reduced by 50% in FY2010. By
reducing the number of reexaminations by 50%, HACSC will realize significant operational
savings, equating to a reduction of 30,965 labor hours (approximately 15 FTE’s at a cost of
$768,548) over the course of the year.

Baseline caseloads identified 46% of MTW households had fixed income as their only source
of income. These families would have reexaminations on a three-year (triennial) schedule.
Fifty-four percent (54%) of the total MTW participant population had non-fixed income and
would have biennial reexaminations.
**Reduction in Reexaminations**

- FY 2008 Baseline: 8,272
- FY 2009 Actual: 6,569
- FY 2010 Projected: 4,136

20% Reduction in FY09
50% Projected Reduction in FY2010

**Labor Hour Reduction in Processing Reexaminations**

- FY 2008 Baseline: 37,501 Hrs
- FY 2009 Actual: 29,777 Hrs
- FY 2010 Projected: 18,750 Hrs

20% Reduction in FY09
50% Projected Reduction in FY2010

**MTW Annual Report FY2009**

Section VI – Ongoing MTW Activities (Implemented)
**Results of Participant Survey**

A survey was conducted to determine participants’ preferences regarding the new reexamination schedule. The survey used a Likert scale, with respondents selecting whether they strongly preferred, preferred, were neutral, disliked or strongly disliked the new schedule of conducting reexaminations. 1,000 MTW participant families were randomly selected and mailed a survey. In addition, MTW participants who came to the Housing Authority office during a recent two-week period were offered the opportunity to complete a survey. 516 participants responded. 91% of the responding participants prefer the new schedule.

The survey participants had an opportunity to write additional comments on this activity. Less than 2% of the participants wrote comments, but for those who did, the comments were mostly favorable. Participants appreciated the streamlining of the process and felt that the new method is better for families who don’t have income changes year to year.

**Tenants Surveyed Prefer New Reexamination Schedule**

![Survey Results Pie Chart]

<table>
<thead>
<tr>
<th>Survey Response</th>
<th>Total</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Prefer</td>
<td>330</td>
<td>64%</td>
</tr>
<tr>
<td>Prefer</td>
<td>137</td>
<td>27%</td>
</tr>
<tr>
<td>Neutral</td>
<td>39</td>
<td>8%</td>
</tr>
<tr>
<td>Dislike</td>
<td>5</td>
<td>1%</td>
</tr>
<tr>
<td>Strongly Dislike</td>
<td>5</td>
<td>1%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>516</td>
<td></td>
</tr>
</tbody>
</table>

**REVISIONS TO BENCHMARKS AND METRICS; CHANGES TO DATA COLLECTION METHODOLOGY**

In some cases, baselines have been further quantified for this activity. Baselines are:

- 15,319 reexaminations completed in FY 2008 (this is a correction of the FY2009 Plan).
- 61,930 hours of staff time (31 FTE’s) were spent in FY2008 to process annual reexaminations. This equates to $1,537,097 in direct labor costs.
- 151 reexaminations were audited for reexaminations effective during the six-month period (pre-activity) of July 1 to December 31, 2008. 11% had rent calculation errors.
• HACSC anticipates that interim reexamination requests may increase because of the reduction in frequency of regular reexaminations. Because of this, an additional baseline is provided: In calendar year 2008, 3,768 interims were completed due to changes in family composition or decreases in income.

Benchmarks for this activity have been further specified. Benchmarks are:

• A 50% reduction in reexaminations in FY2010
• 72 reexaminations were audited for reexaminations effective during the six-month period (post-activity) of January 1 to June 30, 2009. 13% had rent calculation errors. Although no reduction in audit errors was noted (compared to the prior six-month period), HACSC believes that with a longer evaluation period and increased staff training, a reduction in calculation errors will be seen.

Metrics have been further specified and include:

• Number of Triennial reexaminations completed
• Number of Biennial reexaminations completed
• Labor hours to conduct reexaminations
• Labor dollars to conduct reexaminations
• Number of interim reexaminations completed

Undesirable outcomes may include:

• An increased number of interim reexaminations completed between regular reexaminations

An electronic database will be developed to store the data. Reports describing the above metrics will be developed. The reports will summarize the data on a month-to-date (MTD) and year-to-date (YTD) basis. Analyzing data on a frequent basis will assist HACSC in quantifying results and identifying opportunities for continuous improvement in the program. Below is a sample of a possible report format for this activity:

**Activity #1: Reduced Frequency of Tenant Re-Examination**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Baseline FY2008</th>
<th>Benchmark FY2010</th>
<th>MTD</th>
<th>YTD</th>
<th>On Track?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total No. of Triennials</td>
<td>7,047</td>
<td>3,524</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total No. of Biennials</td>
<td>8,272</td>
<td>4,136</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total No. of Re-exams</td>
<td>15,319</td>
<td>7,660</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor Hours to Conduct Re-Exams</td>
<td>61,930</td>
<td>30,965</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor Dollars to Conduct Re-Exams</td>
<td>$1,537,097</td>
<td>$768,548</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potential Undesirable Outcome: Total Number of interims</td>
<td>3,768</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
AUTHORIZATION FOR APPROVED ACTIVITY

This proposed activity is authorized in HACSC’s Moving to Work Agreement, Attachment C, Paragraph D (1)(c) and waives certain provisions of Section (o)(5) of the 1937 Act, and 24 CFR 982.516 as necessary to implement HACSC’s MTW Plan. No changes have been made to the authorization.

