



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

Ms. Katherine Harasz  
Executive Director  
Santa Clara County Housing Authority  
505 West Julian Street  
San Jose, CA 95110-2300

FEB 13 2019

Subject: Acceptance of the Housing Authorities of the County of Santa Clara and the City of San Jose FY2017 Annual Moving to Work Report

Dear Ms. Harasz:

The Department of Housing and Urban Development (HUD) has completed its review of the Housing Authorities of the County of Santa Clara and the City of San Jose (HASCSC/HACCSJ) FY2017 Annual Moving to Work (MTW) Report, which was submitted on September 29, 2017. I am writing to inform you that HACSC/HACCSJ's Annual MTW Report is accepted.

Please note, while HUD is supportive of HACSC/HACCSJ's efforts, this acceptance does not constitute an endorsement of any particular policies described in the Report. In providing assistance to families under programs covered by this Report and the corresponding Plan, HACSC/HACCSJ must comply with the rules, standards and policies established in the Plan. Also, the approved Plan, accepted Report, and all required attachments and documents should be available for review and inspection at HACSC/HACCSJ's principal office during normal business hours.

Please contact Christopher Golden, MTW Coordinator, at (202) 402-2413 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Nazzaro".

Marianne Nazzaro  
Moving to Work Program Director  
Office of Public Housing Investments

cc:

Gerard Windt, San Francisco Regional Office

# **Moving to Work (MTW) 2017 Annual Report**

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

**September 29, 2017**



**SANTA CLARA COUNTY HOUSING AUTHORITY (SCCHA)**

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- Denis O’Neal, Vice Chair
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- Adrienne Lawton
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- Lionel Lorie
- Elizabeth Gardner

**Executive Director**

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- Sharon Jones, Deputy Executive Director
- Aleli Sangalang, Director of Housing
- Bakulesh Patel, Chief Financial Officer/Director of Finance

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

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## I. INTRODUCTION

### Purpose of This Report

The Santa Clara County Housing Authority (SCCHA) was established by the Santa Clara County Board of Supervisors in 1967 (in 1967, the agency's name was the Housing Authority of the County of Santa Clara; its name was officially changed this year). SCCHA is an independent local government agency whose mission is to provide and inspire affordable housing solutions to enable low-income people in Santa Clara County to achieve financial stability and self-reliance.

SCCHA, and the Housing Authority of the City of San José (HACSJ), entered into a ten-year agreement with the Department of Housing and Urban Development (HUD) in the beginning of 2008 to become a Moving to Work (MTW) agency. This report, submitted by SCCHA on behalf of both agencies, demonstrates the status of SCCHA's ninth full year as an MTW agency during Fiscal Year (FY) 2017 (July 1, 2016 through June 30, 2017).

### What is MTW?

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

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

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

### SCCHA's Short-Term MTW Goals

SCCHA made progress on a number of the short-term goals identified in the FY2017 MTW Annual Plan. SCCHA conducted outreach - both to the community at large and to community stakeholders - regarding the Special Needs Populations Direct Referral Program in order to identify the specific needs and target populations of the program. SCCHA and its partners worked to fully develop policies, procedures, and pipelines to ensure a smooth roll-out of the program, which was designed to provide relief to persons with disabilities who experience barriers to housing and require intensive supportive services. SCCHA anticipates having the program fully operational in FY2018.

SCCHA re-designed and re-worked the "Focus Forward" program (Activity 2014-1), beginning the process in January 2016. After working with a professional consultant, researching the best practices of other Family Self Sufficiency (FSS) programs, and engaging current and former FSS participants and key contacts in the community who specialize in the area of adult work-

readiness skills, SCCHA re-proposed the Focus Forward program as Activity 2014-1B in its FY2018 MTW Plan, which HUD approved in August 2017.

The Bay Area region of California is one of the least affordable areas in the entire nation. Historically, the competitive rental market in the region has been an obstacle to leasing up Housing Choice Vouchers (HCVs). Through numerous internal policy changes, streamlining of processes, counseling of participants, and landlord outreach, SCCHA was able to achieve and stabilize its HCV lease rate. From March 2017 through June 2017, SCCHA's HCV lease rate stayed between 86% and 90% of its baseline vouchers.

In September 2016, SCCHA allocated 500 HCVs to the Chronically Homeless Direct Referral (CHDR) program (Activity 2009-5), which provides a direct referral pipeline for chronically homeless individuals and families in Santa Clara County. Referred families are also provided with intensive supportive services by local partners. With the 500 additional HCVs, SCCHA has now committed 800 vouchers to the CHDR program.

In late FY2015, SCCHA began the process of developing a set of internal policies which would guide the agency in how best to allocate housing resources, as well as providing enough flexibility to respond to changing conditions in the future. The Housing Resources Voucher Allocation Policy (HRVAP) process included extensive self-analysis as well as engagement and outreach with the community and local stakeholders. Based on the research, outreach, and community engagement, SCCHA designed and completed specific HRVAP initiatives in FY2017:

- Obtained HUD authorization (through Activity 2017-4) to establish payment standards up to 130% of the applicable Fair Market Rents (FMR) established by HUD.
- Established a new subsidy standard of two (2) persons per bedroom.
- Encouraged self-sufficiency through the Focus Forward program.
- Discouraged inter-generational transfer of vouchers through restrictions on head of household changes (Activity 2016-1).
- Set a maximum voucher utilization rate of 95% of SCCHA's cumulative appropriated calendar year Housing Assistance Payment (HAP) funding.
- Set a goal of increasing SCCHA's percentage of Project Based Vouchers (PBVs) to 20% of total MTW vouchers.

These initiatives, as well as future initiatives, will allow SCCHA to direct its scarce resources in efficient ways to populations that need those resources the most, and gives SCCHA the ability to react to future changes.

### **SCCHA's Long-Term Vision**

SCCHA also made significant progress on its long-term goals. SCCHA endeavors to achieve its mission through the following long-term goals:

1. Optimizing Moving to Work (MTW) flexibility;

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

The overwhelming need of additional affordable housing units for program participant families spurred SCCHA's Board of Commissioners in May 2015 to approve the solicitation and selection of qualifying proposals to award up to 1,000 Section 8 PBVs through competitive request for proposals process, with at least 300 PBVs reserved for 100% permanent supporting housing projects. SCCHA solicited proposals in late 2015 and again in the summer of 2016, and as of the close of FY2017 742 PBVs have been awarded to projects throughout the county. In FY2017, construction began on the Morgan Hill Family – Scattered Site (40 PBVs), Met South (10 PBVs), Second Street Studios (134 PBVs), 1701 El Camino Real (41 PBVs), and Edwina Benner Plaza (23 PBVs) projects. PBVs represent the most efficient method of assisted housing, with lower per-unit HAP costs than HCVs, and are an extremely effective tool in encouraging developers – governmental, for-profit, and non-profit – to construct affordable housing in an area that sorely needs it.

As part of SCCHA's own portfolio of affordable housing, construction continued on the SCCHA-owned Laurel Grove Family Apartments Project (81 PBVs), and ground broke on the Park Avenue Senior Apartments project (99 PBVs for persons aged 55 and over). SCCHA also initiated the process to acquire and develop a parcel of land on Race Street, near downtown San Jose, into more affordable housing for seniors and families. SCCHA has focused its development activities near economic and transportation hubs where affordable housing options had previously been lacking.

In addition to encouraging construction of new affordable housing, SCCHA has worked to preserve existing affordable housing. In Palo Alto – a city in which housing is astronomically expensive, even by Bay Area standards – SCCHA has managed to preserve one of the few affordable options available. The previous owner of the Buena Vista Mobile Home Park had intended to close the park and develop market-rate housing, thereby displacing its lower income residents. SCCHA put down a deposit in FY2017 to acquire the park and maintain housing for over 100 income-eligible households. SCCHA worked with community partners to project-base the Casa de Novo project – a converted hotel – to house 27 chronically homeless households. SCCHA also began administration of PBVs allocated for tenant protection of 104 resident

households in the Fuji Towers project – a senior housing development whose HUD-backed mortgage was expiring.

Attracting and retaining talented staff is crucial to the smooth operation of any organization. This is especially true for SCCHA, which deals with a multitude of vulnerable populations, local government entities, private developers, and of course the federal government. In FY2017, SCCHA engaged a professional consultant to conduct a class and compensation study in order to properly classify job duties, titles, and hierarchies, as well as ensuring that salaries were competitive with the local labor market. The study was conducted by comprehensive study of existing job duties, interviews of large numbers of internal staff, and research of comparable government agencies. The study was completed in FY2017, and a new salary structure, with competitive pay rates and increased opportunities for vertical mobility, was implemented effective July 1, 2017.

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

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

SCCHA also celebrated its 50<sup>th</sup> anniversary on March 17, 2017. SCCHA held a series of celebratory events throughout the year, including awarding \$50,000 in STRIVE educational scholarships to program participants, hosting community events, and creating a short movie highlighting the challenges facing SCCHA's participants and how subsidized housing has impacted their lives. SCCHA also analyzed and studied its "branding" and perception in the community. After 50 years, it was decided that the name of the agency, as well as its motto and visual identifiers (such as logo and letterhead), should be updated to be more intuitive and modern. As a result, the



Housing Authority of the County of Santa Clara officially became the Santa Clara County Housing Authority on July 1, 2017. Under its new name, SCCHA will continue to explore and develop ways to meet the increasingly-severe need for affordable housing in Santa Clara County.

## II. GENERAL SCCHA OPERATING INFORMATION

Annual MTW Report			
II.4. Report Housing Stock			
A. MTW Report: Housing Stock Information			
New Housing Choice Vouchers that were Project-Based During the Fiscal Year			
Property Name	Anticipated Number of New Vouchers to be Project-Based *	Actual Number of New Vouchers that were Project-Based	Description of Project
Casa de Novo (formerly Santa Clara Inn)	27	27	Permanent supportive housing project created out of existing commercial motel. 27 PBVs attached to house chronically homeless.
Fuji Towers	0	104	Existing senior housing project in San Jose which applied to HUD for tenant protection vouchers and was approved. 104 tenant protection PBVs were funded by HUD and SCCHA agreed to administer the vouchers.
Opportunity Center	0	33	33 additional PBVs were awarded to existing PBV project that already had 22 vouchers in place. The project now has a total of 55 PBVs targeted towards the chronically homeless.
N/A	N/A	N/A	N/A

	<b>Anticipated Total Number of New</b> <div style="border: 1px solid black; background-color: #ffcc00; width: 60px; height: 60px; display: flex; align-items: center; justify-content: center; margin: 5px auto;">27</div>	<b>Actual Total Number of New</b> <div style="border: 1px solid black; background-color: #ffcc00; width: 60px; height: 60px; display: flex; align-items: center; justify-content: center; margin: 5px auto;">164</div>	<b>Anticipated Total Number of Project-Based Vouchers Committed at the End of the Fiscal Year *</b> <div style="border: 1px solid black; background-color: #ffcc00; width: 60px; height: 20px; display: flex; align-items: center; justify-content: center; margin: 5px auto;">1,337</div>	<b>Anticipated Total Number of Project-Based Vouchers Leased Up or Issued to a Potential Tenant at the End of the Fiscal Year *</b> <div style="border: 1px solid black; background-color: #ffcc00; width: 60px; height: 20px; display: flex; align-items: center; justify-content: center; margin: 5px auto;">1,337</div>
			<b>Actual Total Number of Project-Based Vouchers Committed at the End of the Fiscal Year</b> <div style="border: 1px solid black; background-color: #ffcc00; width: 60px; height: 20px; display: flex; align-items: center; justify-content: center; margin: 5px auto;">1,471</div>	<b>Actual Total Number of Project-Based Vouchers Leased Up or Issued to a Potential Tenant at the End of the Fiscal Year</b> <div style="border: 1px solid black; background-color: #ffcc00; width: 60px; height: 20px; display: flex; align-items: center; justify-content: center; margin: 5px auto;">1,471</div>

\* From the Plan

Other Changes to the Housing Stock that Occurred During the Fiscal Year
The Vermont House project (16 HUD-WASH PBVs) was originally scheduled to open during FY2017. However, due to construction delays, the project will now open in the first half of FY2018 (approximately November 2017).
Fuji Towers is an existing senior affordable housing project in San Jose. During FY2017, the project's previous HUD-provided assistance expired, and the project requested tenant protection vouchers in order to avoid displacing the elderly tenants. SCCHA agreed to administer the tenant protection vouchers, and processed and issued 104 PBVs to the project, pursuant to HUD's approval of the tenant protection.
SCCHA's overall PBV count was reduced by 3 during FY2017 due to the sale of an existing vacant PBV project. The project was sold to a new owner who elected not to continue the PBV contract.
The Opportunity Center is a project which houses homeless and chronically homeless households. Prior to FY2017, the project already had PBVs attached. During FY2017, the project requested and was awarded 33 additional PBVs for chronically homeless households.

