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

OFFICE OF PUBLIC AND INDIAN HOUSING

November 3, 2026

Mr. Preston Prince
Executive Director
Santa Clara County Housing Authority
(Housing Authorities of the County of Santa Clara & the City of San Jose)
505 West Julian St.
San Jose, CA 95110

Subject: Santa Clara County Housing Authority (Housing Authorities of the County of Santa Clara & the City of San Jose) FY 2027 Annual MTW Plan Approval

Dear Mr. Prince:

The Department of Housing and Urban Development (HUD) has reviewed the Santa Clara County Housing Authority's (SCCHA) FY 2026 Annual Moving to Work (MTW) Plan, which was initially submitted on April 15, 2026. I am writing to inform you that the Plan, as submitted on October 30, 2026, and resubmitted on July 29, 2026 and October 30, 2026, is approved.

The Department's approval of this Annual MTW Plan is limited to approval of policies and actions authorized by the 1937 Act and flexibilities waiving provisions of the 1937 Act authorized by the MTW Agreement, including local, non-traditional activities in compliance with Notice PIH 2011-45. In providing assistance to families under programs covered by this Plan, SCCHA must comply with the rules, standards, and policies established in the Plan as well as all applicable federal requirements other than those provisions of the 1937 Act waived by the MTW Agreement. Documents relying upon the approved Plan (i.e., Administrative Plan, Admission and Continued Occupancy Policy, etc.) should be updated to reflect those policies. Also, the approved Plan and all required attachments and documents should be available for review and inspection at SCCHA's principal office during normal business hours.

Thank you for your continued efforts to implement an effective and meaningful MTW program. Please contact Kai Jennings, your MTW Coordinator, at kai.a.jennings@hud.gov if you have any questions.

Sincerely,

Pravin Krishnan

Pravin Krishnan
MTW Program Director
Office of Public Housing Investments

cc: Rudy Rodriguez, Director, HUD San Francisco Regional Office

HOUSINGAUTHORITY
SANTA CLARA COUNTY

FY2027 Moving to Work Annual Plan

Housing Authorities of the County of Santa Clara & City of San José

Submitted on April 15, 2026
Re-Submitted on July 29, 2026
Re-Submitted on October 30, 2026



FY2027 Moving to Work Annual Plan

SANTA CLARA COUNTY HOUSING AUTHORITY (SCCHA)

(Housing Authorities of the County of Santa Clara & The City of San José)

SCCHA's mission is to provide affordable housing solutions that support people of lower incomes in Santa Clara County in achieving housing stability, opportunity, and well-being.

Serving residents throughout Santa Clara County, the heart of Silicon Valley and part of the greater San Francisco Bay Area, our clients include families with children, seniors, veterans, the disabled and the formerly homeless. The vast majority of our client households are extremely low-income (30% of area median income or less) with half of our assisted households occupied by seniors. ***SCCHA currently assists over 22,000 households.***

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I. Introduction

The FY 2027 MTW Annual Plan marks a key transition for the Santa Clara County Housing Authority (SCCHA), as the agency celebrates successful delivery of its 2020–2025 Strategic Plan and now refreshes its long-term vision for 2026–2030 with a deeper, more intentional focus on residents. Serving more than 44,000 residents as the housing authority for both the City of San José and the County of Santa Clara, SCCHA will use this plan year to acknowledge recent gains, honor progress with partners and residents, and position Moving to Work (MTW) initiatives to align with the forthcoming strategic plan.

Over the past five years, SCCHA delivered measurable results, surpassing agency targets across its core mission. Since 2020, the agency has increased households served by 4,400 families, reflecting expanded capacity and effective program administration. Today, SCCHA administers approximately 20,000 Housing Choice Vouchers, working with more than 6,000 landlords and providing over $35 million in monthly rental subsidies to support housing stability for low-income families, seniors, veterans, and people with disabilities.

SCCHA has also significantly expanded and preserved the local affordable housing supply. During this time, the agency added 813 newly constructed or acquired affordable units, secured entitlements for an additional 662 units, and preserved approximately 1,600 units through strategic acquisitions and recapitalizations. SCCHA currently owns and manages 3,500 affordable housing units, with approximately 1,300 additional units in its active development pipeline, including family housing, senior housing, permanent supportive housing, and housing for transitional-age youth and formerly unhoused residents.

SCCHA's work to build strong community partnerships has translated into measurable outcomes for residents with the greatest needs. Through collaborations with local jurisdictions and service providers, to date 667 formerly unhoused people have been served at Willow Glen Studios. In FY2027 and beyond, SCCHA will continue support of interim housing across three sites, with a three-year total commitment of $17,352,000. In partnership with Santa Clara County, the Housing Authority continues to support Willow Glen Studios in the amount of $5,760,000 for three years. Additionally the Housing Authority has entered into new agreements with the City of San Jose for Pacific Motor Inn, with a three-year investment of $5,184,000, and The Arena Hotel with a 3-year investment of $6,408,000.