An MTW waiver is necessary for this activity because HUD regulations require annual reexaminations of family income and composition.

IMPACT OF RENT REFORM INITIATIVE

Because this activity changes the way rent is calculated for a participant’s household by reducing the frequency of regular reexaminations, it qualifies as a rent reform initiative.

In every case, this activity will benefit the families who qualify for it by allowing families to enjoy the benefit of income increases for a longer period of time. To transition participants to the new schedule, HACSC provided advance notice of the new reexamination schedule to affected families and advised them of their right to request an interim reexamination between regular reexaminations. As HACSC anticipates that no hardship will result from this activity, requests for a hardship waiver to this initiative will be handled on a case by case basis. The impact of this activity will be evaluated annually in HACSC’s MTW Report.

This activity was available for public review and was included as a proposed activity in the public hearing held for the FY2009 MTW Annual Plan. HACSC obtained approval from its Board of Commissioners prior to the activity’s implementation.

Simplification and Expediting of Income Verification Process (Activity #2)

DESCRIPTION OF MTW ACTIVITY

HACSC has streamlined the applicant and participant verification processes. The verification hierarchy is as follows:

- Up-front income verification (UIV), an independent source that systematically and uniformly maintains income information in computerized form, such as HUD’s EIV (Enterprise Income Verification) program, when available.
- If UIV systems are not available, HACSC will accept family-provided documentation.
- Family self-certification will be used as a last resort.
- HACSC may continue to use third party verification to resolve income discrepancies or in the absence of other verification or participant provided documents.
Another aspect of this activity addresses the initial applicant’s determination of eligibility. The current requirement is that eligibility documentation must be received no more than 60 days prior to the issuance of the voucher. Increasing the documentation submission window from 60 to 120 days will facilitate the processing of initial eligibility determination, and accelerate the applicants’ access to program assistance.

**IMPACT OF THE ACTIVITY**

This activity was proposed in the FY2009 MTW Plan and was implemented in January, 2009. There have been some immediate results in administrative efficiency, customer service (average time to issue a voucher) and cost savings from the elimination of mailings and repeat requests to third-party sources.

**FY2009 Results**

The agency requested an estimated 53,573 third party verifications in FY2008 compared to 21,656 in FY2009, a 60% reduction. The agency anticipates the number of third party verifications to be reduced by virtually 100% after a full 12 months of implementation.

Implementation of this activity has resulted in an immediate reduction in workloads for Housing Specialists and clerical support staff, allowing more time to focus on training and improving work quality. Labor hours have been reduced by 3,192 hours in FY 2009 (approximately 1.6 FTE’s), which equates to $70,909 in direct labor cost savings.
Section VI – Ongoing MTW Activities (Implemented)
This activity has also significantly reduced the “cycle time” for processing new tenant admissions and for reexaminations. The charts below illustrate that the average time to complete a new admission process has decreased by 28%, and the average time to complete a reexamination has decreased by 33%, all as a result of eliminating the 3rd party verification step. The actual clerical processing time (not including waiting time between steps) for reexaminations has decreased by 7%. These results represent a tangible improvement in customer service for tenants.
Projected Future Results

The agency anticipates the number of 3rd party verifications to be reduced by virtually 100% in FY2010, reducing associated staff time by 5,357 hours (approximately 2.7 FTE’s). This equates to $119,021 in direct labor cost savings.

Results of Participant Survey

A survey was conducted to determine participants’ preferences regarding the new income verification policy. 513 tenants participated in the survey. Each tenant completed a Likert scale survey to determine if they strongly preferred, preferred, were neutral, disliked or strongly disliked the new policy. 82% of the responding participants prefer the new policy.

Tenants Surveyed Prefer the New Income Verification Policy

REVISIONS TO BENCHMARKS AND METRICS; CHANGES TO DATA COLLECTION METHODOLOGY

In some cases, baselines have been further quantified for this activity, as follows:

- In FY08, the agency mailed 53,573 third party verifications (This is a correction to the benchmark noted in FY 2009).
- 5,357 hours of staff time (2.7 FTE) were spent in FY08 to mail or fax third party verifications. This equates to $119,021 in direct labor.