Examples of the types of other changes can include but are not limited to units that are held off-line due to the relocation of residents, units that are off-line due to substantial rehabilitation and potential plans for acquiring units.

**General Description of Actual Capital Fund Expenditures During the Plan Year**

The Housing Authority expended \$2,397,581 in MTW funds for the Park Avenue Senior Apartments Project in FY2017. The costs were applicable to construction of the 100 unit building, which includes 99 apartments targeted to low-income seniors. Construction completion is expected in early 2019.

On April 11, 2017, the Housing Authority entered into a purchase and sale agreement for 6.5 acres of vacant, undeveloped land on East Santa Clara Street in San Jose. The Housing Authority Board, using the agency's single fund flexibility authority, approved an MTW obligation of \$30.759 million for the land purchase and carrying costs for future, to-be-determined, agency and community needs. This could include the development of a future Housing Authority office as well as affordable housing. The production of affordable housing is of particular community importance given the passage of Measure A last year, which provided nearly \$1 billion in funding for affordable housing development in Santa Clara County. The site was formally purchased on July 6, 2017. The Housing Authority intends to hold the property while the City completes its land use update and will obtain all necessary land use and environmental clearances once a development plan is formalized.

On April 30, 2017, the Housing Authority entered into a purchase agreement for 2 acres on Race Street in San Jose. The Housing Authority Board approved an MTW obligation of \$12.5 million for the purchase and predevelopment cost of the project. The Housing Authority intends to develop two affordable housing projects on the site. The land purchase is expected to occur in early 2018.

The Housing Authority entered into a purchase and sale agreement for the Buena Vista Mobile Home Park on May 23, 2017. The Housing Authority Board approved an MTW obligation of \$26.25 million for the purchase and due diligence costs. The land purchase is expected to occur no later than September 30, 2017.

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

Housing Program *	Total Units	Overview of the Program
Tax Credit	1,153	Senior Tax Credit Housing. This program includes non-elderly disabled and Project Based Vouchers or Project Based Assistance.
Tax Credit	1,046	Family Tax Credit Housing. This program includes Project Based Vouchers or Project Based Assistance.
Other	20	Public and Other HUD Assisted Housing. This program includes Project Based Vouchers or Project Based Assistance.
<b>Total Other Housing Owned and/or Managed</b>	<b>2,219</b>	

Managing Developments for other non-MTW Public Housing Authorities, or Other.

If Other, please describe: Public and Other HUD Assisted Housing. This program includes Project Based Vouchers or Project Based Assistance.

II.5 Report: Leasing		
B. MTW Report: Leasing Information		
Actual Number of Households Served at the End of the Fiscal Year		
Housing Program:	Number of Households Served*	
	Planned	Actual
Number of Units that were Occupied/Leased through Local Non-Traditional MTW Funded Property-Based Assistance Programs **	252	252
Number of Units that were Occupied/Leased through Local Non-Traditional MTW Funded Tenant-Based Assistance Programs **	0	0
Port-in Vouchers (not absorbed)	0	0
<b>Total Projected and Actual Households Served</b>	<b>252</b>	<b>252</b>
* Calculated by dividing the planned/actual number of unit months occupied/leased by 12.		
** In instances when a Local, Non-Traditional program provides a certain subsidy level but does not specify a number of units/Households Served,		
Housing Program:	Unit Months Occupied/Leased****	
	Planned	Actual
<b>Total Projected and Annual Unit Months Occupied/Leased</b>	<b>3,024</b>	<b>3,024</b>
N/A		
*** In instances when a local, non-traditional program provides a certain subsidy level but does not specify a number of units/Households Served, the PHA should estimate the number of households served.		
**** Unit Months Occupied/Leased is the total number of months the housing PHA has occupied/leased units, according to unit category during the year.		
	Average Number of Households Served Per Month	Total Number of Households Served During the Year
Households Served through Local Non-Traditional Services Only	N/A	N/A

**Reporting Compliance with Statutory MTW Requirements: 75% of Families Assisted are Very Low-Income**

HUD will verify compliance with the statutory objective of "assuring that at least 75 percent of the families assisted by the Agency are very low-income families" is being achieved by examining public housing and Housing Choice Voucher family characteristics as submitted into the PIC or its successor system utilizing current resident data at the end of the agency's fiscal year. The PHA will provide information on local, non-traditional families provided with housing assistance at the end of the PHA fiscal year, not reported in PIC or its successor system, in the following format:

Fiscal Year:	2011	2012	2013	2014	2015	2016	2017	2018
Total Number of Local, Non-Traditional MTW Households Assisted	N/A	N/A	279	425	252	252	252	
Number of Local, Non-Traditional MTW Households with Incomes Below 30% of Area Median Income	N/A	N/A	238	372	242	235	238	
Percentage of Local, Non-Traditional MTW Households with Incomes Below 30% of Area Median Income	N/A	N/A	85%	88%	96%	93%	94%	

**Reporting Compliance with Statutory MTW Requirements: Maintain Comparable Mix**

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

**Baseline for the Mix of Family Sizes Served**

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

Explanation for Baseline Adjustments to the Distribution of Household Sizes Utilized

Non-Applicable

Mix of Family Sizes Served

	1 Person	2 Person	3 Person	4 Person	5 Person	6+ Person	Totals
Baseline Percentages of Household Sizes to be Maintained **	33%	23%	18%	13%	7%	6%	100%
Number of Households Served by Family Size this Fiscal Year ***	6,998	3,897	1,991	1,430	903	721	15,940
Percentages of Households Served by Household Size this Fiscal Year ****	44%	24%	12%	9%	6%	5%	100%
Percentage Change	11%	1%	-5%	-4%	-1%	-1%	0%

Justification and Explanation for Family Size Variations of Over 5% from the Baseline Percentages

During FY2017, most of the new families admitted to the program have been selected from the Project Based Voucher (PBV) waiting list to fill PBV vacancies and for targeted and pre-committed voucher programs, such as Veterans Affairs Supportive Housing and the Chronically Homeless Direct Referral Program. 84% of SCCHA's PBV portfolio is SRO, Studio, or 1 Bedrooms units (most are for senior housing projects) and the CHDR/VASH programs assist homeless and chronically homeless individuals who typically have a family size of one.

\* "Non-MTW adjustments to the distribution of family sizes" are defined as factors that are outside the control of the PHA. Acceptable "non-MTW adjustments" include, but are not limited to, demographic changes in the community's population. If the PHA includes non-MTW adjustments, HUD expects the explanations of the factors to be thorough and to include information substantiating the numbers used.

\*\* The numbers in this row will be the same numbers in the chart above listed under the column "Baseline percentages of family sizes to be maintained."

\*\*\* The methodology used to obtain these figures will be the same methodology used to determine the "Occupied number of Public Housing units by family size when PHA entered MTW" and "Utilized number of Section 8 Vouchers by family size when PHA entered MTW" in the table immediately above.

\*\*\*\* The "Percentages of families served by family size this fiscal year" will reflect adjustments to the mix of families served that are directly due to decisions the PHA has made. HUD expects that in the course of the demonstration, PHAs will make decisions that may alter the number of families served.

Description of any Issues Related to Leasing of Public Housing, Housing Choice Vouchers or Local, Non-Traditional Units and Solutions at Fiscal Year End

Housing Program	Description of Leasing Issues and Solutions
Federal MTW Public Housing Units	SCCHA did not have any issues related to the leasing of these units.
Federal MTW Housing Choice Voucher Program	The rental market in Santa Clara County continues to be one of the most expensive in the nation. SCCHA has attempted to address this issue by increasing landlord outreach, maintaining payment standards at 110% of Fair Market Rents, creating landlord incentives such as vacancy payments, and by continuing to preserve and expand affordable housing in the area through awards of PBVs. Through the use of PBVs, SCCHA has contributed to the development of numerous projects throughout Santa Clara County, with several breaking ground during FY2017. Further vouchers have been committed to projects that are slated to begin construction during FY2018 and FY2019.
Federal MTW Non-Traditional	SCCHA did not have any issues related to the leasing of these units.

Number of Households Transitioned To Self-Sufficiency by Fiscal Year End		
Activity Name/#	Number of Households Transitioned *	Agency Definition of Self Sufficiency
Reduced Frequency of Tenants	129	Households who leave assistance
Expand Tenant Services at SCCHA- or Affiliate-	0	SCCHA did not utilize this activity during
<b>Households Duplicated Across</b>	<b>0</b>	
<b>ANNUAL TOTAL NUMBER OF HOUSEHOLDS TRANSITIONED TO SELF SUFFICIENCY</b>	<b>129</b>	

\* The number provided here should match the outcome reported where metric SS #8 is used.

II.6 Report Leasing				
C. MTW Report: Wait List Information				
Wait List Information at Fiscal Year End				
Housing Program(s) *	Wait List Type **	Number of Households on	Wait List Open, Partially Open	Was the Wait List Opened During the
Federal MTW Public Housing Units	Community-Wide	708	Closed	No
Federal MTW Housing Choice Voucher Program	Program Specific	6,833	Closed	No
Federal MTW Non-Traditional Activities	Site Based	5,055	Closed	Yes

More can be added if needed.  
 \* Select Housing Program : Federal MTW Public Housing Units; Federal MTW Housing Choice Voucher Program; Federal non-MTW Housing Choice  
 \*\* Select Wait List Types: Community-Wide, Site-Based, Merged (Combined Public Housing or Voucher Wait List), Program Specific (Limited by HUD or Local PHA Rules to Certain Categories of Households which are Described in the Rules for Program Participation), None (If the Program is a New Wait List, Not an Existing Wait List), or Other (Please Provide a Brief Description of this Wait List Type).  
 \*\*\* For Partially Open Wait Lists, provide a description of the populations for which the waiting list is open.

N/A

If Local, Non-Traditional Program, please describe:  
 In FY2017, the wait list for Bendorf Apartments has been purged and reduced from 918 to 700. The number of households on the wait list for Clarendon Apartments decreased from 198 to 140. Ford and Monterey Apartments has increased to 4,215 from 3,000. There are a total of 5,055 households on the wait lists, which currently are closed.

If Other Wait List Type, please describe:  
 The total number of households on the wait list for SCCHA's four public housing units was incorrectly reported as 143 instead of 743 in the FY2016 MTW Annual Plan. The total number of households on the waitlist has decreased to 708.

If there are any changes to the organizational structure of the wait list or policy changes regarding the wait list, provide a narrative detailing these changes.  
 During FY2017, SCCHA conducted wait list maintenance on its Housing Choice Voucher wait list, which had been closed since 2006. SCCHA sent letters to family on the wait list in order to confirm location and interest in the program. After the maintenance, over 10,000 were purged from the wait list.

### **III. PROPOSED MTW ACTIVITIES**

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



## **IV. APPROVED MTW ACTIVITIES: HUD APPROVAL PREVIOUSLY GRANTED**

To date, SCCHA has had 40 activities approved by HUD. Of these, 9 were closed out. Except where indicated in the activity status explanation, SCCHA did not revise the activities' metrics, baselines, or benchmarks, nor make any changes or modifications to the activities during the Plan year.

### **A. IMPLEMENTED ACTIVITIES**

#### **ACTIVITY 2009-1: REDUCED FREQUENCY OF TENANT REEXAMINATIONS**

##### **DESCRIPTION OF MTW ACTIVITY**

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

##### **IMPACT OF ACTIVITY**

The labor hours saved as a result of this activity allows SCCHA to improve the assistance it provides to clients, stakeholders and partners, as SCCHA continually works to enhance and refine program efficiencies.

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

##### **IMPACT OF RENT REFORM ACTIVITY**

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

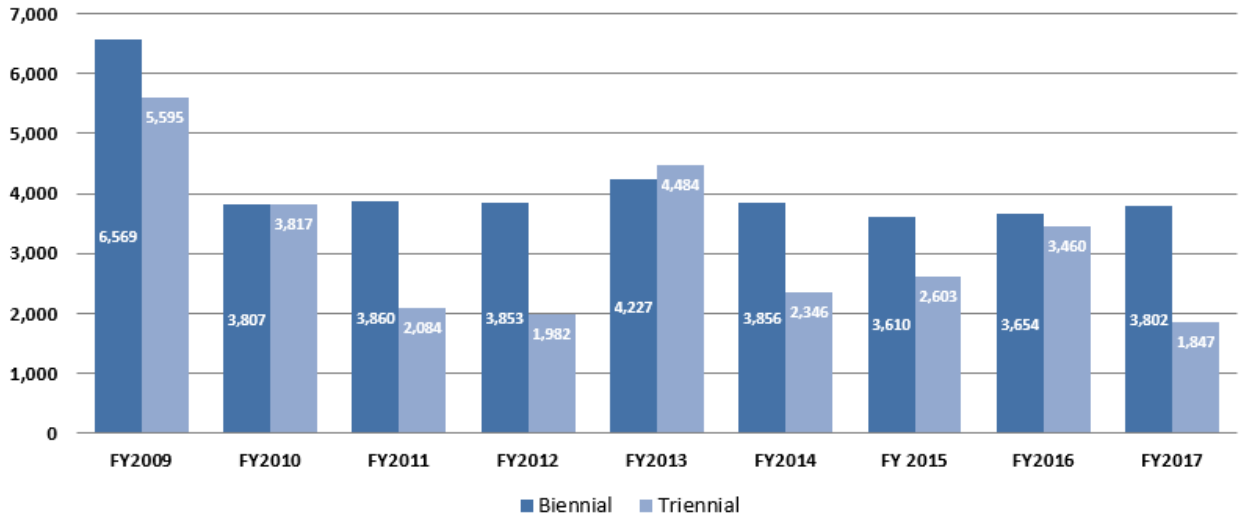
In FY2017, no participants requested a hardship exemption from this activity. However, if a hardship request is received it will be handled on a case by case basis.