One of the most outstanding accomplishments in this five-year period was the partnership with Santa Clara County's $950 Million affordable housing bond, Measure A, to create permanent housing for homeless families. In total, SCCHA leveraged approximately $415

million in federal, state, county, city, and private funding and deployed more than 3,000 project-based vouchers to support Measure A developments. Over the 20-year HAP Contract term the Housing Authority anticipates investing over $3 billion, as a key partner in Santa Clara County's homelessness system, anchoring thousands of deeply affordable and permanent supportive homes to ensure long-term affordability, operating stability, and expanded options for the county's most vulnerable residents.

SCCHA's progress has been supported by strong financial stewardship and disciplined management. The agency maintains healthy reserves and an AA- credit rating, reflecting prudent fiscal management, long-term planning, and innovation in meeting obligations while managing risk.

Since 2024, SCCHA has also renewed and recentered its focus on residents' well-being and affirmed an unwavering commitment to high-quality customer service. The agency created the Resident Impact Team to systematically assess resident needs, elevate resident feedback, and connect households to critical resources such as food security and wellness supports in partnership with community organizations. In FY 2027, SCCHA will engage partners to explore best practices and potential new approaches to supporting transition-aged youth while improving utilization and leveraging existing targeted resources.

Additionally, SCCHA launched its "Year of Customer Service," which has streamlined internal operations, reorganized specialized teams to support timely processing, deployed real-time reporting dashboards, expanded self-service tools through Monthly Application Info Sessions and Monthly Owner Office Hours. The team led a focused campaign to increase Rent Café enrollment, resulting in nearly 50 percent of families and 70 percent of owners now enrolled in the enhanced online portal system. SCCHA has also expanded staff training in trauma-informed care, empathic de-escalation, and community resource navigation, ensuring employees are better equipped to provide responsive, holistic support that aligns with residents' goals and overall well-being.

Building on this foundation, SCCHA has engaged residents, landlords, staff, Board members, public agencies, and community partners through surveys, focus groups and interviews to shape the 2026–2030 Strategic Plan. Community voices affirmed the agency's direction, underscoring the need to expand and preserve affordable housing at greater scale, continue to strengthen internal operations and staffing capacity, and suggested increased collaboration and partnerships and more intentionally focus on resident success, well-being, and long-term stability.

SCCHA's FY 2027 MTW Annual Plan continues the momentum of the past five years by focusing on program stability, and high-quality service delivery so that future MTW proposals can be fully aligned with the agency's updated strategic direction. This deliberate

and accountable approach, grounded in demonstrated results and informed by community engagement, is designed to support a more resident-centered, financially resilient, and locally driven housing system for Santa Clara County.



Bracher Gardens Apartments

In 1967, the Santa Clara County Board of Supervisors established the Santa Clara County Housing Authority (SCCHA). SCCHA has an agreement with the City of San José to administer and manage the Housing Authority of the City of San José (HACSJ)'s Housing Choice Voucher program. This MTW Plan presents a consolidated strategy to be implemented for both the County and City programs.

SCCHA is continuing to improve the Moving to Work Plan process intentionally focusing on collaboration in planning and a purpose-driven approach to activity development.

Mission and Goals

The Housing Authority is finalizing a refresh of the Strategic Plan, ensuring relevance of future of the Agency and our role in the local community. Our goals expanded from the previous Strategic Plan, including more accessible statements of innovation and relevance that are centered around residents. These principles will be at the forefront of the agency's thought processes, and will guide the formulation of procedures, policies, and both internal and external engagement.

The Strategic Plan focuses on housing availability, agency partnerships, operational excellence, and residents' success and opportunity. Below are the goals of the Strategic Plan, adopted by the Board of Commissioners before the end of FY26, accompanied by SCCHA's actions to achieve the goals.

Housing Stability, Availability, and Affordability

Goal **Expand access to safe, healthy, affordable housing for low-income and extremely low-income households in Santa Clara County.**

SCCHA will grow its portfolio through new development and strategic acquisitions in neighborhoods that meet resident needs, while preserving existing affordable homes to prevent displacement and protect long-term affordability across the county. The agency will deploy rental and housing assistance tools innovatively to support more families, seniors, and people with supportive housing needs, managing public resources responsibly to maximize long-term housing stability and community impact. SCCHA will use data and resident experience to target investments where

they have the greatest effect, align housing production and preservation with community priorities, and maintain the financial strength needed to expand housing opportunities.

Partnerships

Goal **Collaborate with public, private, and community partners to expand impact and address housing challenges facing low-income households.**

SCCHA will strengthen relationships with local jurisdictions, developers, owners, service providers, and community-based organizations to expand and preserve affordable housing and broaden the reach of rental assistance. The agency will serve as a trusted public partner by advancing policy, testing innovations, and building support for housing as a cornerstone of vibrant, sustainable communities through research, engagement, and advocacy. SCCHA will communicate transparently and work with residents and people with lived experience to shape decisions, improve services, and reinforce shared accountability for resident stability, opportunity, and success.