Benchmarks for this activity have been further specified:

- Reduce the amount of third party verifications mailed or faxed 100%. (This is a correction to the benchmark noted in FY 2009).
- Reduce staff time by 100%
Metrics have been further specified and include:

- Total number of third party verifications mailed or faxed
- Total amount of direct labor, in hours and dollars, to administer annual inspections

An electronic database will be developed to store the data. Reports describing the above metrics will be developed. The reports will summarize the data on a month-to-date (MTD) and year-to-date (YTD) basis. Analyzing data on a frequent basis will assist HACSC in quantifying results and identifying opportunities for continuous improvement in the program. Below is a sample of a possible report format for this activity:

**Activity #2: Simplification and Expediting of the Income Verifications**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Baseline FY2008</th>
<th>Benchmark FY2010</th>
<th>MTD</th>
<th>YTD</th>
<th>On Track?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total No. of Triennial Re-Exam 3rd Party Verifications Sent</td>
<td>14,093</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total No. of Biennial Re-Exam 3rd Party Verifications Sent</td>
<td>33,089</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total No. Interim 3rd Party Verifications Sent</td>
<td>3,768</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total No. New Admission 3rd Party Verifications Sent</td>
<td>2,622</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor Hours to Send 3rd Party Verif.</td>
<td>5,357</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor Dollars to Send 3rd Party Verif.</td>
<td>$119,021</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**AUTHORIZATION FOR APPROVED ACTIVITY**

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

An MTW waiver is necessary for this activity because HUD regulations require third party verification of family income, asset value and expenses related to deductions from annual income. HUD regulations also require that information verifying that an applicant is eligible must be received within 60 days before a voucher is issued to the applicant.
IMPACT OF RENT REFORM INITIATIVE

Because this activity changes the way rent is calculated for a participant’s household by verifying income and expenses through participant-provided documentation, it qualifies as a rent reform initiative.

This activity will have no impact on families, because HACSC requires participating families to provide income and expense verification as a back-up to third-party verification. Because there was no change in requirements to participants, there was no transition period for implementing this activity. As HACSC anticipates that no hardship will result from this activity, requests for a hardship waiver to this initiative will be handled on a case by case basis. The impact of this activity will be evaluated annually in HACSC’s MTW report.

This activity was available for public review and was included as a proposed activity in the public hearing held for the FY2009 MTW Annual Plan. HACSC obtained approval from its Board of Commissioners prior to the activity’s implementation.

Reduced Frequency of Inspections (Activity #3)

DESCRIPTION OF MTW ACTIVITY

HACSC has modified the frequency of inspections by inspecting housing stock biennially. HACSC may make exceptions to this inspection schedule for landlords and properties that do not comply on a consistent basis with Housing Quality Standards (HQS). HACSC may also enhance its educational program for participants and property owners to ensure continued compliance with HQS.

IMPACT OF THE ACTIVITY

This activity was implemented in September 2008. The activity has resulted in increased administrative efficiency and has produced cost savings in FY2009, while maintaining safeguards that ensure that participants reside in units that are decent, safe, and sanitary. Implementation has resulted in an immediate reduction in workloads for Housing Specialists and clerical support staff, allowing for more time to focus on training and improving work quality.

HACSC has realized a reduction in labor costs because of this and other implemented activities through attrition (unfilled staff vacancies). These and other “combined” savings are briefly summarized above (at the beginning of this Section VI) of this Report. Cost savings from this activity will in part be used to increase HACSC’s reserve fund. HACSC will use these funds to carry out activities consistent with the purposes of the MTW Demonstration
program including those described in Section B.1.b of Attachment C of HACSC’s MTW Agreement.

**FY2009 Results**

The agency conducted regular inspections for 8,764 units in FY2009 compared to 14,606 in FY2008, a 40% reduction. In FY2009, labor hours for inspections have been reduced from 32,186 in FY2008 to 19,954 in FY2009 (approximately 6 FTE), a 38% reduction. The reduced labor hours equates to $305,781 in direct labor costs.

**Projected Future Results**

The agency anticipates the number of regular inspections to be reduced by 50% in FY2010. By reducing the number of inspections by 50%, HACSC will realize significant operational savings. Labor hours will be reduced by 19,644 hours per fiscal year (approximately 10 FTE), a 61% reduction. This equates to $490,616 in direct labor costs.
**Reduction in Units Inspected**

- FY 2008 (Baseline): 14,606
- FY 2009 (Actual): 8,764
- FY 2010 (Projected): 7,303

40% Reduction in FY09
50% Projected Reduction in FY 2010

**Reduction in Annual Labor Hours for Regular Inspections**

- FY 2008 (Baseline): 32,186
- FY 2009 (Actual): 19,954
- FY 2010 (Projected): 12,542

38% Reduction in FY09
61% Projected Reduction in FY 2010
Participant Survey Results

A survey was conducted to determine participants’ preferences regarding the new inspection schedule. The survey used a Likert scale, with respondents selecting whether they strongly preferred, preferred, were neutral, disliked or strongly disliked the new schedule for conducting inspections. 1,000 MTW participant families were randomly selected and mailed a survey. In addition, MTW participants who came to the Housing Authority office during a recent two-week period were offered the opportunity to complete a survey. 89% of the 511 responding participants who answered the question on the new inspection schedule prefer the new biennial schedule.