##### **BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS**

In FY2017, 5,649 biennial and triennial reexaminations were completed, which demonstrates a 63% reduction from the baseline year. Although this activity is the basis for the reduction in

completed regular reexaminations, as in recent years, during FY2017, SCCHA experienced a continued decline in voucher utilization due to the high cost rental market and low rental unit vacancy rate in Santa Clara County. The dynamic rental market has reduced the success of SCCHA voucher holders and has contributed to the slow attrition of the voucher utilization rate. The lower voucher utilization rate is an additional explanation for the higher than expected reduction in completed reexaminations.

### Annual Number of Biennial and Triennial Reexaminations Completed



SCCHA spent 23,639 labor hours when processing regular reexaminations in FY2017 which resulted in a labor savings of 38,291 hours as compared to the baseline year. The potential savings resulting from this reduction of workload is valued at approximately \$1,038,611 in total labor cost savings when compared to the established baseline. The baseline and benchmark total cost of task in dollars in the table below have been updated to reflect labor costs in FY 2017.

In FY2017, the participants who were affected by this activity experienced a decrease in their tenant share to a total of \$6,070,688. However, the tenant rent portion did not decrease due to Activity #2009-1. The decrease in tenant rent share can be attributed to Activity #2014-4, which allows SCCHA to raise the Tenant’s Rent Portion up to the 35% percent of their gross income. In FY2015, SCCHA’s Board of Commissioners approved the reduction of the tenant portion from 35% to 32% of the tenant’s gross income. The deduction of total tenant rent share can also be attributed to SCCHA’s lower voucher utilization rates by an overall reduction of participants housed in units.

Activity 2009-1: Reduced Frequency of Tenant Reexaminations				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
<b>CE #1: Agency Cost Savings</b>				
Total cost of task in dollars (decrease).	\$1,679,814	\$839,907	\$641,204	Yes

<b>CE #2: Staff Time Savings</b>				
Total time to complete the task in staff hours (decrease).	61,930	30,965	23,639	Yes
<b>CE #5: Increase in Tenant Rent Share</b>				
Tenant rent share in dollars (increase).	\$8,065,166	\$8,065,166*	\$6,070,688	No
<b>SS #1: Increase in Household Income</b>				
Average earned income of households affected by this policy in dollars (increase).	\$23,021	\$23,021**	\$20,401	No
<b>SS # 3: Increase in Positive Outcomes in Employment Status</b>				
Number of Head of Households employed.	4,317	4,317*	4,232	No
Number of Head of Households employed full-time.				
Number of Head of Households employed part-time.	N/A***			
Number of Head of Households enrolled in an educational program.				
Number of Head of Households enrolled in job training program.	N/A****			
Number of Head of Households unemployed.	N/A****			
Number of Head of Households in Other Category (ex: receiving TANF, SSI, Child Support, General Assistance, etc.).	436	436*	309	Yes
<b>SS # 4: Households Removed from Temporary Assistance for Needy Families (TANF)</b>	15,211	15,211*	10,787	Yes
Number of households receiving TANF assistance (decrease).				
<b>SS #8: Households Transitioned to Self-Sufficiency</b>	1,955	1,955*	1,007	Yes
Number of households transitioned to self-sufficiency (increase).*****				
	322	322**	142	No

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

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

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

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

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

## **REVISIONS TO BENCHMARKS AND METRICS**

There were no changes to the activity's metrics FY2017. The baselines and benchmarks have been updated to reflect the labor costs based upon compensation rates for FY2017 and changes in position titles. Tasks which were previously carried out by clerks are now carried out by Housing Assistants.

**ACTIVITY 2009-2: EXPEDITING INITIAL ELIGIBILITY INCOME VERIFICATION PROCESS**

**DESCRIPTION OF MTW ACTIVITY**

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

**IMPACT OF ACTIVITY**

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

**IMPACT OF RENT REFORM ACTIVITY**

This activity does not qualify as a Rent Reform Initiative.

**BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS**

During FY2017, SCCHA utilized the extended 120-day document submission window for the voucher issuance of 80 applicants. If this activity was removed, the labor time related to requesting updated income verification for dated documents would cost the agency a minimum of \$810 annually. SCCHA met all the benchmarks in this activity.

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

**REVISIONS TO BENCHMARKS AND METRICS**

There were no changes to the activity’s metrics, baselines, or benchmarks during FY2017.

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

### **DESCRIPTION OF MTW ACTIVITY**

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

### **IMPACT OF ACTIVITY**

This activity increases housing choices and mobility by assisting the homeless population through a more targeted and efficient process than the standard voucher waiting list system. CHDR program participants are directly referred from the streets and connected to supportive services. In September 2016, SCCHA approved the issuance of an additional 500 vouchers to the chronically homeless population in Santa Clara County. With the 500 new vouchers, SCCHA has now committed 800 vouchers to this activity.

### **IMPACT OF RENT REFORM ACTIVITY**

This activity does not qualify as a Rent Reform Initiative.

### **BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS**

During FY2017 SCCHA issued 224 of the 500 new vouchers allocated to the activity, but only 85 voucher recipients found housing by the end of the FY2017. SCCHA did not meet the current benchmarks for Metrics HC #5 and HC #7 because 13 households who received vouchers let the terms, including extensions, of their vouchers expire without finding housing units and 139 recipients of the newly allocated vouchers continue to look for housing.

<b>Activity 2009-5: Exploring New Housing Opportunities for the Chronically Homeless</b>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
<b>HC #3: Decrease in Wait List Time</b>				
Average applicant time on wait list in months (decrease).	87	0	0	Yes
<b>HC #5: Increase in Resident Mobility</b>				
Number of households able to move to a better unit and/or neighborhood of opportunity as a result of the activity (increase).	0	800 (with an annual 3% attrition rate)	362	No
<b>HC #7: Households Assisted by Services that Increase Housing Choice</b>				
Number of households receiving services aimed to increase housing choice (increase).	0	800 once fully leased up (with an annual 3% attrition rate)	362	No

**REVISIONS TO BENCHMARKS AND METRICS**

There were no changes to the activity’s metrics, baselines, or benchmarks during FY2017 for HC#3.

The benchmarks for HC#5 and HC#7 were increased from 300 to 800 due to the allocation of 500 additional vouchers to this activity during FY2017. The metrics and baselines for HC#5 and HC#7 remain unchanged.

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

**DESCRIPTION OF MTW ACTIVITY**

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

**IMPACT OF ACTIVITY**

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

**IMPACT OF RENT REFORM ACTIVITY**

This activity does not qualify as a Rent Reform Initiative.

**BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS**

There were 112 PBV vacancies that occurred in FY2017. SCCHA saved approximately 15 minutes per vacancy by allowing owner referrals after 30 days of unsuccessful attempts by owners to fill their vacancies through SCCHA’s referrals. This amounted to a total labor savings of 28 hours this year resulting in labor cost savings of \$738. The total cost of task in dollars decreased to \$13 per transaction because the task (sending waiting list referrals for a vacant PBV unit) was originally a manager’s responsibility, was for several years done by a housing compliance analyst, and since FY2016 has been fulfilled by an administrative assistant. The baseline and benchmark total cost of task in dollars in the table below have been updated to reflect labor costs in FY 2017. SCCHA met the updated benchmarks for this activity.

<b>Activity 2009-8: 30-Day Referral Process for Project-Based Vacancies</b>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
<b>CE #1: Agency Cost Savings</b>				
Total cost of task in dollars (decrease).	\$38 per transaction	\$25 per transaction	\$13 per transaction	Yes
<b>CE #2: Staff Time Savings</b>				
Total time to complete the task in staff hours (decrease).	45 minutes per transaction	30 minutes per transaction	30 minutes per transaction	Yes



## **REVISIONS TO BENCHMARKS AND METRICS**

There were no changes to the activity's metrics FY2017. The baselines and benchmarks have been updated to reflect the labor costs based upon compensation rates for FY2017 and to reflect the task being performed by a different position than when the activity was originally proposed. As explained above, the task was originally completed by a manager and is now completed by an administrative assistant.

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

**DESCRIPTION OF MTW ACTIVITY**

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

**IMPACT OF ACTIVITY**

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

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

**IMPACT OF RENT REFORM ACTIVITY**

This activity does not qualify as a Rent Reform Initiative.

**BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS**

In FY2017, SCCHA completed 178 initial certifications, each taking approximately three hours. Through this activity, SCCHA saved approximately 148 staff hours to gather and calculate the annual household income of the 178 families, and reduced the total cost of verification of income and assets by \$3,637.

<b>Activity 2009- 9: Utilization of Low Income Housing Tax Credit (LIHTC) Tenant Income Certification (TIC) for Income and Asset Verification</b>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
<b>CE #1: Agency Cost Savings</b>				
Total cost of task in dollars (decrease).	\$94.19 per transaction	\$73.71 per transaction	\$73.71 per transaction	Yes
<b>CE #2: Staff Time Savings</b>				
Total time to complete the task in staff hours (decrease).	3 hours, 50 minutes	3 hours	3 hours	Yes

The Agency has saved 794 total labor hours since this activity’s implementation by using the owner-provided TIC to verify a PBV applicant family’s income and assets, resulting in a total direct labor savings of \$18,527. Annual savings continue to vary year-by-year, depending on the number of applicants moving into LIHTC properties.

Activity 2009-9 Aggregate Savings						
Metrics	FY2010 - FY2013	FY2014	FY2015	FY2016	FY2017	Totals
# of Tax-Credit New Admissions Completed Using Owner-Provided TIC.	504	46	108	117	178	953
# of Labor Hours Saved.	420	38	90	98	148	794
Labor Dollars Saved.	\$9,672	\$900	\$2,073	\$2,245	\$3,637	\$18,527

**REVISIONS TO BENCHMARKS AND METRICS**

There were no changes to the activity’s metrics during FY2017. Wage data used to calculate the total cost of the task and labor dollars saved was updated to account for FY2017 wage increases. The new baseline and benchmark are based on the same amount of time required to complete the task measured.

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

**DESCRIPTION OF MTW ACTIVITY**

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

**IMPACT OF ACTIVITY**

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

**IMPACT OF RENT REFORM ACTIVITY**

This activity does not qualify as a Rent Reform Initiative.

**BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS**

In FY2017, SCCHA project-based 27 units (out of 31 total) at the Casa de Novo project located in San Jose. Therefore, this activity was utilized to project-base the 19 PBV units which exceeded the 25% per project cap. SCCHA also project-based 55 units (out of 89 total) in the Opportunity Center project located in Palo Alto. This activity was utilized to project-base the 33 PBV units which exceeded the 25% per project cap. Supportive services continued to be available on-site for the four earlier project-based family projects (Eklund I Apartments, Miramar Way, Julian Gardens, and Lucretia Gardens) throughout all of FY2017.

Activity 2009-11: Project Base 100% of Units in Family Projects				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
<b>HC #4: Displacement Prevention</b>				
Number of households at or below 80% AMI that would lose assistance or need to move (decrease).	88	0	0	Yes

**REVISIONS TO BENCHMARKS AND METRICS**

The metric baseline was changed to 88 to account for the 52 additional PBV units added under this activity.

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

**DESCRIPTION OF MTW ACTIVITY**

In 1976, SCCHA signed an agreement to administer housing assistance programs on behalf of both the City of San José and the County of Santa Clara. In accordance with this agreement, SCCHA is allowed to operate under one Annual Plan, one Administrative Plan, and one MTW plan for both housing authorities. In 2009, this activity was implemented to allow SCCHA to operate using one Waiting List for both housing authorities. This activity applies to a joint waiting list of the Housing Choice Voucher (HCV) and the Project-Based Voucher (PBV) Programs.

**IMPACT OF ACTIVITY**

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

**IMPACT OF RENT REFORM ACTIVITY**

This activity does not qualify as a Rent Reform Initiative.

**BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS**

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

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

**REVISIONS TO BENCHMARKS AND METRICS**

There were no changes to the activity’s metrics, baselines, or benchmarks during FY2017.