Operational Excellence

Goal **Build an innovative, sustainable, high-performing organization that delivers its mission effectively and responsively.**

SCCHA will enhance organizational capacity through staffing investments, leadership development, succession planning, and a workplace culture that supports collaboration, equity, and high performance. The agency will improve operational efficiency and customer service by streamlining processes, modernizing technology, and using data and lived experience to learn, adapt, and continuously improve how programs are designed and delivered. SCCHA will manage risk responsibly, diversify resources, and align capital and operating investments with strategic priorities to ensure long-term financial sustainability and strong governance.

Resident Opportunity and Success

Goal **Support residents' stability, aspirations, and well-being through a resident-centered, equity-driven approach.**

Approximately 3,500 multi-family units throughout the County are owned and managed by the Housing Authority, with that number only set to increase in the next several years. The Housing Authority is deepening its role as both a long-term owner and producer of affordable housing, building on a robust pipeline of new developments and expanded preservation work across Santa Clara County. By investing in new construction, strategic acquisitions, and reinvestment in aging

properties, SCCHA will increase the total number of deeply affordable and supportive homes available to residents while protecting existing communities at risk of losing affordability.

Financial Sustainability

Goal **Ensure long-term financial sustainability to support mission-driven growth and resilience.**

SCCHA will implement a comprehensive capital and financing strategy for its real estate portfolio, including refinancing opportunities, reserve policies, and reinvestment priorities linked to asset condition and community impact. The agency will diversify revenues by pursuing tools such as ground leases, developer and asset-management fees tied to SCCHA-sponsored projects, shared-equity or shared-appreciation structures where appropriate, and participation in local and regional housing funding initiatives (such as bonds or dedicated housing funds). SCCHA will also use flexible program authorities to design cost-effective subsidy and administrative models that maintain service levels during periods of federal funding volatility, while preserving strong reserves and AA-level credit to ensure the agency can continue to preserve and expand affordable housing.

New Proposed Activities for FY2027

In FY2027 and beyond, the MTW Plan will more closely align with the strategic goals of the agency. Serving residents and prioritizing the needs of the local community will be the guiding focus of the proposed initiatives.

SCCHA is submitting one re-proposal from FY2026 Plan:

- 2026-2: Direct Rental Assistance Pilot

Full details of the proposed activity can be found in Section III of this MTW Plan.

Overview of SCCHA's MTW Activities

Note: Closed Out Activities 2009-3, 2009-4, 2009-6, 2009-7, 2009-10, 2009-12, 2010-1, 2010-3, 2010-5, 2012-1, 2012-5, 2013-1, 2014-1a, 2014-1b, 2014-2, 2014-3, 2015-1, 2016-1, 2018-1, 2020-5 and 2020-6 are not shown.

MTW Statutory Objectives				
Activity # (Proposed Plan Year + Activity #)	Activity	Reduce Cost & Achieve Greater Cost Effectiveness in Federal Expenditures	Provide Incentives to Families Leading Toward Economic Self-Sufficiency	Increase Housing Choices for Low-Income Families
2009-1 (amended in FY2016, FY2021 & FY2025)	Reduced Frequency of Tenant Reexaminations	X	X	
2009-2	Expediting the Initial Eligibility Income Verification Process	X		
2009-5	Exploring New Housing Opportunities for the Chronically Homeless			X
2009-8	30-Day Referral Process for Project-based Vacancies	X		
2009-9	Utilization of Low-Income Housing Tax Credit (LIHTC) Tenant Income Certification (TIC) for Income and Asset Verification	X		
2009-11	Project-Base 100 Percent of Units in Family Projects			X
2009-13	Combined Waiting Lists for the County of Santa Clara and the City of San José	X		
2009-14 (amended in FY2014)	Payment Standard Changes Between Regular Reexaminations	X		
2010-2	Excluding Asset Income from Income Calculations for Families with Assets Under $50,000	X		
2010-4 (amended in FY2023)	Allocating Project-Based Vouchers to SCCHA-Owned Projects Without Competition	X		
2011-1	Streamlined Approval Process for Exception Payment Standard for Reasonable Accommodation – HCV			X