Tenants Surveyed Prefer New Inspection Schedule

Property Owner Survey Results

Owners of units assisted under the Housing Choice Voucher program were also surveyed with a Likert scale survey to determine their preferences regarding the new inspection schedule. HACSC emailed an on-line survey to 4,389 property owners who had provided email address information. 1,359 owners (about 30%) responded to the survey. 71% of the responding owners who answered the question on the new inspection schedule prefer the new biennial schedule.

The survey participants had an opportunity to write additional comments on the activity. Owners who disliked the new biennial inspection schedule and gave a reason why, typically disliked it because of concerns over their tenants’ housekeeping and maintenance of their units. One of the ways HACSC is improving its customer service is by increasing HCV program workshops for owners. HACSC hopes to use these workshops and other forms of outreach to increase owner understanding of the HCV program and of owner’s rights and responsibilities under the program.
REVISIONS TO BENCHMARKS AND METRICS; CHANGES TO DATA COLLECTION METHODOLOGY

In some cases, baselines have been further quantified for this activity. Baselines are:

- In FY2008, the agency conducted annual (regular) inspections for 14,606 units. (This is a correction to the benchmark noted in FY 2009).
- 32,186 hours of staff time (16 FTE) were spent in FY08 to administer regular inspections. This equates to $804,770 dollars in direct labor costs.

Benchmarks for this activity have been further specified. The new benchmarks are:

- Reduce the number of units that are inspected each year by 50%. (This is a correction to the benchmark noted in FY 2009).
- Reduce staff time by 50%.

Metrics have been further specified and include:

- Total number of regular inspections per year, total number of units inspected
- Total amount of labor, in hours and dollars, to administer regular inspections per year

An electronic database will be developed to store the data. Reports describing the above metrics will be developed. The reports will summarize the data on a month-to-date (MTD) and year-to-date (YTD) basis. Analyzing data on a frequent basis will assist HACSC in
quantifying results and identifying opportunities for continuous improvement in the program. Below is a sample of a possible report format for this activity:

**Activity #3: Reduced Frequency of Inspections**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Baseline FY2008</th>
<th>Benchmark FY2010</th>
<th>MTD</th>
<th>YTD</th>
<th>On Track?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total No. Regular Inspections</td>
<td>14,606</td>
<td>7,303</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor Hours to Conduct Regular Inspections</td>
<td>32,186</td>
<td>12,543</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor Dollars to Conduct Regular Inspections</td>
<td>$804,770</td>
<td>$314,153</td>
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<td></td>
</tr>
<tr>
<td>Outsourced Inspections</td>
<td>$157,040</td>
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<td></td>
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</tr>
<tr>
<td>Cost of Gas</td>
<td>$14,354</td>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**AUTHORIZATION FOR APPROVED ACTIVITY**

This proposed activity is authorized in HACSC’s Moving to Work Agreement, Attachment D, Paragraph C and waives certain provisions of Section 8 (o) of the 1937 Act and 24 CFR 982 & 985, as necessary to implement HACSC’s MTW Plan. No changes have been made to the authorization.

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

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

**DESCRIPTION OF MTW ACTIVITY**

HACSC is expanding and improving the effectiveness of its assistance to chronically homeless families, through a combination of MTW and non-MTW initiatives. The Housing Authority has a separate set-aside of vouchers for the chronically homeless. However, because of the transient nature of the homeless population, selecting homeless families from the waiting list requires massive mailings to locate prospective voucher recipients. Once identified, these families have more difficulty in locating and obtaining housing on their own, and have a greater likelihood of eventually losing their assistance. With its MTW authority, HACSC has taken steps and has been exploring various means to target increased assistance to the chronically homeless through:
• Increasing the number of vouchers set aside for the chronically homeless to 200;
• Through improved partnerships with local homeless providers and a revised certification process, ensuring that chronically homeless families who receive vouchers from the waiting list are connected to supportive programs with designated service providers; and
• Actively pursuing plans leading to a process for direct referrals of chronically homeless families from non-profit agencies and community-based organizations.