## **ACTIVITY 2009-14: PAYMENT STANDARD CHANGES BETWEEN REGULAR REEXAMINATIONS**

### **DESCRIPTION OF MTW ACTIVITY**

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

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

### **IMPACT OF ACTIVITY**

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

### **IMPACT OF RENT REFORM ACTIVITY**

This activity does not qualify as a Rent Reform Initiative.

### **BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS**

SCCHA processed 622 interim reexaminations resulting from a change in family composition. SCCHA did not meet its cost savings benchmark with a total of \$246,249,578 in HAP payments for FY2017. SCCHA's HAP payments increased because of an increase to the payment standards, combined with a marked increase in the number of owner-requested rent adjustments.

Activity 2009-14: Payment Standard Changes Between Regular Reexaminations				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease).*	\$246,302,481	\$246,059,768	\$246,249,578	No

\*This metric reflects a slight HAP increase of \$189,810. HAP changes are a result of an increase to the payment standards, combined with a marked increase in the number of owner-requested rent adjustments.

**REVISIONS TO BENCHMARKS AND METRICS**

There were no changes to the activity’s metrics, baselines, or benchmarks during FY2017.

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

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

**IMPACT OF ACTIVITY**

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

**IMPACT OF RENT REFORM ACTIVITY**

This activity does not qualify as a rent reform initiative.

**BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS**

In FY2017, 4,282 MTW families with assets under \$50,000 had income calculations completed. With an approximate 10 minutes per transaction labor savings by no longer calculating asset income for these families, a total labor savings of 714 hours was realized. As a result, the Agency saved \$53,953.

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

SCCHA has saved a total of 6,174 labor hours since the activity’s implementation by eliminating the calculation of income from family assets under \$50,000. The number of families reporting assets may vary from year to year and therefore the amount of savings will vary each year.



Activity 2010-2: Aggregate Savings						
Metrics	FY2010 – FY2013	FY2014	FY2015	FY2016	FY2017	Totals
# of transactions completed for families reporting assets under \$50,000.	1,451	4,407	4,496	5, 156	4,282	27,594
# of Labor Hours Saved.	242	735	750	859	714	4,601
Labor Cost Saved.	\$18,283	\$55,528	\$56,650	\$64,966	\$53,953	\$465,566

**REVISIONS TO BENCHMARKS AND METRICS**

There were no changes to the activity’s metrics, baselines, or benchmarks during FY2017.

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

#### **DESCRIPTION OF MTW ACTIVITY**

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

#### **IMPACT OF THE ACTIVITY**

By using a higher payment standard at interim reexaminations, this activity lessens the rent burden for some MTW families and thereby increases their housing choices by helping maintain their unit's affordability. This activity was also intended to reduce administrative costs by reducing staff time required to process family moves into a less expensive unit. SCCHA raised its payment standards on January 1, 2017. The increase in payment standard benefited MTW families whose approved gross rents exceed the maximum subsidy payment standards for their units, allowing them to maintain their unit's affordability. As a result, those families did not have to move into a less expensive unit.

#### **IMPACT OF RENT REFORM ACTIVITY**

This activity does not qualify as a rent reform initiative.

#### **BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS**

SCCHA used this activity in FY2017 because the payment standards were increased on January 1, 2017. Payment standards are currently set at 110% of current Fair Market Rents.

There were 5,546 MTW families who had an increased payment standard applied at an interim reexamination in FY2017. Of those families who had an increased payment standard, 1,553 had a rent burden (defined as paying more than 32% of their income towards the rent) prior to SCCHA raising the payment standards. The number of families with rent burden decreased to 164 after the application of the increases in the payment standards.

In addition, 64 families who had an increased payment standard moved from their unit, of which only 5 had a rent burden when they moved. By using the higher payment standard, SCCHA was able to decrease the number of families paying more than 32% of their income towards the rent which may have contributed to the decrease in the number of families who moved with rent burden.

SCCHA spent 11 labor hours with a total cost of \$316 processing the move outs for the 5 families who had a rent burden when they moved. SCCHA also realized cost savings of at least \$37,657 and time saving of 1,382 labor hours in not processing moves for all the families who benefitted from this activity. The lack of affordable and suitable housing units in the area served as a discouragement for families move despite the increases in the payment standards. The number of families with rent burden who moved has significantly dropped since this activity’s implementation. The Housing Authority attributes the increase in average HAP for families having interim reexaminations in FY2017 to the higher payment standards and to rising rental prices.

<b>Activity 2010-3: Applying Current Payment Standards at Interim Reexaminations</b>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
<b>CE #1: Agency Cost Savings</b>				
Total cost of task in dollars (decrease).	\$37,973	\$30,368	\$316	Yes
<b>CE #2: Staff Time Savings</b>				
Total time to complete the task in staff hours (decrease).	1,393	1,114	11	Yes

**REVISIONS TO BENCHMARKS AND METRICS**

There were no changes to the activity’s metrics, baselines, or benchmarks during FY2017.

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

**DESCRIPTION OF MTW ACTIVITY**

This activity, implemented in FY2010, allows SCCHA to select SCCHA-owned housing sites for project-based assistance without a competitive process, saving staff time through labor hours and increased costs associated with the competitive process. With the closing of Activity 2009-10 (Selection of SCCHA-owned public housing projects for PBV without competition) in FY2015, SCCHA will utilize this activity as needed in the future.

**IMPACT OF THE ACTIVITY**

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

**IMPACT OF RENT REFORM ACTIVITY**

This activity does not qualify as a Rent Reform Initiative.

**BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS**

SCCHA utilized this activity to project-base 33 additional units in a SCCHA-owned project called the Opportunity Center, which already had 22 existing units. Without needing a competitive selection process, SCCHA saved at least \$8,578 in agency costs and 158 hours of staff time.

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

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

There were no changes to the activity’s metrics, baselines, or benchmarks during FY2017.

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

### **DESCRIPTION OF MTW ACTIVITY**

This activity was implemented in FY2011 to allow SCCHA to approve any requests for an exception payment standard above 110% of the published Fair Market Rent (FMR), as a reasonable accommodation for persons with disabilities. Under current HUD regulations, HUD approves the requests for an exception standard above 110% of the published FMRs. The length of time it takes for HUD to review and approve each exception payment standard request affects the tenant’s opportunities to secure an accessible unit expeditiously.

### **IMPACT OF ACTIVITY**

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

### **IMPACT OF RENT REFORM ACTIVITY**

This activity does not qualify as a Rent Reform Initiative.

### **BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS**

During FY2017, SCCHA authorized exception payment standards above 110% of the FMR as a reasonable accommodation for 8 households. As a result, the 8 households were no longer at risk of losing their assistance and were able to move to a more suitable unit that accommodated their special housing needs.

<b>Activity 2011-1: Streamlined Approval Process for Exception Payment Standard for Reasonable Accommodation</b>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
<b>HC #4: Displacement Prevention</b>				
Number of households at or below 80% AMI that would lose assistance or need to move (decrease).	3	0	0	Yes
<b>HC #5: Increase in Resident Mobility</b>				
Number of households able to move to a better unit and/or neighborhood of opportunity as a result of the activity (increase).	0	3	8	Yes

**REVISIONS TO BENCHMARKS AND METRICS**

There were no changes to the activity’s metrics, baselines, or benchmarks during FY2017.

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

**DESCRIPTION OF MTW ACTIVITY**

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

**IMPACT OF ACTIVITY**

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

**IMPACT OF RENT REFORM ACTIVITY**

This activity does not qualify as a Rent Reform Initiative.

**BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS**

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

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

**REVISIONS TO BENCHMARKS AND METRICS**

There were no changes to the activity’s metrics, baselines, or benchmarks during FY2017.

## **ACTIVITY 2012-2: MINIMUM TWO-YEAR OCCUPANCY IN PROJECT-BASED UNIT**

### **DESCRIPTION OF MTW ACTIVITY**

This activity, implemented in FY2015, requires a Project Based Voucher (PBV) family to remain two full years in the PBV program before becoming eligible to request continued assistance with a tenant-based voucher when moving. This requirement has contributed to the occupancy stability in the PBV program and to a modest decrease in the number of PBV vacancies (in comparison to the total of PBV units) and associated turnover costs, including vacancy payments. The activity does not apply to families: (1) with an approved reasonable accommodation that requires them to move, (2) who experience a change in family composition that affects unit size, (3) who present other compelling reasons to move out, or (4) who request a move under the Violence Against Women Act (VAWA).

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

### **IMPACT OF ACTIVITY**

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

### **IMPACT OF RENT REFORM ACTIVITY**

This activity does not qualify as a Rent Reform Initiative.

### **BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS**

In FY2017, 46 eligible PBV families moved and received continued housing assistance through tenant-based vouchers. SCCHA saved approximately 69 hours in labor hours this year resulting in labor cost savings of \$2,943. Tenant-based vouchers were available for eligible PBV families wanting to move with continued housing assistance during FY2017. However, the lack of affordable and suitable housing units in the area continues to serve as a discouragement for eligible PBV families to move.



<b>Activity 2012-2: Minimum Two-year Occupancy in Project-Based Unit</b>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
<b>CE # 1: Agency Cost Savings</b>				
Total cost of task in dollars (decrease).	\$4,679	\$2,340	\$1,736	Yes
<b>CE # 2: Staff Time Savings</b>				
Total time to complete the task in staff hours (decrease).	110	55	41	Yes

**REVISIONS TO BENCHMARKS AND METRICS**

The activity’s baseline and benchmark for CE#1 and CE#2 were changed to correct for an error in the calculation of time required to complete the task. The previous benchmark and baseline under-reported the time required to complete the task by 13 minutes. The correction of the time required to complete the task resulted in a higher cost to complete the task. Wage data used to calculate the baseline and benchmark was updated to account for wage increases in the last fiscal year. There was no change to the activity’s metrics.

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

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

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

#### **IMPACT OF ACTIVITY**

The exceptionally high cost of land and high market rents in Santa Clara County create a special challenge for developers of affordable housing. The situation has worsened in recent years due to a decrease in federal, state, and local funds for affordable housing. SCCHA created this activity to generate more development activities throughout Santa Clara County. The activity was anticipated to lead to the development or rehabilitation of up to 250 units over six years (FY2012 to FY2017)\*, with affordability for low-income tenants and with an affordability restriction on the properties of up to 55 years.

\*SCCHA has previously mistakenly reported this time period as a five-year period.

#### **IMPACT OF RENT REFORM ACTIVITY**

This activity does not qualify as a Rent Reform Initiative.

#### **BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS**

During this fiscal year, the amount of funds leveraged in dollars increased to \$133.50 million exceeding the 5-year benchmark, which is in its fifth year. SCCHA's use of \$5.74 million to purchase 777 Park Avenue in San José enables the agency to develop two affordable housing projects that will have a total of 180 affordable housing units to serve very low and extremely low households. Laurel Grove Family Apartments, an 82-unit apartment building, commenced construction in June 2016 (reported in the previous year's report). The project leveraged approximately \$52 million in public and private funds. The 100-unit Park Avenue Senior Apartments commenced construction in December 2016. This project leveraged a total of \$55.2 million in public and private funds. SCCHA will report on the number of additional housing unit made available upon the completion of the projects, which is expected in 2018 and 2019.

SCCHA also used this activity to fund Eden Housing's Ford and Monterey Apartments project. Eden Housing received a loan of \$5.76 million for development of 74 tax-credit units to serve very low and extremely low income household. The project was completed and fully leased in FY2015. SCCHA waitlist families enjoyed a preference in the leasing process, and 44 of the 74

families leased up at project opening were from SCCHA’s waitlist. The development of Ford and Monterey Apartments leveraged approximately \$26.3 million in public and private funds.

On April 30, 2017, SCCHA entered into a purchase agreement for two acres on Race Street in San Jose. The SCCHA Board approved an MTW obligation of \$12.5 million for the purchase and predevelopment cost of the project. SCCHA intends to develop 200 units within two affordable housing projects on the site. The land purchase is expected to occur in early 2018. Assuming the land acquisition is successful, the purchase and development status will be reported in the 2018 report.

<b>Activity 2012-3: Create Affordable Housing Acquisition and Development Fund</b>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark (6 year)</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
<b>CE #4: Increase in Resources Leveraged</b>				
Amount of funds leveraged in dollars (increase).	\$0	\$75 million	\$133.5 million	Yes*
<b>HC #1: Additional Units of Housing Made Available</b>				
Number of new housing units made available for households at or below 80% AMI as a result of the activity (increase).	0	250 units	74	Yes*

\*SCCHA anticipates achieving its 6-year benchmark upon completion of the Laurel Grove Family Apartments (81 affordable units) and Park Avenue Senior Apartments (99 affordable units).

**REVISIONS TO BENCHMARKS AND METRICS**

There were no changes to the activity’s metrics, baselines, or benchmarks during FY2017. In the FY2018 MTW Annual Report, SCCHA will close out the current 6-year benchmark and set a new benchmark metric.