MTW Statutory Objectives				
Activity # (Proposed Plan Year + Activity #)	Activity	Reduce Cost & Achieve Greater Cost Effectiveness in Federal Expenditures	Provide Incentives to Families Leading Toward Economic Self-Sufficiency	Increase Housing Choices for Low-Income Families
2011-2 (amended in FY2021)	Simplify Requirements Regarding Third-Party Inspections and Rent Services	X		
2012-2	Minimum Two-year Occupancy in Project-Based Unit	X		
2012-3	Create Affordable Housing Acquisition and Development Fund	X		X
2012-4	Create Affordable Housing Preservation Fund for SCCHA- and Affiliate-Owned Properties	X		X
2014-4 (amended in FY2015 & FY2024)	Increased Tenant Contribution—Up to 35 Percent of Gross Income	X		
2015-2	Project-Based Voucher Inspection Self-Certification	X		
2015-3	Modify Elderly Definition for PBV			X
2016-2	Streamlining of PBV Selection Requirements	X		
2017-1	Phasing in the Subsidy Standard Change			X
2017-2	Special Needs Population Direct Referral Program			X
2017-3 (amended in FY2018, FY2019 & FY2024)	Landlord Initiatives			X
2017-4*	Setting the Payment Standards Above 110 Percent of HUD Fair Market Rents			X
2019-1* (amended in FY2022)	Graduation Bonus		X	X
2019-2	Family Self-Sufficiency Program- Waive Contract of Participation Requirements		X	
2019-3	Waiving the Requirement that a PHA Re-Determine Rent Reasonableness for Manufactured Home Spaces Annually	X		
2019-4	Streamlining the Lease-Up Process	X		
2020-1	Increase Percentage of Project based Vouchers (PBV)			X

MTW Statutory Objectives				
Activity # (Proposed Plan Year + Activity #)	Activity	Reduce Cost & Achieve Greater Cost Effectiveness in Federal Expenditures	Provide Incentives to Families Leading Toward Economic Self-Sufficiency	Increase Housing Choices for Low-Income Families
2020-2 (amended in FY2024)	Interim Housing			X
2020-3	Over Housed/Under Housed Project Based Voucher (PBV) Households			X
2020-4	Rent to Owners & Rent Reasonableness			X
2021-1	Impose Limits on PBV to HCV Conversion	X		
2021-2	Simplify Minimum Rent Hardship Exemption	X		
2022-1* (amended in FY2025)	Homeownership and Asset Limit for Eligibility			X
2022-2*	Waive Full-Time Student Income Exclusion for Families Which Earn 80% of Area Median Income	X	X	
2022-3	Mainstream Turnover Voucher Issuance Flexibility			X
2022-4*	Modified PBV Contract Rents	X		
2022-5	Utility Arrears Assistance	X		X
2023-2	Strive Scholarship		X	
2024-1*	Digital Inclusion		X	
2024-2*	Rental Assistance for Post-Secondary Education Students with Children		X	X
2024-3*	Short-Term Bridge Loan			X
2024-4	Streamline Offer of New Lease Process	X		
2024-5	Buena Vista Mobile Home Park			X
2025-1	Small Area Fair Market Rents			X
2025-2	Income Exclusions	X	X	
Proposed in FY2026 Plan – Pending Approval				
2026-1	Shallow Subsidy		X	
2026-2	Direct Rental Assistance			X

* Activities Not Yet Implemented

** Activities on Hold

II. General SCCHA Operating Information

A. HOUSING STOCK INFORMATION

i. Planned New Public Housing Units

New public housing units that the MTW PHA anticipates will be added during the Plan Year.

ASSET MANAGEMENT PROJECT (AMP) NAME AND NUMBER	BEDROOM SIZE					TOTAL UNITS	POPULATION TYPE*	# of Uniform Federal Accessibility Standards (UFAS) Units	
	0/1	2	3	4	5+			Fully Accessible	Adaptable
None	0	0	0	0	0	None		0	0
None	0	0	0	0	0	None		0	0
None	0	0	0	0	0	None		0	0

Total Public Housing Units to be Added in the Plan Year **0**

* The federal accessibility standard under HUD's Section 504 regulation is the Uniform Federal Accessibility Standards (UFAS) for purposes of Section 504 compliance (24 CFR 8.32). HUD recipients may alternatively use the 2010 ADA Standards for Accessible Design under Title II of the ADA, except for certain specific identified provisions, as detailed in HUD's Notice on "Instructions for use of alternative accessibility standard," published in the Federal Register on May 23, 2014 ("Deeming Notice") for purposes of Section 504 compliance, https://www.govinfo.gov/content/pkg/FR-2014-05-23/pdf/2014-11844.pdf

** Select "Population Type" from: General, Elderly, Disabled, Elderly/Disabled, Other

If "Population Type" is "Other" please describe:

N/A

ii. Planned Public Housing Units to be Removed

Public housing units that the MTW PHA anticipates will be removed during the Plan Year.

AMP NAME AND NUMBER	NUMBER OF UNITS TO BE REMOVED	EXPLANATION FOR REMOVAL
None	0	N/A

Total Public Housing Units to be Removed in the Plan Year

0

iii. Planned New Project Based Vouchers

Tenant-based vouchers that the MTW PHA anticipates project-basing for the first time during the Plan Year. These include only those in which at least an Agreement to enter into a Housing Assistance Payment (AHAP) will be in place by the end of the Plan Year. Indicate whether the unit is included in the Rental Assistance Demonstration (RAD).