IMPACT OF THE ACTIVITY

In FY 2009, HACSC began investigating the ramifications of creating a direct voucher referral process for the chronically homeless. Creating such a system that is inclusive to a diverse group of stakeholders, including county and city governments and community-based organizations, has been a lengthy and sometimes complicated process. There are many parties invested in finding a solution to homelessness who want to be involved in direct referral planning. HACSC meets regularly with the Santa Clara County Collaborative on Housing and Homeless Issues, a coalition of county-wide agencies serving the homeless and Destination: Home, a United Way program, which seeks to raise funds for programs and projects that will end homelessness.

This partnership of agencies, with HACSC’s guidance and participation, has formed a task force to design a process for direct referral that will support timelier voucher issuance and effective assistance for the target population. To insure the Agency’s representation in the solution to mitigate or end homelessness, HACSC staff regularly participates in numerous meetings of homelessness committees, task forces and other ad hoc groups.

HACSC designated 200 vouchers to the chronically homeless in FY2009 and set aside an additional 200 of its turnover vouchers to the chronically homeless for FY2010. Before a direct referral process can begin, the Agency must assist all HCV waiting list applicants who quality for the chronically homeless preference. HACSC has housed 277 chronically homeless applicants and anticipates assisting another 140 applicants before the waiting list is exhausted. HACSC is working with local agencies serving the homeless to offer case management services to these applicants once they are housed. It is expected that the waiting list for chronically homeless applicants will be exhausted by December, 2009.

REVISIONS TO BENCHMARKS AND METRICS;
CHANGES TO DATA COLLECTION METHODOLOGY

HACSC has revised the baselines for this activity as stated in the FY2009 MTW Plan, as follows:

• An average of 3 years and 1 month from the date of registration on the waiting list to the date housed for chronically homeless applicants.
• Percent of chronically homeless housed from the waiting list who lose their assistance within the first year.
AUTHORIZATION FOR APPROVED ACTIVITY

This proposed activity is authorized in HACSC’s Moving to Work Agreement, Attachment C, Paragraph D (4) and waives certain provisions of Sections 8(o)(6), 8(o)(13)(J) and 8(o)(16) of the 1937 Act and 24 CFR 982 Subpart E, 982.204 and 98.3 Subpart F as necessary to implement HACSC’s MTW Plan. No changes have been made to the authorization.

An MTW waiver is necessary for this activity because HUD regulations require that except for special admissions, participants in the Housing Choice Voucher Program must be selected from the PHA waiting list.

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

DESCRIPTION OF MTW ACTIVITY

HACSC may select HACSC-owned public housing projects for project-based assistance without a competitive process.

IMPACT OF THE ACTIVITY

The primary impact of avoiding a competitive PBV process, a lengthy process with which HACSC has extensive experience, is the ability to plan and efficiently move forward with project negotiations and securing a financing package that preserves a development’s affordability for the long-term.

On June 3, 2008, HACSC project-based Rincon Gardens, a 200 unit senior apartment complex going through a public housing disposition process, without a competitive process. On September 16, 2008, HACSC began a 15 year PBV contract with Rincon Gardens Associates, a HACSC-affiliated non-profit entity, for 198 of the units. The remaining nine HACSC public housing projects are slated for conversion to PBV in FY2010.

FY2009 Results

It is difficult to measure the opportunity cost of foregoing available financing for a project due to excessive review and approval timelines. HACSC may in the future attempt to develop such a measurement vehicle. However, it is possible and valuable to measure and illustrate the direct costs and staff time associated just with the RFP and selection process normally required for a competitive PBV process. HACSC estimates the implementation of this activity reduces the processing time spent to select a Housing Authority-owned public housing project for project-basing by approximately 3 months.
HACSC also realized a $8,290 cost avoidance in labor and advertising expenses in FY2009 by implementing this activity.

### Cost Savings: Omitting Non-Competitive PBV Request-for-Proposals Process

<table>
<thead>
<tr>
<th>Activity</th>
<th>Baseline Criteria</th>
<th>Benchmark Criteria</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing, writing and issue RFP</td>
<td>$2,340</td>
<td>0</td>
<td>$2,340</td>
</tr>
<tr>
<td>Cost to publish RFP in San Jose Mercury Newspaper</td>
<td>$2,890</td>
<td>0</td>
<td>$2,890</td>
</tr>
<tr>
<td>Respond to public inquiries and meeting on the RFP and the PBV program</td>
<td>$1,260</td>
<td>0</td>
<td>$1,260</td>
</tr>
<tr>
<td>Review and process applications submitted</td>
<td>$1,800</td>
<td>0</td>
<td>$1,800</td>
</tr>
<tr>
<td>Total</td>
<td><strong>$8,290</strong></td>
<td><strong>$0</strong></td>
<td><strong>$8,290</strong></td>
</tr>
</tbody>
</table>
REVISIONS TO BENCHMARKS AND METRICS; CHANGES TO DATA COLLECTION METHODOLOGY

Baselines have been further quantified for this activity. Baselines are:

- $8,290 expended in labor and advertising costs to select applications for PBV through a competitive process.
- 13 weeks of processing time to select applications for PBV through a competitive process.