## **ACTIVITY 2012-4: CREATE AFFORDABLE HOUSING PRESERVATION FUND FOR SCCHA- AND AFFILIATE- OWNED PROPERTIES**

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

### **IMPACT OF ACTIVITY**

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

### **IMPACT OF RENT REFORM ACTIVITY**

This activity does not qualify as a Rent Reform Initiative.

### **BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS**

To date, SCCHA has used MTW funds to pay HUD loans on two properties that were rehabilitated: Clarendon and Bendorf. In FY2017, SCCHA used MTW funds to support (in part) the costs of the asset management staff that oversee property management activities, ensure the portfolio’s compliance with funding requirements, and undertake the long-range planning and risk analysis associated with the affordable housing portfolio.

By using MTW funds in the amounts of \$920,000 for Clarendon and \$1.96 million for Bendorf, SCCHA has leveraged \$24,010,000 in additional non-MTW funds for Clarendon and \$35,730,000 in additional non-MTW funds (with \$2,290,000 in prior loans remaining in place) for Bendorf.

Prior to FY2017, these preservation activities preserved 178 affordable housing units.

In FY2017, SCCHA used MTW funds in the amount of \$500,000 as a deposit on the Buena Vista Mobile Home Park. This mobile home park was originally slated to be closed by the former owner, which would have displaced the residents – most of whom are income-eligible for assisted housing. In order to preserve affordable housing in the extremely expensive Palo Alto, California area, SCCHA entered into a purchase and sale agreement for the Buena Vista Mobile Home Park on May 23, 2017. The park

currently includes 104 mobile homes, 12 studio apartments and one single family home. The SCCHA Board approved an MTW obligation of \$26.25 million for the purchase and due diligence costs. The land purchase is expected to occur no later than September 30, 2017. Major renovation and improvement of the park will be reported in the 2018 and 2019 reports.

The FY2016 report indicated that SCCHA would meet the goal of preserving 500 units of affordable housing by 2017. Although 116 more units were preserved in FY2017, the 500 unit benchmark goal was not met because SCCHA has largely conducted preservation activities through the use of local (non-Federal, non-MTW) funds.

<b>Activity 2012-4: Create Affordable Housing Preservation Fund for SCCHA and Affiliate-Owned Properties</b>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark (6 year)</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
<b>CE #4: Increase in Resources Leveraged</b>				
Amount of funds leveraged in dollars (increase).	\$0	\$20 million	\$60.24 million	Yes
<b>CE #5: Increase in Agency Rental Revenue</b>				
Rental revenue in dollars (increase).	\$29,514,440	\$30,104,729	\$32,313,022	Yes
<b>HC #2: Units of Housing Preserved</b>				
Number of housing units preserved for households at or below 80% AMI (increase).	0	500	294	No

**REVISIONS TO BENCHMARKS AND METRICS**

There were no changes to the activity’s metrics, baselines, or benchmarks during FY2017. In the FY2018 MTW Annual Report, SCCHA will close out the current 6-year benchmark and set a new benchmark metric.

## **ACTIVITY 2013-1: ELIMINATION OF THE EARNED INCOME DISALLOWANCE (EID) CALCULATION**

### **DESCRIPTION OF MTW ACTIVITY**

This activity, implemented in FY2016, eliminates the HUD-mandated Earned Income Disallowance (EID) calculation for an eligible assisted household when an unemployed or underemployed member with disabilities obtains a job or increases their wages. The mandated Earned Income Disallowance (EID) calculation is no longer necessary because SCCHA has a policy to not calculate income increases between regular reexaminations (which occur biennially or triennially for MTW families). This policy allows all families to benefit from increases in income that occur between their regular reexaminations, which can be up to three years away in some cases.

### **IMPACT OF ACTIVITY**

This activity decreases the staff time required to calculate a family's rent portion and reduces the likelihood of errors associated with calculating potential income exclusions. Time savings allow staff to provide higher quality service to families and reduce fraud through tenant education and increased fraud detection efforts.

### **IMPACT OF RENT REFORM ACTIVITY**

This activity qualifies as a Rent Reform Initiative because it involves a change in the rent calculation method. In FY2017, no participants requested a hardship exemption from this activity.

### **BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS**

As indicated in the table below, the value of the labor time saved is consistent with the benchmark. SCCHA saved a minimum of 15 labor hours in staff time by not calculating and tracking earned income disallowance as part of the rent calculation process, which translates to a minimum of savings of \$402.

The decrease in the tenant rent share in dollars may be attributable to multiple causes – the combined effect of several MTW activities, increase in payment standards, and a decrease in SCCHA's voucher utilization rate.

<b>Activity 2013-1: Elimination of the Earned Income Disallowance (EID) Calculation</b>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Projected Outcome</b>	<b>Benchmark Achieved?</b>
<b>CE # 1: Agency Cost Savings</b>				
Total cost of task in dollars (decrease)	\$402	\$0	\$0	Yes
<b>CE #2: Staff Time Savings</b>				
Total time to complete the task in staff hours (decrease)	15	0	0	Yes
<b>CE #3: Decrease in Error Rate of Task Execution</b>				
Average error rate in completing a task as a percentage (decrease)	100%	0%	0%	Yes
<b>CE #5: Increase in Tenant Rent Share</b>				
Tenant rent share in dollars* (increase)	\$8,065,166	\$8,065,166	\$6,070,688	No

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

**REVISIONS TO BENCHMARKS AND METRICS**

There were no changes to the activity’s metrics, baselines, or benchmarks during FY2017.

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

### **DESCRIPTION OF MTW ACTIVITY**

This activity, implemented in FY2014, simplifies the calculation of TTP by removing all standard deductions and allowances, and calculating a TTP between 30% and 35% of the gross monthly income or \$50 (minimum rent), whichever is higher. The activity also eliminates the inclusion of a utility allowance in the tenant rent calculation. Having the ability to adjust the percentage of monthly tenant rent portion allows SCCHA to fine-tune the necessary balance between the Agency's fiscal stability and resulting financial impacts to participants. This activity enables SCCHA to analyze its fiscal health and set a percentage accordingly. The simplified rent calculation is also conducive for the development of future programs that can address community needs, such as a shallow subsidy program that can assist more families or targeted self-sufficiency programs for special populations. SCCHA amended and re-proposed this activity in FY2015 to include its four remaining public housing units under this activity.

### **IMPACT OF ACTIVITY**

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

### **IMPACT OF RENT REFORM ACTIVITY**

To minimize the impact of this activity, SCCHA offered a one-time hardship exemption at the time the activity was initially implemented for qualified households. SCCHA did not process any hardship exemptions in FY2017.

### **BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS**

In FY2017, SCCHA did not make any change to the monthly tenant contribution, which remains at 32% of the family's gross monthly income. SCCHA saved labor hours in staff time by not collecting and calculating allowances and expenses as part of the rent calculation process. The decrease in the total cost of the task may be attributable to multiple causes – the combined effect of several MTW activities, economic factors unrelated to MTW, and a decrease in SCCHA's voucher utilization rate.

SCCHA did not meet its cost savings benchmark with a total of \$246,249,578 in HAP payments for FY2017. As a result of a competitive rental market, a larger number of rent adjustments were processed in FY2017, and increased payment standards contributed to the rise in HAP payments.



While SCCHA did not meet its benchmark in the number of rent calculation errors documented through quality control audits, it did show improvement. It was expected that the simplification of the rent calculation process would reduce the number of errors in rent calculations. It is expected that further training of staff will allow the agency to continue to improve the error rate and achieve the projected benchmark.

<b>Activity 2014-4: Increased Tenant Contribution - 35% of Gross Income</b>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
<b>CE #1: Agency Cost Savings</b>				
Total cost of task in dollars (decrease).*	\$246,302,481	\$210,174,768	\$246,249,578	No
<b>CE #2: Staff Time Savings</b>				
Total time to complete the task in staff hours (decrease). **	796	0	0	Yes
<b>CE #3: Decrease in Error Rate of Task Execution</b>				
Average error rate in completing a task as a percentage (decrease).	12%	5%	9%	No
<b>CE #5: Increase in Tenant Rent Share</b>				
Tenant rent share in dollars (increase). ***	\$8,065,166	\$8,065,166*	\$6,070,688	No

\* This metric reflects a slight HAP increase of \$189,810. HAP changes are a result of an increase to the payment standards, combined with a marked increase in the number of owner-requested rent adjustments.

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

\*\*\*The “tenant rent share in dollars” baseline amount is the total amount that households pay toward rent per month as of the beginning of FY2017.

#### **REVISIONS TO BENCHMARKS AND METRICS**

There were no changes to the activity’s metrics, baselines, or benchmarks during FY2017.

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

**DESCRIPTION OF MTW ACTIVITY**

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

**IMPACT OF ACTIVITY**

By waiving the regulatory requirement for only non-life threatening deficiencies, expenditures are reduced by eliminating the scheduling and conducting of a recheck inspection to determine if necessary repairs were made. SCCHA has revised its Administrative Plan to reflect the change in policy as a result of the approval of this activity.

**IMPACT OF RENT REFORM ACTIVITY**

This activity does not qualify as a Rent Reform Initiative.

**BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS**

In FY2017, 147 PBV units had 30-day HQS deficiencies which did not require recheck inspections. As a result, SCCHA realized approximately \$3,028 in savings of re-inspection fees to an outside vendor. In prior years of reporting on this activity, SCCHA reported the error rate for all inspections, not just PBV inspections. This fiscal year, SCCHA will report solely the error rate for PBV Inspections. SCCHA also increased the number and frequency of quality control audits of the contracted third-party HQS inspections in the beginning of Calendar Year 2017. The increased scrutiny of the inspections revealed a higher error rate as compared to previous years. As a result of the higher error rate, the company contracted to conduct HQS inspections will be rigorously retrained, with strict quality control monitoring, before the contract is renewed for another term.

Activity 2015-2: Project Based Voucher Inspection Self-Certification				
Unit of Measurement*	Baseline	Benchmark	Outcome	Benchmark Achieved?
<b>CE #1: Agency Cost Savings</b>				
Total cost of task in dollars (decrease).	\$22,400	\$0	\$0	Yes
<b>CE #2: Staff Time Savings</b>				
Total time to complete the	691**	0	0	Yes

task in staff hours (decrease).				
<b>CE #3: Decrease in Error Rate of Task Execution</b>				
Average error rate in completing a task as a percentage (decrease).	19%	10%	19%	No

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

\*\*Assumes SCCHA staff, rather than outside vendor.

**REVISIONS TO BENCHMARKS AND METRICS**

There were no changes to the activity’s metrics, baselines, or benchmarks during FY2017.

### **ACTIVITY 2015-3: MODIFIED ELDERLY DEFINITION FOR PBV**

#### **DESCRIPTION OF MTW ACTIVITY**

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

#### **IMPACT OF ACTIVITY**

SCCHA increased the number of units which are available for households who would not have otherwise qualified for the unit under the property's definition of elderly. In FY2017, a senior housing development in San Jose called Fuji Towers made a request for SCCHA to take on the administration of tenant protection vouchers for over 100 residents. HUD approved funding for tenant protection and SCCHA agreed and is now administering 104 additional Project Based Vouchers. All of the assisted residents of Fuji Towers qualify as elderly.

#### **IMPACT OF RENT REFORM ACTIVITY**

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

#### **BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS**

With 878 total households being able to move to a better unit and/or neighborhood as a result of this activity, SCCHA exceeded the benchmark of 774.

<b>Activity 2015-3: Modify Elderly Definition for PBV</b>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
<b>HC #4: Displacement Prevention</b>				
Number of (senior) households at or below 80% of AMI that would lose assistance or need to move (decrease).	45	0	0	Yes
<b>HC #5: Increase in Resident Mobility</b>				
Number of households able to move to a better unit and/or neighborhood of opportunity as a result of the activity (increase).	0	774	878	Yes

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

#### **REVISIONS TO BENCHMARKS AND METRICS**

There were no changes to the activity’s metrics, baselines, or benchmarks during FY2017.

## **ACTIVITY 2016-2: STREAMLINING OF PBV COMPETITIVE SELECTION REQUIREMENTS**

### **DESCRIPTION OF MTW ACTIVITY**

This activity, implemented in FY2016, expands the definition of a competitive selection process to include any form of open public solicitation or invitation process conducted by a federal, state, or local government, where a proposal is selected subject to funding availability. The activity also waives HUD's requirements that the Housing Authority must select proposals within three years of the earlier selection date and allows SCCHA to accept proposals within fifteen years of the selection date. Moreover, the activity allows the earlier selection process to consider that the project would require rental assistance, including PBV assistance. SCCHA has revised its Administrative Plan to reflect the change in policy as a result of the approval of this activity.