PROPERTY NAME	NUMBER OF VOUCHERS TO BE PROJECT-BASED	RAD?	DESCRIPTION OF PROJECT
1510 N. First St	57	No	Rehabilitation project with 58 total units. 40 PBVs for families, 17 PBVs for chronically homeless families.
245 Weddell	60	No	New construction project with 123 total units. 29 PBVs for families, 31 PBVs for chronically homeless families.
Clara Gardens	30	No	New construction project with 119 total units. 30 PBVs for chronically homeless families.
East Santa Clara Senior	20	No	New construction project with 63 total units. 20 PBVs for chronically homeless seniors.
Gateway Tower	65	No	New construction project with 220 total units. 65 PBVs for families.
Mountain View Lot 12	35	No	New construction project with 120 total units. 25 PBVs for large families, 10 PBVs for chronically homeless families.
Rincon de los Esteros	120	No	Existing project acquired by the Housing Authority. MTW PBVs will support 120 family units
Trillium	36	No	New construction project with 65 total units. 4 PBVs for families, 20 PBVs for chronically homeless families, 12 PBVs for special needs seniors.
Terra Bella	23	No	New construction project with 106 total units. 23 PBVs for families.
VTA Berryessa	49	No	New construction project with 193 total units. 49 PBVs for chronically homeless families.
	495		**Planned Total Vouchers to be Newly Project-Based**

iv. Existing Project Based Vouchers

Tenant-based vouchers that the MTW PHA is currently project-basing in the Plan Year. These include only those in which at least an AHAP or HAP is already in place at the beginning of the Plan Year. Select one of the following to indicate the *"Planned status by the end of the Plan Year: 'Committed,' 'leased,' or 'issued.'" In column three, indicate whether the unit is included in RAD.

PROPERTY NAME	NUMBER OF PROJECT-BASED VOUCHERS	PLANNED STATUS AT END OF PLAN YEAR*	RAD?	DESCRIPTION OF PROJECT
1860 Alum Rock Apartments	26	Leased/Issued	No	Family project with 60 total units. 26 PBVs for families.
2275 Ellena Dr	1	Leased/Issued	No	Family project with 4 total units. One PBV unit.
2287 Pasetta Dr	1	Leased/Issued	No	Family project with 4 total. One PBV unit.
3001 El Camino Real	42	Committed	No	Family project with 130 total units. 42 PBVs for families
961 Meridian	73	Leased/Issued	No	Family project with 233 total units. 38 PBVs for families, 35 HUD-VASH PBVs for veterans.
The Algarve	60	Leased/Issued	No	Family project with 91 total units. 36 PBVs for chronically homeless families, 24 HUD-VASH PBVs for veterans.
Agrihood Senior Apartments	54	Leased/Issued	No	Senior project with 165 total units. 54 PBVs for special needs seniors.
Alvarado Park	41	Leased/Issued	No	Senior project with 90 total units. 18 PBVs for seniors and 23 PBVs for special needs seniors.
Anne Way Residence	5	Leased/Issued	No	Senior project with 5 SRO units. PBV units are for seniors.
Arcade (formerly Kooser)	30	Leased/Issued	No	Family project with 191 total units. 30 PBVs for chronically homeless families
Bellarmino	53	Leased/Issued	No	Family project with 116 total units. 29 PBVs for families and 24 PBVs for chronically homeless families.
Blossom Hill Residence	5	Leased/Issued	No	Senior project with 5 SRO units. PBV units are for seniors.
Blossom Valley Senior Apartments	49	Leased/Issued	No	Senior project with 147 total units. 49 PBVs for chronically homeless seniors.
Bracher Senior Housing	5	Leased/Issued	No	Senior project with 71 total units. 5 HUD-VASH PBVs for senior veterans.
Calabazas	80	Leased/Issued	No	Family project with 136 units. 80 PBVs for chronically homeless families.
Carroll Inn	20	Leased/Issued	No	Family project with 121 total units. 20 PBVs for disabled persons.
Casa De Novo	27	Leased/Issued	No	Family project with 56 units. 27 PBVs for chronically homeless families.