Benchmarks for this activity have been further specified. FY 2009 benchmarks are:

- $8,290 cost avoidance in labor and advertising costs by selecting Rincon Gardens Associates, a HACSC-affiliated non-profit entity for PBV without competition.
- 13 weeks of processing time avoidance by selecting Rincon Gardens Associates, a HACSC-affiliated non-profit entity for PBV without competition.

FY 2010 benchmarks are:

- $8,290 cost avoidance in labor and advertising costs by selecting HACSC-owned public housing projects for PBV without competition.
- 13 weeks of processing time avoidance by selecting HACSC-owned public housing projects for PBV without competition.

Metrics have been further specified and include:

- Labor and advertising cost avoidance by selecting HACSC-owned public housing projects for PBV without competition.
- Processing time avoidance by selecting HACSC-owned public housing projects for PBV without competition.
- Number of PBV contracts executed

AUTHORIZATION FOR APPROVED 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. No changes have been made to the authorization.

An MTW waiver is necessary for this activity because HUD PBV regulations require that PHA-owned properties be selected competitively and that selection must be approved by HUD or a HUD-approved independent entity.
Combined Waiting Lists for the County of Santa Clara and City of San Jose
(Activity #13)

DESCRIPTION OF MTW ACTIVITY

The Housing Authority of the County of Santa Clara (HACSC), through an agreement with the City of San José, administers and manages all existing and future housing programs for the City and was assigned all of the City’s interest in the HUD Annual Contributions Contracts for Section 8. This agreement essentially expanded HACSC’s jurisdiction to cover the City of San José (CA056) and Santa Clara County (CA059) under the umbrella of the Housing Authority of the County of Santa Clara. Based on this agreement, HACSC uses one Annual Plan and Administrative Plan for both Housing Authorities and developed a combined MTW Plan for both Housing Authorities.

In 2008, a HUD directive interpreted HUD regulation 24 CFR 982.204 (f) to mean that two or more housing authorities operating together must maintain separate waiting lists for each entity.

With this MTW waiver, HUD approved HACSC’s continuing to operate one combined waiting list for both the County of Santa Clara and the City of San José for the Housing Choice Voucher (HCV) Program and the Project-Based Voucher (PBV) Program.

This activity was proposed by HACSC and approved by HUD as an amendment to the FY2009 MTW Annual Plan.

IMPACT OF THE ACTIVITY

HUD approved this activity on February 17, 2009. HACSC continues to operate under one combined waiting list for both the County of Santa Clara and the City of San José for the HCV and PBV programs.

By maintaining a combined waiting list for the City and the County, HACSC avoids the cost associated with duplicating and uploading the current waiting list to our software system. HACSC also avoids duplicate staff effort when processing applicant address changes, preference status changes, withdrawal from the waiting list and processing mail associated with these tasks.

FY2009 Results

The Housing Authority realized $14,325 in cost avoidance in labor and software expenses in FY2009 by implementing this activity. This savings is derived from an estimated 380 additional annual labor hours ($8,325) avoided and a one-time software vendor cost ($6,000) avoided by maintaining a combined waiting list.
Staff Time Savings: Avoiding Duplicate Waiting List Processes

<table>
<thead>
<tr>
<th></th>
<th>Baseline Pre MTW</th>
<th>Benchmark Post MTW</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor cost to input</td>
<td>$3,175</td>
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<td>$3,175</td>
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<tr>
<td>applicant address changes</td>
<td></td>
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<tr>
<td>Labor cost to change</td>
<td>$444</td>
<td>$0</td>
<td>$444</td>
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<tr>
<td>applicant preference</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>status</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor cost to withdraw</td>
<td>$3,849</td>
<td>$0</td>
<td>$3,849</td>
</tr>
<tr>
<td>applicant from waiting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>list</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor cost to sort</td>
<td>$857</td>
<td>$0</td>
<td>$857</td>
</tr>
<tr>
<td>mail related to these</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>processes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$8,325</td>
<td>$0</td>
<td>$8,325</td>
</tr>
</tbody>
</table>

REVISIONS TO BENCHMARKS AND METRICS; CHANGES TO DATA COLLECTION METHODOLOGY

Baselines have been further quantified for this activity, as follows:

- 3,000 applicant address changes received annually
- 1,048 preference status changes processed annually
- 2,804 waiting list withdrawals processed annually

Benchmarks for this activity have been further specified. The new benchmarks are:

- $8,325 in labor cost avoidance annually by maintaining a merged waiting list
- $6,000 in one-time software costs avoided

Metrics are:

Labor and software cost avoidance by maintaining a merged waiting list

AUTHORIZATION FOR APPROVED ACTIVITY; CHANGES TO AUTHORIZATION (if any); and WHY WAIVER WAS NECESSARY

This proposed activity is authorized in the HACSC Moving to Work Agreement, Attachment C, Paragraph D (4) and waives certain provisions of Section 8 (o) (6), 8 (o) (13) (J) and 8 (o) (16) of the 1937 Act, and 24 CFR 982 Subpart E, 982.305 and 983 Subpart F as necessary to implement the HACSC MTW Plan. No changes have been made to the authorization. A recent HUD directive has interpreted HUD regulation 24 CFR 982.204 (f) to mean that two or more housing authorities operating together must maintain separate waiting lists for each entity.
## VII. SOURCES AND USES OF FUNDING

### A. and B. SOURCES AND USES OF MTW, STATE OR LOCAL FUNDS

#### Table 1: Planned Budget Activities for the Year Ending June 30, 2009

<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>$1,395,000</td>
<td>$665,000</td>
<td>$452,000</td>
</tr>
<tr>
<td>HUD capital program</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Section 8 Program:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental voucher Program</td>
<td>$229,450,000*</td>
<td>$350,000</td>
<td>$229,100,000</td>
</tr>
<tr>
<td>Moderate rehabilitation Program</td>
<td>$1,732,000</td>
<td>-</td>
<td>$1,794,000</td>
</tr>
<tr>
<td>Management services</td>
<td>$4,335,000</td>
<td>$4,570,000</td>
<td>-</td>
</tr>
<tr>
<td>Shelter plus care Program</td>
<td>$2,527,000</td>
<td>-</td>
<td>$2,527,000</td>
</tr>
<tr>
<td>Meal program</td>
<td>$27,000</td>
<td>$27,000</td>
<td>-</td>
</tr>
<tr>
<td>Migrant program</td>
<td>$400,000</td>
<td>-</td>
<td>$400,000</td>
</tr>
<tr>
<td>Resident Services</td>
<td>$205,000</td>
<td>$106,000</td>
<td>$85,500</td>
</tr>
<tr>
<td>Total primary government</td>
<td>$240,071,000</td>
<td>$5,718,000</td>
<td>$234,358,500</td>
</tr>
</tbody>
</table>

*Section 8 HCV expenses include a transfer to reserves (HAP and Admin) of $20,000,000.

#### Table 2: Actual Budget Activities for the Year Ending June 30, 2009

<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>$3,230,683</td>
<td>$2,680,061</td>
<td>$1,014,073</td>
</tr>
<tr>
<td>HUD capital program</td>
<td>$469,846</td>
<td>-</td>
<td>$469,846</td>
</tr>
<tr>
<td>Section 8 Program:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental voucher Program</td>
<td>$230,213,196</td>
<td>$890,146</td>
<td>$229,323,051</td>
</tr>
<tr>
<td>Moderate rehabilitation Program</td>
<td>$2,003,060</td>
<td>$9,407</td>
<td>$2,027,795</td>
</tr>
<tr>
<td>Management services</td>
<td>$6,740,593</td>
<td>$5,528,182</td>
<td>-</td>
</tr>
<tr>
<td>Shelter plus care Program</td>
<td>$2,748,246</td>
<td>-</td>
<td>$2,616,347</td>
</tr>
<tr>
<td>Meal program</td>
<td>$235,308</td>
<td>$120,801</td>
<td>-</td>
</tr>
<tr>
<td>Migrant program</td>
<td>$414,082</td>
<td>$11,153</td>
<td>$397,321</td>
</tr>
<tr>
<td>Resident Services</td>
<td>$279,124</td>
<td>$111,887</td>
<td>$66,591</td>
</tr>
<tr>
<td>Total primary government</td>
<td>$246,334,139</td>
<td>$9,351,636</td>
<td>$235,915,024</td>
</tr>
</tbody>
</table>

*Section 8 HCV expenses include a transfer to reserves (HAP and Admin) of $6,224,015.
C. SOURCES AND USES OF COCC

All Public Housing COCC net revenue was used during FY2009 for low income housing and related operating expenses as established in the FY2009 MTW Plan.

D. ALLOCATION METHOD FOR CENTRAL OFFICE COSTS

The Housing Authorities of the County of Santa Clara and the City of San Jose have elected to use an allocation method for central office costs (overhead, support departments and facilities) that is consistent with the methodology of OMB Circular A-87. No deviations from this method were made during the Report year.

E. USE OF SINGLE FUND FLEXIBILITY

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

Under this MTW Plan, HACSC’s public housing operating subsidy, public housing capital funds, and Section 8 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.

HACSC combines 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. During FY2009, HACSC used these funds to carry out the purposes of the MTW Demonstration program including those described in Section B.1.b of Attachment C.
A. PROGRESS ON CORRECTIONS OF OBSERVED DEFICIENCIES CITED IN MONITORING VISITS

HACSC had its’ first MTW site visit on February 19, 2009. HUD provided no observations on any deficiencies during the visit or in any subsequent written report to HACSC.