### **IMPACT OF ACTIVITY**

This activity addresses the statutory objective of achieving greater cost effectiveness in federal expenditures by reducing Agency costs and staff time spent on selecting proposals for PBV assistance. The elimination of certain requirements in selecting proposals for PBV assistance promotes strategic collaborations with other local governments and agencies to leverage scarce resources for affordable housing and in particular permanent supportive housing and housing for special needs populations. This activity hastens the production of much needed housing, leverages Federal resources with local funding to serve the most vulnerable in our community, as well as reduces any unnecessary delay in issuing a Request for Proposal (RFP) or making a selection for PBV housing assistance.

### **IMPACT OF RENT REFORM ACTIVITY**

This activity does not qualify as a Rent Reform Initiative.

### **BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS**

In FY2017, SCCHA did not utilize this activity. However, SCCHA anticipates utilizing this activity in FY2018.

If this activity was removed, the labor time related to selecting PBV proposals for projects previously awarded housing assistance by other governmental agencies would cost the Agency a minimum of \$6,350 per transaction. SCCHA met all the benchmarks in this activity.

<b>Activity 2016-2: Streamlining of PBV Non-Competitive Selection Requirements</b>				
<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Benchmark</b>	<b>Outcome</b>	<b>Benchmark Achieved?</b>
<b>CE # 1: Agency Cost Savings</b>				
Total cost of task in dollars (decrease).	\$6,350/transaction	\$0 per transaction	\$0 per transaction	Yes
<b>CE # 2: Staff Time Savings</b>				
Total time to complete the task in staff hours (decrease).	150 hours/transaction	0 hours, 0 minutes per transaction	0 hours, 0 minutes per transaction	Yes

**REVISIONS TO BENCHMARKS AND METRICS**

There were no changes to the activity’s metrics, baselines, or benchmarks during FY2017.

## **ACTIVITY 2017-1: PHASING IN A SUBSIDY STANDARD CHANGE**

### **DESCRIPTION OF MTW ACTIVITY**

This activity, implemented in FY2017, provides that if a household's voucher size changes due to a change in the agency's subsidy standard policy, the new voucher size would not take effect for households in a unit under a Housing Assistance Payment (HAP) contract until (1) the family moves; or (2) the rental market vacancy rate remains 5 percent or higher for at least six months, whichever occurs first.

SCCHA revised its subsidy standard to two persons per bedroom. SCCHA previously paid for one bedroom for the Head of Household and their spouse or partner, if any, and an additional bedroom for every two remaining household members. Activity 2017-1 allows for Section 8 tenants under an active HAP contract to retain their current subsidy level when moving is impractical due to market conditions.

SCCHA staff continues to monitor the vacancy rate quarterly by utilizing the online rental market database, REIS. If vacancy rates rise to 5 percent or higher for two quarters (six months) in a row, SCCHA will provide a one-year minimum notice period to the family before applying the reduced voucher size in the rent calculation.

### **IMPACT OF ACTIVITY**

This activity allows the Agency to reap the benefit of new subsidy standards for families newly admitted to Section 8 and for movers without impacting assisted families under a current Housing Assistance Payment contract.

### **IMPACT OF RENT REFORM ACTIVITY**

This activity does not qualify as a Rent Reform Initiative.

### **BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS**

In January 2017, SCCHA revised its subsidy standards to the HUD minimum of two persons per bedroom, regardless of relationship, age, or gender. By implementing this activity, 2,219 families, who would have seen a decrease in their subsidy size, remained in place under their current HAP contract. These families have a higher subsidy size than the current subsidy standard, and therefore benefit from the implementation of this activity.



Activity 2017-1: Phasing in Subsidy Standard Change				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
<b>CE #5: Increase in Tenant Rent Share</b>				
Tenant rent share in dollars (increase)	\$6,070,688*	\$6,070,688	\$6,070,688	Yes

\*SCCHA does not anticipate that this activity will increase the Agency’s tenant rent share in dollars. The “tenant rent share in dollars” baseline amount is the total amount that households pay toward rent per month as of the beginning of FY2017.

**REVISIONS TO BENCHMARKS AND METRICS**

There were no changes to the activity’s metrics, baselines, or benchmarks during FY2017.

**ACTIVITY 2017-3: LANDLORD INITIATIVES**

**DESCRIPTION OF MTW ACTIVITY**

This activity, implemented in FY2017, allows SCCHA to provide HCV program owners who re-rent their unit to an HCV participant with vacancy payments. As approved in FY2017, the vacancy payment was up to one month’s rent, calculated on the previous tenant’s contract rent amount.

**IMPACT OF ACTIVITY**

This activity increases the number of HCV units that are re-leased to HCV participants, ensures the long-term viability of units that will be available to HCV low-income tenants and provides an incentive for owner participation in the HCV program, and a simplified process that expedites the method in which SCCHA administers vacancy payments.

**IMPACT OF RENT REFORM ACTIVITY**

This activity does not qualify as a Rent Reform Initiative.

**BENCHMARKS ACHIEVEMENT AND ACTIVITY EFFECTIVENESS**

In March 2017, SCCHA began issuing vacancy payments to owners who re-rented their vacant unit to an HCV participant. The benchmark for this activity was based off the number of HCV unit turnovers of the entire Fiscal Year 2016. SCCHA implemented this activity in March 2017; therefore SCCHA is reporting on the four-month time period since implementation in the outcome below. In the FY2018 MTW Report, SCCHA will report on the entire fiscal year. Since implementation, SCCHA has issued 62 vacancy payments in FY2017.

Activity 2017-3: Landlord Initiatives				
Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
<b>HC #2: Units of Housing Preserved</b>				
Number of housing units preserved for households at or below 80% AMI that would otherwise not be available (increase).	0	276	62	No

**REVISION TO BENCHMARKS AND METRICS**

In response to SCCHA’s FY2018 MTW Annual Plan, HUD directed that the proper metric for this activity is HC #2. Therefore, SCCHA replaced the previously-proposed local metric with Housing Choices #2: Units of Housing Preserved, to better reflect the impact of this activity.

**B. NOT YET IMPLEMENTED ACTIVITIES**

Activity	Year Approved	Action Taken During the Fiscal Year
<b>Activity 2014-1: Focus Forward Program</b>	FY2014	<p>During FY2017, SCCHA completed an engagement process in order to re-propose the Focus Forward Program. This process included an assessment of existing FSS program best practices, research of other MTW agencies administering self-sufficiency programs, and engaging current and former FSS participants and other stakeholders (i.e. non-profits, social service agencies, etc.) for input to inform program development. SCCHA re-proposed the Focus Forward Program in its FY2018 MTW Annual Plan as a ten year time-limited self- sufficiency program that will provide intensive case management, incremental monetary incentives, and a simplified escrow calculation.</p> <p>In August 2017, HUD granted approval of the re-proposed Focus Forward Program. SCCHA will begin working towards program implementation and plans to enroll its first Focus Forward participants by FY2019. Because Focus Forward is a pilot program, SCCHA will continue to keep the current FSS program open and operating.</p>
<b>Activity 2016-1: Restriction on Head of Household Changes</b>	FY2016	<p>This activity requires a newly designated Head of Household to enroll in the Focus Forward Program if the previous Head of Household decides to leave the program and transfer their Head of Household designation to a remaining non-elderly/non-disabled family member. This activity will be implemented when the Focus Forward Program (Activity 2014-1) is implemented in FY2019.</p>
<b>Activity 2017-2: Special Needs Population Direct Referral Program</b>	FY2017	<p>Since the approval of this activity, SCCHA has developed and approved its policy for the program to serve persons with disabilities who experience multiple barriers to housing and who require intensive supportive services. Through the Request for Interest and Information it issued (as described in the FY2017 MTW Annual Plan), SCCHA has chosen a partner agency who will provide the referrals and intensive case management. SCCHA is currently in discussion with its partner agency, the Santa Clara County Office of Supportive Housing, to develop and draft the client selection criteria and Memorandum of Understanding outlining each agency’s responsibilities. SCCHA hopes to have the program operational by FY2018.</p>

Activity	Year Approved	Action Taken During the Fiscal Year
<p><b>Activity 2017-4: Setting the Payment Standards above 110 Percent of HUD Fair Market Rents (originally proposed as Activity 2017-1)</b></p>	<p>FY2017</p>	<p>HUD requires that payment standards are set between 90 percent and 110 percent of HUD-issued Fair Market Rents (FMR). This activity allows SCCHA to waive the HUD regulation that limits payment standards to no higher than 110 percent of the FMR, and give SCCHA’s Board of Commissioners authority to approve a payment standard of up to 130 percent of the FMR without prior HUD approval.</p> <p>At this time, SCCHA’s payment standards are set at 110 percent of HUD-issued FMR. SCCHA has determined, with an increase of voucher holder success rate and a softening housing market in the Santa Clara County area, there is no need to implement this activity at this time. Currently, SCCHA has no time table for implementing this activity, and will revisit this activity when the market dictates a need.</p>

**C. ACTIVITIES ON HOLD**

Activity	Year Approved/ Implemented/ Place on Hold	Actions Taken Towards Reactivating The Activity
<b>2010-5: Assisting Over- Income Families Residing at SCCHA-owned Project-Based Voucher Properties</b>	FY2011/FY2015	SCCHA implemented this activity in FY2011. Since its implementation, SCCHA has had no need to use this activity as no families have exceeded the income threshold. Only one public housing project (Deborah Drive) remains that could potentially benefit from this activity and there is no plan at this time to dispose of this property. Therefore, SCCHA has placed this activity on hold indefinitely but could re-implement when disposing of its last public housing project.
<b>2012-5: Expand Tenant Services at SCCHA- or Affiliate-Owned Affordable Housing Properties</b>	FY2012/FY2012/ FY2015	<p>This activity, implemented in FY2012, allows SCCHA a broader use of funds authority to expand its provision of programs and services for tenants living in SCCHA- or affiliate- owned non-Section 8/9 affordable rental properties.</p> <p>The SCCHA- and affiliate- owned affordable housing properties continue to pay for tenant services directly from their respective operating budgets. Currently, there is no need to expand tenant services and there is no implementation timeline to re-activate.</p>
<b>2014-2: Eliminate Requirement to re-Determine Rent Reasonableness When HUD Decreased Fair Market Rents</b>	FY2014/NA	<p>This activity, implemented in FY2014, eliminates the HUD requirement to re-determine the rent reasonableness of affected units within 60 days of the contract anniversary date when HUD reduces FMRs by 5% or more.</p> <p>HUD has not reduced FMRs by 5% or more since this activity was approved. If and when that occurs, SCCHA will explore re-implementing this activity.</p>
<b>2014-3: Freeze on Contract Rent Increases</b>	FY2014/FY2015	Implemented in FY2014, this activity imposed a freeze on any owner requested rent increases for one year effective September 2013 through August 2014. Effective September 1, 2014, SCCHA lifted the freeze and accepted owner requested rent increases again. Subsequent freezes on owner requested rent increases are subject to SCCHA’s Board of Commissioners’ approval and are limited to a one-year term. Therefore, SCCHA has placed this activity on hold indefinitely but could re-implement when necessary.