PROPERTY NAME	NUMBER OF PROJECT-BASED VOUCHERS	PLANNED STATUS AT END OF PLAN YEAR*	RAD?	DESCRIPTION OF PROJECT
Casa Feliz Studios	6	Leased/Issued	No	Family project with 60 total units. 6 PBVs for individuals with developmental disabilities.
Connell Apartments	5	Leased/Issued	No	Family project with 28 total units. 5 PBVs for families.
Corde Terra Senior Apartments	199	Leased/Issued	No	Senior project with 199 total units. PBV units are for seniors.
Corinthian House	6	Leased/Issued	No	Senior project with 102 total units. 6 PBVs for seniors.
Country Hills	37	Leased/Issued	No	Family project with 152 total units. 37 PBVs for families.
Crescent Terrace	20	Leased/Issued	No	Senior project with 48 total units. 20 PBVs for seniors.
Crest Avenue Apartments	4	Leased/Issued	Yes	RAD conversion of former Mod Rehab project with 50 total units. 4 PBVs for families.
Crossings on Monterey	20	Leased/Issued	No	Family project with 39 total units. 20 PBVs for chronically homeless families.
Curtner SRO's	6	Leased/Issued	No	Senior project with 6 SRO units. PBV units are for seniors.
Curtner Studios	15	Leased/Issued	No	Family project with 178 total units. 15 HUD VASH PBVs for veterans.
Cypress Gardens Senior Apartments	124	Leased/Issued	No	Senior project with 124 total units. PBV units are for seniors.
Dent Avenue Apartments	4	Leased/Issued	No	Family project with 24 total units. 4 PBVs for families.
Distel Circle	32	Leased/Issued	No	Family project with 90 total units. 1-PBVs for large families, 22 PBVs for chronically homeless families.
Donner Lofts – CHDR	20	Leased/Issued	No	Family project with 101 total units. 20 PBVs for chronically homeless families.
Eagle Park	41	Leased/Issued	No	Family project with 67 total units. 16 PBVs for the chronically homeless and those with special needs, 25 HUD-VASH PBVs for veterans.
Edwina Benner Plaza	23	Leased/Issued	No	Family project with 66 total units. 10 PBVs for families, 13 PBVs for those with special needs.
Eklund Gardens I Apartments	10	Leased/Issued	No	Family project with 10 total units. PBV units are for families.
Eklund Gardens II Apartments	6	Leased/Issued	No	Family project with 6 total units. PBV units are for families.
Emerson North	1	Leased/Issued	No	Family project with 6 total units. PBV unit is for families.
Emerson South	1	Leased/Issued	No	Family project with 6 total units. PBV unit is for families.

PROPERTY NAME	NUMBER OF PROJECT-BASED VOUCHERS	PLANNED STATUS AT END OF PLAN YEAR*	RAD?	DESCRIPTION OF PROJECT
Fair Oaks Senior Plaza	93	Leased/Issued	No	Senior project with 124 total units. 93 PBVs for seniors.
Fairlands SRO's	5	Leased/Issued	No	Senior project with 5 SRO units. PBV units are for seniors.
Ferne	1	Leased/Issued	No	Family project with 16 total units. PBV unit is for families.
Fuji Towers	103	Leased/Issued	No	Senior project with 124 total units. 103 PBVs for seniors.
Gish Apartments	6	Leased/Issued	No	Family project with 35 total units. 6 PBVs for disabled families.
Hawthorn	47	Leased/Issued	No	New construction project with 103 total units. 26 PBVs for seniors, 21 PBVs for chronically homeless families.
Hillview	132	Leased/Issued	No	Project with 132 total units. 100 Mainstream PBVs for disabled persons, 32 PBVs for the chronically homeless.
Homestead SRO's	4	Leased/Issued	No	Senior project with 4 SRO units. PBV units are for seniors.
Iamesi Village (North San Pedro Apartments)	109	Leased/Issued	No	Family project with 135 total units. 60 PBVs for the chronically homeless and 49 HUD-VASH PBVs for veterans.
Immanuel-Sobrato	97	Leased/Issued	No	Project with 106 total units. 97 PBVs for chronically homeless families.
Ira D. Hall Square (formerly Sonora Court)	75	Leased/Issued	No	Family project with 176 total units. 30 PBVs for families, 45 PBVs for the chronically homeless.
Julian Gardens	9	Leased/Issued	No	Family project with 9 total units. PBV units are for families.
Kifer Senior	41	Leased/Issued	No	Senior project with 80 total units. 33 PBVs for those with special needs, 8 HUD-VASH PBVs for veterans.
Kings Crossing Apartments	25	Leased/Issued	No	Family project with 94 total units. 25 PBVs for chronically homeless families.
Klee/Offenbach SRO's	5	Leased/Issued	No	Senior project with 5 SRO units. PBV units are for seniors.
La Avenida	32	Leased/Issued	No	Family project with 100 total units. 7 PBVs for the chronically homeless, 25 HUD-VASH PBVs for veterans.
Laurel Grove Family Apartments	81	Leased/Issued	No	Family project with 82 total units. 61 PBVs for families, 20 PBVs for special needs and/or chronically homeless.
Leigh Avenue Senior Apartments	63	Leased/Issued	No	Senior project, 100% PBVs for chronically homeless seniors.
Lenzen Gardens Senior Apartments	93	Leased/Issued	No	Senior project with 94 total units. 93 PBVs for seniors.
Llewellyn Residence	5	Leased/Issued	No	Senior project with 5 SRO units. PBV units are for seniors.

