

Moving to Work (MTW) Fiscal Year 2024 Proposed Annual Plan - Brief Summary

Since 2008, Santa Clara County Housing Authority (SCCHA) has introduced nationally recognized changes to its affordable housing programs through the Moving to Work (MTW) demonstration program. MTW is a federal initiative established by Congress that encourages selected housing authorities to propose and implement, upon the U.S. Department of Housing and Urban Development (HUD) approval, locally designed changes to the way affordable housing programs are administered.

The goals of the MTW program are:

- To increase cost effectiveness in housing program operations;
- To promote participants' economic self-sufficiency; and
- To expand participants' housing choices.

SCCHA has prepared its draft annual MTW plan to describe how the Agency plans to implement its MTW demonstration program for Fiscal Year 2024, from July 1, 2023 to June 30, 2024. In the plan, SCCHA seeks approval from HUD to add the following activities:

Proposed Activity 2024-01: Digital Inclusion

There is a documented, well researched, significant gap or digital divide between low-income households and access to technology and broadband internet. This digital divide disproportionately affects low-income households by creating barriers to employment and education among other important opportunities. A survey of SCCHA's resident indicates that about 40% needs support to meaningfully access the internet. To increase access to technology, SCCHA proposes to use its single fund flexibility to implement a local, non-traditional supportive services program to provide qualifying income resident with affordable internet, device, digital training, and support for adoption. This activity will help our families get more connected to opportunities.

Proposed Activity 2024-02: Supporting Homeownership Opportunities

Government and nonprofit partners in Santa Clara County are collaborating on an initiative to create a limited equity housing cooperative (LEHC) in San Jose. The LEHC will offer families from a target neighborhood the opportunity to purchase cooperative shares in a multifamily property, enabling them to pursue homeownership without obtaining an individual mortgage. Through this proposed MTW activity, SCCHA will assist the extremely low-income and very-low income cooperative residents to pay their monthly homeownership costs after they have purchased shares and moved into their units. To receive assistance from SCCHA, the families must be determined eligible for the HCV program; however, other aspects of the traditional Section 8 homeownership program will not apply. The amount of monthly homeownership assistance will be based on family income. Families can choose to sell their unit at any time (but they would no longer receive housing assistance upon exiting the cooperative). The number of families to be assisted and estimated costs for the program have not yet been determined. Additional program details will be determined as the initiative progresses and the LEHC is created.

Re-Proposed Activity 2022-03: Interim Housing

With the success of this activity in the brief time since implementation, SCCHA would now like to expand the interim housing activity to include additional locations and additional community partners. To that end SCCHA

plans to broaden the scope of this activity, from the one interim housing site originally planned, to multiple sites.

Proposed Activity 2024-04: Rental Assistance for Student Parents Obtaining Post-Secondary Education

Heads of households with minor children often face multiple barriers to furthering their education and obtaining employment that will provide their families with adequate income to become self-sufficient. Low-income parents may be discouraged from pursuing a degree or certification due to competing priorities such as stable housing and childcare. This activity aims to secure funds for a service organization to provide housing, academic and career coaching, and childcare to low-income families while they complete their post-secondary education program. Applicants referred from the service provider must meet Housing Choice Voucher (HCV) program eligibility requirements, be a parent to at least one minor child, and can provide verification of school enrollment. SCCHA and its partners will collaborate to develop program components based on best practices. The participant will receive preference for the HCV program upon completion of their educational program.

Proposed Activity 2024-05: Buena Vista Mobile Home Park

In 2017 SCCHA, with local partners, purchased the Buena Vista Mobile Home Park in Palo Alto to preserve affordable housing and prevent the imminent displacement of residents. Since then, SCCHA has made substantial investments to improve the infrastructure and quality of life for the residents of Buena Vista. As the Housing Authority works to bring Buena Vista into legal and regulatory compliance, SCCHA requests MTW flexibilities to: allow residents to temporarily move during construction, with an option to return at completion; to minimize the disruption of inspections in situations where SCCHA is not subsidizing the housing; and to provide housing assistance to mobile home units.

Proposed Activity 2024-06: Short-term Bridge Loan

According to the National Low Income Housing Coalition, Santa Clara County needs a total of 54,148 new affordable rental homes, including a 40,550 at or below extremely low income simply to meet **existing need**. To support increasing the housing stock, SCCHA will seek and pursue opportunities to support the development of new rental housing units using short term loans. These short-term loans provide flexible financing for predevelopment, acquisition, construction/rehab and bridge financing for the development of affordable multifamily rental and supportive housing throughout Santa Clara County by nonprofit organizations, limited partnerships and single asset entities with nonprofit sponsors, and mission-aligned for-profit entities. This activity will enable SCCHA to jumpstart the creation and preservation of desperately needed low-income rental housing units across the county.

Proposed Activity 2024-07: Streamline Offer of New Lease Process

Pursuant to 24 CFR 982.308, SCCHA is required to execute a new HAP contract when there are changes in lease requirements governing utility or appliance responsibilities or the term of the lease. SCCHA refers to this process as an Offer of New Lease. The process to update these two changes can be lengthy and burdensome for the owner, tenant, and SCCHA, thus creating delays in rent increase payments and confusion on HAP contract effective dates. SCCHA proposes to streamline its Offer of New Lease process by waiving the requirement to execute a new HAP contract due to lease changes. Staff will continue to update files and communicate changes to all parties involved. This activity will alleviate staff time and costs associated with the completion of a HAP contract, tenancy addendum, and lease.

Proposed Activity 2024-08: Supplemental Rents

In anticipation of Faircloth to RAD conversions in FY2024, SCCHA is requesting permission to use Moving to Work funds to supplement operating costs such that the operating income from all sources is equal to 110% of the HUD Fair Market Rent.

Proposed Activity 2024-09: Increase Total Development Cost Cap

HUD limits the amount of Moving to Work funds SCCHA can contribute to local non-traditional development and rehabilitation activities. SCCHA is requesting permission to remove the limit and allow 100% of the construction costs to be covered by MTW funds, when necessary. The pro-rata calculation, required by HUD, results in approximately one-quarter to one-half of the total project cost being covered by MTW funds, leaving the remainder of the project to be funded through other sources, primarily loans. Construction costs have been increasing in the last few years, and especially in the recent months. Flexibility to use MTW funds for the entire cost of development and rehabilitation would provide certainty and allow SCCHA to create concrete plans when developing and rehabilitating housing, allowing for an increase in affordable housing.

Public Hearing

SCCHA will hold a public hearing on the proposed MTW Plan in person and via Zoom on **Thursday, March 16, 2023 from 11:00 a.m. to 12:00 p.m.** For Zoom registration please visit: https://scchousingauthority-org.zoom.us/webinar/register/WN_W4LpaKwvSIO-E4Z31V-1pw

A preliminary draft of the MTW Plan will be available for review at <https://www.scchousingauthority.org/about-sccha/moving-to-work> and public comments on the plan will be accepted from March 1, 2023 – March 30, 2023.

Comments may be submitted electronically to: heather.miller@scchousingauthority.org or by U.S. mail to the attention of Heather Miller, Senior Housing Policy Analyst, 505 West Julian Street San Jose, CA 95110.

The final proposed FY2024 MTW Annual Plan will be presented to the SCCHA Board of Commissioners for approval on April 6, 2023 and will be submitted to HUD for final approval no later than April 15, 2023.

In accordance with the Rehabilitation Act of 1973, the Housing Authority will make reasonable efforts to accommodate persons with disabilities. Please call (408) 275-8770 at least three days in advance of the public hearing if you require special accommodations. TDD/TTY users call 408-993-3041.