**D. CLOSED OUT ACTIVITIES**

Activity	Year Approved/ Implemented	Was Activity Implemented (Yes/No)	Year Closed	Final Outcome and Lessons Learned	Statutory Exception Outside of Current MTW Flexibilities
<b>2009-3: Reduced Frequency of Inspections</b>	FY2009	Yes	FY2014	See below.	None
<p>This activity reduced federal expenditures by reducing the number of inspections. The administrative savings allowed SCCHA to improve assistance it provided without sacrificing quality and safety of its housing units. After approval of this activity, Section 220 of the 2014 Appropriations Act was enacted which allows PHA's to inspect assisted dwelling units biennially instead of annually. These changes have been authorized by HUD through revisions of Title 24 Code of Federal Regulations (CFR) Parts 5, 943, and 982.</p>					
<b>2009-4: Timeline to Correct HQS Deficiencies</b>	FY2009/ FY2010*	Yes	FY2012	See below.	None
<p>Handhelds are utilized by Inspectors during every regularly scheduled inspection. These devices are capable of recording the non-life threatening deficiency directly into the newly implemented software, which generates the deficiency notification letter. There is no longer a lag time between the date of the inspection and the date of the letter.</p>					
<b>2009-6: 20% Sample Inspections Annually for PBV Units</b>	FY2009/ NA	No	FY2009	See below.	None
<p>After the approval of this activity, HUD issued PIH Notice 2008-14, which stipulates that a PHA may now renew or extend Project-Based Certificate Housing Assistance Payment (HAP) contracts as Project-Based Voucher HAP contracts in accordance with the regulations governing the PBV program in 24 CFR Part 983. This activity saved labor time and costs. Therefore, this activity was never implemented.</p>					
<b>2009-7: Project-Based Unit Substitution</b>	FY2009/ NA	No	FY2009	See below.	None
<p>After the approval of this activity, HUD issued PIH Notice 2008-14, which stipulates that a PHA may now renew or extend Project-Based Certificate Housing Assistance Payment (HAP) contracts as Project-Based Voucher HAP contracts in accordance with the regulations governing the PBV program in 24 CFR Part 983. Therefore, this activity was never implemented.</p>					
<b>2009-10: Selection of SCCHA-owned Public Housing Projects for PBV Without Competition</b>	FY 2009	Yes	FY2015	See below.	None
<p>SCCHA closed this activity, and will utilize Activity 2010-4 as a result. Activity 2010-4 allows the agency to select any of its properties for PV assistance without a competitive process, including</p>					

Activity	Year Approved/ Implemented	Was Activity Implemented (Yes/No)	Year Closed	Final Outcome and Lessons Learned	Statutory Exception Outside of Current MTW Flexibilities
<p>public housing units. Through using this activity, SCCHA has avoided the lengthy three month competitive process for public housing properties, which saves staff time, labor costs, and administrative costs. This activity significantly reduced the public housing disposition conversion schedule.</p>					
<b>2009-12: Adopt Investment Policies</b>	FY2009/ NA	No	FY2009	See below.	None
<p>SCCHA’s Board of Commissioners annually adopts investment policies in accordance with the California Government Code (CGC) Sections 5922 and 53601. California law, which SCCHA cannot waive, is consistent with and more restrictive than the provisions of federal regulations Section 6 (c) (4) of the 1937 Act and 24 CFR 982.156. Therefore, this activity was never implemented.</p>					
<b>2010-1: Eliminating 100% Excluded Income from the Income Calculation Process</b>	FY2010/ FY2010*	Yes	FY2013	See below.	None
<p>With the publication of PIH Notice 2013-4, issued January 28, 2013, the verification and calculation of 100% excluded income is no longer required. Therefore, SCCHA eliminated this activity in FY2013. This activity saved labor time and costs.</p>					
<b>2012-1: Create Standard Utility Allowance Schedule</b>	FY2012/ NA	No	FY2013	See below.	None
<p>Activity #2014-4 simplifies the rent calculation method and includes the elimination of utility allowances. Because of Activity #2014-4, Activity #2012-1 is no longer necessary and was closed out prior to implementation.</p>					
<b>2015-1: Using UPCS or Local Inspection Standards to Determine Housing Quality Standards</b>	FY2015/ NA	No	FY2015	See below.	None
<p>Prior to the implementation of this activity, on June, 25, 2014, HUD published in the Federal Register that, effective July 1, 2014, “A PHA may comply with the biennial inspection requirement through reliance upon an inspection conducted for another housing assistance program. If a PHA relies on an alternative inspection to fulfill the biennial inspection requirement for a particular unit, then the PHA must identify the alternative standard in its administrative plan.” Therefore, this activity was closed without implementation because HUD’s directive superseded this activity.</p>					

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

ACTIVITY	SUMMARY OF OUTCOMES FOR IMPLEMENTED ACTIVITIES THAT HAVE BEEN DISCONTINUED
<p><b>2009-3: Reduced Frequency of Inspections</b></p>	<p>This activity was implemented in FY2009 and closed out in FY2014.</p> <p>In FY2009, this activity was implemented to allow SCCHA to conduct biennial inspections of assisted units occupied by MTW families. This activity was implemented to reduce the staff time and administrative costs associated with conducting annual inspections.</p> <p>This activity reduced federal expenditures by reducing the number of inspections. By having this reduction in expenditures, SCCHA was able to utilize those savings to improve the assistance it provides to its clients, stakeholders, and partners without sacrificing the quality and safety of its housing units. In FY2015, for example, SCCHA realized a total saving of approximately \$373, 911. In addition, SCCHA quality of services increased by having a 4% drop in error rate of HQS inspections.</p> <p>This activity was closed out in FY20114 due to the enactment of Section 220 of the 2014 Appropriations Act that allowed PHAs to inspect assisted dwelling units biennially instead of annually. These changes have been authorized by HUD through revisions of Title 24 Code of Federal Regulations (CFR) Parts 5, 943, and 982.</p>
<p><b>2009-4: Timeline to Correct HQS Deficiencies</b></p>	<p>This activity was implemented in FY2010 and closed out in FY2012.</p> <p>In FY2010, in conjunction with this activity a new policy (not requiring an MTW waiver) was established allowing owners and participants to provide self-certification when they have corrected HQS deficiencies. This change in policy and the MTW Activity extending the timeline provided administrative relief through two reductions in staff tasks: processing fewer extension requests, and conducting no physical recheck inspections when a unit did not meet the HQS for non-life threatening deficiencies.</p> <p>The self-certification policy achieved greater cost effectiveness in federal expenditures by reducing a labor intensive process that realized little cost benefit. The results were significant in relation to labor hours saved and the cost of gasoline. The total labor hours reduced to zero as no recheck inspections were conducted, and the cost of gasoline decreased to \$8,692 compared to the baseline of \$14,354.</p> <p>Prior to the implementation of the policy to accept owner’s self-certification of repairs for non-life-threatening HQS deficiencies, a re-inspection of the unit was conducted and related administrative costs (labor and gasoline) were significant.</p> <p>In FY2011, 2,186 units had a non-life-threatening HQS deficiency, which prior to this policy would have required a re-inspection. In addition, 3,096 labor hours were saved by eliminating these inspections, which resulted in a direct labor savings of \$76,983.</p>



ACTIVITY	SUMMARY OF OUTCOMES FOR IMPLEMENTED ACTIVITIES THAT HAVE BEEN DISCONTINUED
	<p>In FY2012, 2,937 units had non-life-threatening HQS deficiencies, which prior to this policy change would have required a re-inspection. In addition, 4,171 labor hours were saved by eliminating these inspections, which resulted in a direct labor savings of \$165,044.</p>
<p><b>2009-10: Selection of SCCHA-owned Public Housing Projects for PBV Without Competition</b></p>	<p>This activity was implemented in FY2009 and closed out in FY2015.</p> <p>In FY2009, SCCHA implemented this activity allowing the selection of SCCHA owned public housing projects for PBV without competition. SCCHA has avoided the lengthy and costly three month process.</p> <p>In FY2015, SCCHA utilized this activity in project basing 16 units of public housing. SCCHA realized a total savings of \$11,240 in staff time through labor hours and the increased costs associated with a competitive process. The actual savings would continue to increase due to the increase in staff and administrative costs, as well, as the increase in publication expenses.</p> <p>This activity was closed in FY2015 and SCCHA now utilizes MTW 2010-4, which allows the agency to select any of its properties for PV assistance without a competitive process.</p>
<p><b>2010-1: Eliminating 100% Excluded Income from the Income Calculation Process</b></p>	<p>This activity was implemented in FY2010 and closed out in FY 2013.</p> <p>In FY2010, SCCHA implemented this activity during the last quarter of the fiscal year. The agency processed 668 new admissions and reexaminations for families who reported one or more forms of 100% excluded income. Staff spent approximately 34 minutes per transaction requesting, verifying and calculating 100% excluded income. Because of this activity, 379 hours of labor were saved when completing these calculations. This resulted in increased staff productivity and thus has met the MTW statutory goal of increasing cost effectiveness. Staff time saved from this activity was redirected to cross training in other positions and processes, increased customer service and increased quality control functions.</p> <p>In FY2011, SCCHA processed 2,753 new admissions and reexaminations (transactions) for families who reported one or more forms of 100% excluded income. Staff saved approximately 34 minutes per transaction by no longer requesting, verifying and calculating 100% excluded income. This resulted in a total of 1,560 labor hours saved in FY2011.</p> <p>In FY2012, SCCHA processed an estimated 3,238 new admissions and reexaminations (transactions) for families who reported one or more forms of 100% excluded income. Staff saved approximately 34 minutes per transaction by no longer identifying, verifying and calculating 100% excluded income. This resulted in a total of 1,835 labor hours, and \$47,566 in direct labor costs saved in FY2012 in completing these calculations.</p>

ACTIVITY	SUMMARY OF OUTCOMES FOR IMPLEMENTED ACTIVITIES THAT HAVE BEEN DISCONTINUED
	<p>In FY2013, SCCHA processed an estimated 2,940 new admissions and reexaminations for families who reported one or more forms of 100% excluded income. Through this activity, staff saved approximately 34 minutes per transaction. As a result, a total of 1,666 labor hours were saved by means of this activity.</p>

## V. MTW SOURCES AND USES OF FUNDS

### Annual MTW Report

#### V.3. Report Sources and Uses of MTW Funds

##### A. MTW Report: Sources and Uses of MTW Funds

###### Actual Sources and Uses of MTW Funding for the Fiscal Year

PHAs shall submit their unaudited and audited information in the prescribed FDS format through the Financial Assessment System - PHA (FASPHA), or its successor system

###### Describe the Activities that Used Only MTW Single Fund Flexibility

The MTW Agreement allows SCCHA to combine public housing operating and capital funds, including development and Replacement Housing Factor (RHF)/Demolition and Disposition Transition Fund (DDTF) funds, provided under Section 9, and tenant-based voucher program funds provided under Section 8 of the 1937 Act into a single, authority-wide funding source.

In FY2017, SCCHA used its MTW Single Fund Flexibility to pay for a consultant for the re-development of the Focus Forward Program (an MTW activity SCCHA included in its FY2018 MTW Annual Plan), for a consultant to provide a review of and risk analysis for SCCHA-managed affordable housing properties, and for a consultant to conduct a space-planning and future needs assessment of SCCHA's current physical office space and facilities

### V.4.Report.Local Asset Management Plan

#### B. MTW Report: Local Asset Management Plan

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

 Yes

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

or

 No

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

Has the PHA provided a LAMP in the appendix?

or

 No

**In the body of the Report, PHAs should provide a narrative updating the progress of implementing and operating the Local Asset Management Plan during the fiscal year.**

**V.5.Report.Unspent MTW Funds**

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

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

Account	Planned Expenditure	Obligated Funds	Committed Funds
Type	Description	\$ X	\$ X
Type	Description	\$ X	\$ X
Type	Description	\$ X	\$ X
Type	Description	\$ X	\$ X
Type	Description	\$ X	\$ X
Type	Description	\$ X	\$ X
Type	Description	\$ X	\$ X
Type	Description	\$ X	\$ X
<b>Total Obligated or Committed Funds:</b>		<b>0</b>	<b>0</b>

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

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

## **VI. ADMINISTRATIVE**

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

SCCHA had an MTW site visit in FY2017 and there were no observations or deficiencies cited by HUD during the visit or in any subsequent written report to SCCHA.

### **B. RESULTS OF LATEST HA DIRECTED EVALUATIONS OF THE DEMONSTRATION**

In FY2014, SCCHA completed its five-year strategic plan. This five-year plan will inform SCCHA's future decision-making as to how to best meet the community's housing needs. Part of the process of carrying out the strategic plan may include program evaluation conducted by a third party. No additional program evaluations were completed this fiscal year beyond those required by the MTW Agreement.

### **C. CERTIFICATION THAT SCCHA HAS MET STATUTORY REQUIREMENTS**

See attached certification in Appendix One of this MTW Report.