PROPERTY NAME	NUMBER OF PROJECT-BASED VOUCHERS	PLANNED STATUS AT END OF PLAN YEAR*	RAD?	DESCRIPTION OF PROJECT
Lucretia Gardens	16	Leased/Issued	No	Family project with 16 total units. PBV units are for families.
Lupina (formerly 797 Almaden)	35	Lease/Issued	No	Family project with 99 total units. 10 PBVs for large families, 25 PBVs for chronically homeless families.
Madrone (formerly 777 West San Carlos)	16	Leased/Issued	No	Family project with 154 total units. 16 PBVs for families.
Magnolias	23	Committed	No	Family project with 66 total units. 16 PBVs for chronically homeless, 7 HUD-VASH PBVs for veterans.
Mariposa Place (formerly 750 West San Carlos)	40	Leased/Issued	No	Family project with 80 total units. 40 PBVs for families at risk of homelessness.
Markham Plaza I (Tully Gardens)	40	Leased/Issued	No	Family project with 152 total units. 20 PBVs for chronically homeless families, 20 HUD-VASH PBVs for veterans.
Markham Plaza II	20	Leased/Issued	No	Family project with 152 total units. 20 HUD-VASH PBVs for veterans.
Maryce Freelen Place	18	Leased/Issued	No	Family project with 74 total units. 18 PBVs for families.
Meridian (formerly Sunnyvale Block 15)	22	Leased/Issued	No	Family project with 90 total units. 22 PBVs for families.
Mesa Terrace (formerly Gallup & Mesa)	23	Leased/Issued	No	Family project with 46 total units. 23 PBVs for the homeless and those with special needs.
Met South	10	Leased/Issued	No	Family and senior project with 31 total units. 10 PBVs for seniors and families.
Miramar Apartments	16	Leased/Issued	No	Family project with 16 total units. PBV units are for families.
Mitchell Park	25	Leased/Issued	No	Family project with 50 total units. 25 PBVs for families with special needs.
Monroe Street	8	Leased/Issued	No	Family project with 65 total units. 8 PBVs for families.
Monte Alban	33	Leased/Issued	No	Family project with 192 total units. 33 PBVs for families.
Montecito	39	Leased/Issued	No	Family project with 85 total units. 39 PBVs for families.
Monterey Gateway	37	Leased/Issued	No	Senior project with 75 total units. 37 PBVs for chronically homeless seniors.
Monticelli Apartments	23	Leased/Issued	No	Family and senior project with 52 total units. 14 PBVs for seniors, 9 PBVs for families.
Morrone Gardens	4	Leased/Issued	No	Senior project with 101 total units. 4 HUD-VASH PBVs for senior veterans.

PROPERTY NAME	NUMBER OF PROJECT-BASED VOUCHERS	PLANNED STATUS AT END OF PLAN YEAR*	RAD?	DESCRIPTION OF PROJECT
Moulton Plaza	8	Leased/Issued	No	Family project with 66 total units. 8 PBVs for families.
Onizuka Crossing	19	Leased/Issued	No	Family project with 58 total units. 13 PBVs for chronically homeless families, 6 HUD-VASH PBVs for veterans.
Opportunity Center	55	Leased/Issued	No	Family project with 88 total units. 55 PBVs for chronically homeless families.
Orchard Ranch (Palomino)	18	Leased/Issued	No	Family project with 18 total units. 18 PBVs for large families, those with special needs, and chronically homeless families.
Orchard Ranch (Overo)	8	Leased/Issued	No	Family project with 8 total units. PBV units are for families at risk of homelessness.
Orchard Ranch (Tobiano)	14	Leased/Issued	No	Family project with 14 total units. PBVs units are for large families, families at risk of homelessness, and chronically homeless families.
Page Street	27	Leased/Issued	No	Family project with 81 total units. 27 PBVs for chronically homeless families.
Park Avenue Senior Apartments	99	Leased/Issued	No	Senior project with 99 total units. 79 PBVs for seniors, 20 PBVs for seniors with special needs.
Parkmoor Apartments	41	Leased/Issued	No	Family project with 81 total units. 21 PBVs for families, 20 PBVs for transition-aged youth.
Parkside Studios	7	Leased/Issued	No	Family project with 59 total units. 7 PBVs for chronically homeless families.
Parkview Senior Apartments	24	Leased/Issued	No	Senior project with 140 total units. 24 PBVs for seniors.
Pavilion Inn	21	Leased/Issued	No	Family project with 43 total units. 21 PBVs for families with special needs.
Poco Way Apartments	10	Leased/Issued	No	Family project with 130 total units. 10 PBVs for families.
Pollard SRO's	5	Leased/Issued	No	Senior project with 5 SRO units. PBV units are for seniors.
Quetzal Gardens	32	Leased/Issued	No	Family project with 70 total units. 4 PBVs for large families, 28 PBVs for chronically homeless families.
Renascent Place	160	Leased/Issued	No	Family project with 160 total units. PBV units are for chronically homeless families.
Rincon Gardens Senior Apartments	198	Leased/Issued	No	Senior project with 200 total units. 198 PBVs for seniors.
Roosevelt Park	20	Leased/Issued	No	Family project with 80 total units. 20 PBVs for families.