B. RESULTS OF AGENCY-DIRECTED MTW DEMONSTRATION EVALUATIONS

A complete review of the results of FY2009 implemented activities can be found in Section VI of this MTW Report. HACSC is designing a method of evaluating each implemented activity to monitor and refine the effective use of funding related to stated goals and objectives on an ongoing basis.

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

In FY2009, using FY2006 and FY2007 Capital Improvement Program grants, HACSC performed specific repairs and improvements not included in the MTW Block Grant. The allocation and expenses for each project are detailed in Appendix One of this Report.

D. CERTIFICATION THAT HACSC HAS MET STATUTORY REQUIREMENTS

See attached certification in Appendix Two of this MTW Report.
# Planned Capital Fund Grant Sources and Uses by Development for FY2009

## FY 2006 and 2007

### SOURCES

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006 Grant</td>
<td>$44,418</td>
</tr>
<tr>
<td>2007 Grant</td>
<td>$191,275</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$235,693</td>
</tr>
</tbody>
</table>

### USES

<table>
<thead>
<tr>
<th>Development Name</th>
<th>General Description of Work</th>
<th>Estimated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rincon Gardens</td>
<td>Replace kitchen equipment/appliances</td>
<td>$75,000</td>
</tr>
<tr>
<td>Cypress Gardens</td>
<td>Repair parking lot overlay</td>
<td>$30,000</td>
</tr>
<tr>
<td></td>
<td>Install new generators</td>
<td>$24,000</td>
</tr>
<tr>
<td>Lenzen Gardens</td>
<td>Install bypass valves at baseboard</td>
<td>$5,400</td>
</tr>
<tr>
<td></td>
<td>Tree trimming</td>
<td>$5,000</td>
</tr>
<tr>
<td></td>
<td>Install ductless split AC system in laundry room</td>
<td>$5,000</td>
</tr>
<tr>
<td>Sunset Gardens</td>
<td>Install ADA numbering system</td>
<td>$5,000</td>
</tr>
<tr>
<td></td>
<td>Paint community room</td>
<td>$10,000</td>
</tr>
<tr>
<td></td>
<td>Install signage at driveway entries</td>
<td>$8,000</td>
</tr>
<tr>
<td>Julian/Lucretia Gardens</td>
<td>Replace water heaters</td>
<td>$50,000</td>
</tr>
<tr>
<td>Miramar/Deborah</td>
<td>Replace wall furnaces</td>
<td>$11,493</td>
</tr>
<tr>
<td>Eklund Gardens</td>
<td>Replace water heaters and fan coils</td>
<td>$6,800</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>$235,693</strong></td>
</tr>
</tbody>
</table>
## Actual Capital Fund Grant Sources and Uses by Development for FY2009

### SOURCES

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

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2006 Grant</strong></td>
<td>$38,120</td>
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<tr>
<td><strong>2007 Grant</strong></td>
<td>$431,726.</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>$469,846</td>
</tr>
</tbody>
</table>

### USES

<table>
<thead>
<tr>
<th>Development Name</th>
<th>General Description of Work</th>
<th>Estimated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rincon Gardens</td>
<td>Replace kitchen equipment/appliances</td>
<td>$123,327</td>
</tr>
<tr>
<td>Cypress Gardens</td>
<td>Lighting</td>
<td>$4,172</td>
</tr>
<tr>
<td></td>
<td>Capital Needs Assessment</td>
<td>$112,281</td>
</tr>
<tr>
<td></td>
<td>Aging Services Coordinator</td>
<td>$13,395</td>
</tr>
<tr>
<td>Lenzen Gardens</td>
<td>Capital Needs Assessment</td>
<td>$84,436</td>
</tr>
<tr>
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<td>Aging Services Coordinator</td>
<td>$10,073</td>
</tr>
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<td>Sunset Gardens</td>
<td>Capital Needs Assessment</td>
<td>$67,369</td>
</tr>
<tr>
<td>Julian/Lucretia Gardens</td>
<td>Capital Needs Assessment</td>
<td>$22,456</td>
</tr>
<tr>
<td>Miramar/Deborah</td>
<td>Capital Needs Assessment</td>
<td>$17,965</td>
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<tr>
<td>Eklund Gardens I / II</td>
<td>Capital Needs Assessment</td>
<td>$14,372</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$469,847</td>
</tr>
</tbody>
</table>
Appendix Two

Certification of MTW Statutory Compliance

September 28, 2009

On behalf of the Housing Authority of the County of Santa Clara and the Housing Authority of the City of San Jose, I certify that the Agency has met the three statutory requirements of the MTW program during fiscal year 2009:

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

Alex Sanchez
Executive Director