## APPENDIX ONE

### FY2017 Certification of Compliance with Statutory Requirements



Santa Clara County Housing Authority • 535 West Julian Street, San José, CA 95110 • TEL 408.275.6770


[schousingauthority.org](http://schousingauthority.org)

### Certification of Statutory Compliance

On behalf of the Santa Clara County Housing Authority and the Housing Authority of the City of San Jose (the Agency), I certify that the Agency has met the three statutory requirements of the Moving to Work (MTW) Program during fiscal year 2017:

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

  
Katherine Harasz  
Executive Director

  
Date

## APPENDIX TWO

### Approved MTW Activities for the FY2017 Reporting Period

Activity # (Plan year proposed + Activity #)	Activity	MTW Statutory Objectives		
		Reduce cost and achieve greater cost effectiveness in federal expenditures	Provide incentives to families ... leading toward economic self-sufficiency	Increase housing choices for low-income families
<b>IMPLEMENTED IN FY2009</b>				
2009-1	Reduced Frequency of Tenant Reexaminations	<b>X</b>		
2009-2	Simplification and Expediting of the Income Verification Process	<b>X</b>		
2009-5	Exploring New Housing Opportunities for the Chronically Homeless			<b>X</b>
2009-13	Combined Waiting Lists for the County of Santa Clara and the City of San José	<b>X</b>		<b>X</b>
<b>IMPLEMENTED IN FY2010</b>				
2009-8	Streamlining the Project-Based Voucher Referral Process			<b>X</b>
2009-9	Utilization of Low Income Housing Tax Credit (LIHTC) Tenant Income Certification (TIC) for Income and Asset Verification	<b>X</b>		
2009-11	Project-Base 100% of Units in Family Projects	<b>X</b>		<b>X</b>
2009-14	Payment Standard Changes Between Regular Reexaminations	<b>X</b>		
2010-2	Excluding Asset Income from Income Calculations for Families with Assets Under \$50,000	<b>X</b>		
2010-3	Applying Current Increased Payment Standards at Interim Reexaminations	<b>X</b>		<b>X</b>
<b>IMPLEMENTED IN FY2011</b>				



Activity # (Plan year proposed + Activity #)	Activity	MTW Statutory Objectives		
		Reduce cost and achieve greater cost effectiveness in federal expenditures	Provide incentives to families ... leading toward economic self-sufficiency	Increase housing choices for low-income families
2010-4	Allocating Project-Based Vouchers to SCCHA-owned Projects Without Competition	X		
2011-1	Streamlined approval process for exception payment standard for reasonable accommodation			X
2011-2	Simplify requirements regarding third-party inspections and rent services	X		
<b>IMPLEMENTED IN FY2012</b>				
2012-3	Affordable Housing Acquisition Development Fund			X
2012-4	Affordable Housing Preservation Fund for SCCHA- and Affiliate-Owned Properties			X
<b>IMPLEMENTED IN FY2014</b>				
2014-4	Increased Tenant Contribution – Up to 35% of Gross Income	X		
<b>IMPLEMENTED IN FY2015</b>				
2012-2	Two-Year Occupancy in Project-Based Voucher Unit Before Eligible to Receive Voucher	X		
2013-1	Elimination of the Earned Income Disallowance (EID) Calculation	X		
2015-2	Project Based Voucher Inspection Self-Certification	X		
2015-3	Modified Elderly Definition for PBV			X
<b>IMPLEMENTED IN FY2016</b>				
2016-2	Streamlining of PBV Competitive Selection Requirements	X		
<b>IMPLEMENTED IN FY2017</b>				
2017-1	Phasing in a Subsidy Standard Change			X

Activity # (Plan year proposed + Activity #)	Activity	MTW Statutory Objectives		
		Reduce cost and achieve greater cost effectiveness in federal expenditures	Provide incentives to families ... leading toward economic self-sufficiency	Increase housing choices for low-income families
2017-3	Landlord Initiative			X
<b>PENDING IMPLEMENTATION</b>				
2014-1	Focus Forward Program		X	
2016-1	Restriction on Head of Household Changes		X	
2017-2	Special Needs Population Direct Referral Program			X
2017-4	Setting Payment Standards above 110 Percent of HUD Fair Market Rents			X
<b>ACTIVITIES ON HOLD</b>				
2010-5	Assisting Over-Income Families Residing at SCCHA-owned Project-Based Voucher Properties			X
2012-5	Expand Tenant Services at SCCHA and Affiliate-Owned Affordable Housing Properties		X	
2014-2	Eliminate Requirement to Re-Determine Rent Reasonableness when HUD decreased Fair Market Rents (FMRs)	X		
2014-3	Freeze on Contract Rent Increases	X		

**Note:** Discontinued activities are not shown. These were approved as activities 2009-3, 2009-4, 2009-6, 2009-7, 2009-10, 2009-12, 2010-1, 2012-1 and 2015-1.

## APPENDIX THREE

### FY2017 Independent Auditor's Report (OMB-A-133) for SCCHA

HOUSING AUTHORITY OF THE  
COUNTY OF SANTA CLARA

Single Audit Reports

For the Year Ended June 30, 2016



A new breed  
of professional  
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**HOUSING AUTHORITY OF THE COUNTY OF SANTA CLARA**  
(A Component Unit of the County of Santa Clara)  
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June 30, 2016

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Century City  
 Los Angeles  
 Newport Beach  
 Oxford  
 Sacramento  
 San Diego  
 San Francisco  
 Walnut Creek  
 Westland Hills

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

Members of the Board of Commissioners of the  
 Housing Authority of the County of Santa Clara, California  
 San Jose, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the County of Santa Clara, California (Authority) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 21, 2016. Our report includes a reference to other auditors who audited certain of the financial statements of the Authority's blended component units and its discretely presented component units, as described in our report on the Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the blended component units, except for AE Associates, Ltd., San Pedro Garden Associates, Ltd., and S.P.G. Housing Inc., and the financial statements of the discretely presented component units, except for Bendorf Drive, L.P, Clarendon Street L.P, Fairground Luxury Family Apartments, L.P, HACSC/Choices Family Associates, and Opportunity Center Associates, LP, were not audited in accordance with *Government Auditing Standards*.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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



Walnut Creek, California  
December 21, 2016



- Orlando, FL
- Los Angeles, CA
- Chicago, IL
- Dallas, TX
- Sacramento, CA
- San Diego, CA
- San Francisco, CA
- Walton Creek, CA
- Westland, MI

**Independent Auditor's Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance; and Report on  
Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

Members of the Board of Commissioners of the  
Housing Authority of the County of Santa Clara, California  
San Jose, California

**Report on Compliance for Each Major Federal Program**

We have audited the Housing Authority of the County of Santa Clara, California's (Authority) compliance with the types of compliance requirements described in the *OIGMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2016. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

**Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on

compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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

**Report on the Schedule of Expenditures of Federal Awards  
Required by the Uniform Guidance**

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Authority, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated December 21, 2016, which contained unmodified opinions on those financial statements. Our report also includes a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Macias Gini & O'Connell LLP*

Walnut Creek, California  
February 14, 2017



**HOUSING AUTHORITY OF THE COUNTY OF SANTA CLARA**  
 (A Component Unit of the County of Santa Clara)  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2016

Grant or Pass-Through Grant/Program Title	Grant Identifying Number(s)	Federal CFDA Number	Expenditures
<b>U.S. Department of Housing and Urban Development</b>			
<i>Direct:</i>			
Continuum of Care	n/a	14.267	\$ 3,183,642
<i>Section 8 Project-Based Cluster</i>			
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	n/a	14.856	1,187,997
<i>Housing Voucher Cluster</i>			
Section 8 Housing Choice Vouchers	n/a	14.871	9,053,391
Mainstream Vouchers	n/a	14.879	688,529
Subsidized Housing Voucher Cluster			<u>9,741,920</u>
Family Self-Sufficiency	n/a	14.856	344,814
Moving To Work Demonstration Program	n/a	14.881	<u>226,653,358</u>
Total Direct Awards			241,106,821
<i>Indirect:</i>			
Pass-through from County of Santa Clara, California			
Continuum of Care	Not Available	14.267	<u>3,611</u>
Total expenditures of federal awards			<u>\$ 241,109,432</u>

See accompanying notes to the schedule of expenditures of federal awards.

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**HOUSING AUTHORITY OF THE  
COUNTY OF SANTA CLARA, CALIFORNIA**  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2016

**NOTE 1 – GENERAL**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Housing Authority of the County of Santa Clara, California (the Authority). The Authority's reporting entity is defined in Note 1 of the Authority's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included on the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

**NOTE 2 – BASIS OF ACCOUNTING**

Amounts reported on the Schedule represent expenditures incurred for the Authority's federal programs, and are reported on the accrual basis of accounting and include capitalized expenditures. Such expenditures are recognized following the cost principles contained in 2 CFR 200, Subpart E (Cost Principles), wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority did not elect to use the 10% de minimis cost rate as covered in 2 CFR 200.414 Indirect (F&A) costs.

**NOTE 3 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

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

**NOTE 4 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The Schedule agrees to or can be reconciled with the amounts reported in the Authority's basic financial statements.

**NOTE 5 – PROGRAM TOTAL**

The following table summarizes program funded by various sources whose totals is not shown on the Schedule.

CFDA No./ Program Title/ Federal Grantor or Pass-Through Grantor	Pass-Through Identifying Number	Federal Expenditures
CFDA No. 14.267 - Continuum of Care U.S. Department of Housing and Urban Development County of Santa Clara, California	NSA Not Available	\$ 1,983,672 2,611
	<b>Program Total</b>	<b>\$ 1,986,283</b>

**HOUSING AUTHORITY OF THE  
COUNTY OF SANTA CLARA, CALIFORNIA**  
Schedule of Findings and Questioned Costs  
For the Year ended June 30, 2018

**Section I – Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
♦ Material weakness(es) identified?	No
♦ Significant deficiency(ies) identified?	None reported
Noncompliance material to the financial statements noted?	No

*Federal Awards*

Internal control over major programs:	
♦ Material weakness(es) identified?	No
♦ Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 C.F.R. 200.516(a)?	No
Identification of major programs?	14.881 – Moving To Work Demonstration Program 14.871 and 14.879 – Housing Voucher Cluster
Dollar threshold used to distinguish between type A and type B programs:	\$3,000,000
Auditor qualified as a low-risk auditee?	No

**Section II – Financial Statement Findings**

None reported.

**Section III – Federal Award Findings and Questioned Costs**

None reported.

**HOUSING AUTHORITY OF THE  
COUNTY OF SANTA CLARA, CALIFORNIA**  
Summary Schedule of Prior Year Audit Findings  
For the Year ended June 30, 2016

**Summary of Prior Year's Financial Statements Findings**

<b>Reference Number:</b>	<b>Finding 2015-001 – Internal Control over Financial Reporting and Reliability of Financial Statements</b>
<b>Audit Finding:</b>	During our evaluation of the Authority's internal control over financial reporting, we noted that the Authority did not properly factor in the inter-company transactions between the component units, and the Authority also took approximately 3 weeks to review and analyze the inter-program balance and activities. The discussion about change in reporting entity and its impact at the entity-wide level was omitted in the original draft of financial statements prepared by the Authority.
<b>Recommendation:</b>	The Authority was recommended to evaluate its internal control over financial reporting, and implement a detailed set of procedures to timely coordinate, draft, review and communicate with all stakeholders who participate in the preparation of financial statements. Furthermore, cross-training among the Authority's staff level and update to the charts of accounts were also recommended.
<b>Status of Corrective Action:</b>	Corrective action plan was implemented. During the preparation and review of schedules of inter-program transactions with the Authority's component units, the Controller gained experience over the past year and ensured that the schedules were timely prepared in accordance with the standards.
<b>Reference Number:</b>	<b>Finding 2015-002 – Accounting for Component Unit Activities Pursuant to GASB Statement No. 48</b>
<b>Audit Finding:</b>	The Authority disposed 2 properties to its discretely component units in exchange for note receivables and recognized gain on the disposition of the properties. Pursuant to GASB Statement No. 48, the gain from this transaction should be reclassified as interfund activity (i.e. operating transfer) in the Authority's financial statements, as the discretely presented component units became part of the same reporting entity.
<b>Recommendation:</b>	The Authority was recommended to continually evaluate the application of proper accounting standards during the preparation of financial statements. It was also recommended that the Authority's staff to strengthen their proficiency with the accounting and reporting standards.
<b>Status of Corrective Action:</b>	Corrective action plan was implemented. During the preparation and review of schedules of interfund transactions with the Authority's component units, the Controller gained experience during the past year and ensured the schedules were timely prepared in accordance with the applicable standards.

**HOUSING AUTHORITY OF THE  
COUNTY OF SANTA CLARA, CALIFORNIA**  
Summary Schedule of Prior Year Audit Findings  
For the Year Ended June 30, 2016

**Summary of Prior Year's Federal Award Findings**

<b>Reference Number:</b>	<b>Finding 2015-003 – Eligibility and Special Tests and Provisions Section 8 Moving to Work Demonstration Program – 14.881</b>
<b>Audit Finding:</b>	During our audit of the eligibility requirements of the MTW's Section 8 MTW program, we selected 40 tenants representing a population of 15,501 for testing. Of the total 40 tenant cases tested, the housing quality inspections for two units were not performed when they were due.
<b>Recommendation:</b>	The Authority was recommended to establish a procedure to review the system data with the case files at each initial examination and re-examination date to ensure that HQS inspections are performed on time.
<b>Status of Corrective Action:</b>	Corrective action plan has been implemented.
<b>Reference Number:</b>	<b>Finding 2015-004 – Eligibility Section 8 Moderate Rehabilitation – 14.856</b>
<b>Audit Finding:</b>	During our audit of the eligibility requirements of the Section 8 Moderate Rehabilitation Program (MOD), we randomly selected 13 tenants from a population of 75 cases for testing. In two tenant cases, the HAP to Owner per MOD HAP register did not agree to the HAP per Owner listed at Form HUD-50058 due to tenant rent payments being incorrectly computed due to missed imputed income from both savings and checking accounts. In one tenant case, the HAP to Owner per MOD HAP register did not tie to the HAP per Owner listed at form HUD 50058 due to missed imputed income from assets.
<b>Recommendation:</b>	The Authority was recommended to establish a procedure to review the system data with the case files at each initial examination and re-examination date to ensure the system was properly established and the correct tenant information is used to compute the housing assistance payments.
<b>Status of Corrective Action:</b>	In progress. The Authority purchased the Nau McKay Quality Assurance Software. As of the date of this single audit report, the Authority is at the second pilot testing, and anticipated to implement it in the operation around March 2017. The Authority's compliance team also reviewed the quality control reports from Elite.