PROPERTY NAME	NUMBER OF PROJECT-BASED VOUCHERS	PLANNED STATUS AT END OF PLAN YEAR*	RAD?	DESCRIPTION OF PROJECT
Royal Oak Village	22	Leased/Issued	No	Family project with 73 total units. 22 PBVs for large families.
San Antonio Place	30	Leased/Issued	No	Family project with 120 total units. 30 PBVs for families.
San Veron Park Apartments	6	Leased/Issued	No	Family project with 32 total units. 6 PBVs for families.
Sango Court	49	Leased/Issued	No	Family project with 101 total units. 2 PBVs for families, 40 PBVs for the chronically homeless, and 7 HUD-VASH PBVs for veterans.
Santa Familia	13	Leased/Issued	No	Family project with 79 total units. 13 PBVs for families.
Santa Teresa Multifamily	21	Leased/Issued	No	Family project with 50 total units. 21 PBVs for families.
Second Street Studios	134	Leased/Issued	No	Family project with 135 total units. 134 PBVs for chronically homeless families.
Shorebreeze	20	Leased/Issued	No	Family project with 61 total units. 20 PBVs for those at risk of homelessness.
Sobrato Apartments	38	Leased/Issued	No	Family project with 60 total units. 38 PBVs for chronically homeless families and families at risk of homelessness.
Solaire Apartments (formerly Auzerais)	64	Leased/Issued	No	Family project with 130 total units. 64 PBVs for homeless and those with special needs.
Stevenson House	10	Leased/Issued	No	Senior project with 120 total units. 10 PBVs for seniors.
Sunset Gardens Senior Apartments	74	Leased/Issued	No	Senior project with 75 total units. 74 PBVs for seniors.
Tamien Station	33	Leased/Issued	No	Family project with 134 total units. 33 PBVs for families.
The Charles	44	Leased/Issued	No	Family project with 99 total units. 44 PBVs for families.
The Fielden	65	Leased/Issued	No	Family project with 160 total units. 25 PBVs for families, 15 PBVs for chronically homeless, and 25 HUD-VASH PBVs for veterans.
The Heartwood Apartments	48	Leased/Issued	No	Family project with 49 total units. 48 PBVs for chronically homeless families, transition-aged youth, and those with special needs.
Timberwood Apartments	20	Leased/Issued	No	Family project with 286 total units. 20 PBVs for families.
Tyrella Gardens Apartments	11	Leased/Issued	No	Family project with 56 total units. 12 PBVs for families.
Vela Apartments (Alum Rock Family Housing)	29	Leased/Issued	No	Family project with 87 total units. 29 PBVs for chronically homeless families.

PROPERTY NAME	NUMBER OF PROJECT-BASED VOUCHERS	PLANNED STATUS AT END OF PLAN YEAR*	RAD?	DESCRIPTION OF PROJECT
Ventura	1	Leased/Issued	No	Family project with 12 total units. One PBV is for families.
Ventura Apartments	1	Leased/Issued	No	Family project with 12 total units. One PBV is for families.
Veranda	6	Leased/Issued	No	Senior project with 19 total units. 6 PBVs for seniors with special needs.
Village at Willow Glen	20	Leased/Issued	No	Senior project with 133 total units. 20 PBVs for seniors.
Villas at Fourth Street	93	Leased/Issued	No	Senior project with 93 total units. PBV units are for chronically homeless seniors.
Villas on the Park	83	Leased/Issued	No	Family project with 83 total units. PBVs are for the chronically homeless.
Vitalia (formerly Bascom)	16	Leased/Issued	No	Family project with 79 total units. 11 PBVs for chronically homeless families and 5 HUD-VASH PBVs for veterans.
Waldo	3	Leased/Issued	No	Family project with 6 total units. 3 PBVs for families.
Westwood Ambassador	10	Leased/Issued	Yes	RAD conversion of former Mod Rehab project with 42 total units. 10 PBVs for families.
Wheeler Manor	10	Leased/Issued	No	Senior project with 111 total units. 10 PBVs for seniors.
Wolfe SRO's	4	Leased/Issued	No	Senior project with 4 SRO units. PBV units are for seniors.

4,370 **Planned Total Existing Project-Based Vouchers**

v. Planned Other Changes to MTW Housing Stock Anticipated During the Plan Year

Examples of the types of other changes can include (but are not limited to): units held off-line due to relocation or substantial rehabilitation, local, non-traditional units to be acquired/developed, etc.

PLANNED OTHER CHANGES TO MTW HOUSING STOCK ANTICIPATED IN THE PLAN YEAR

SCCHA is working with HUD on a RAD conversion at 1510 N. First Street, with project specifics below.

Project: 1510 North First (ex-Comfort Suites hotel)
Address: 1510 N. First St, San Jose, CA 95112
Number of Units: 58 studios (including 1 2-Bedroom Managers unit)
PBV's: 57 units
Funding: City funding secured, County in progress, will apply for 9% Tax credits in April 2026
Anticipated Construction closing: November/December 2026

SCCHA is also exploring Faircloth to RAD conversions and may begin the process in FY2027. The properties under analysis are: Avenida Espana Gardens (84 senior units), Bracher Gardens Apartments (72 senior units), DeRose Gardens (76 senior units), El Parador Apartments (125 senior units), Girasol (59 senior units), Jardines Paloma Blanca (42 senior units) John Burns Gardens (100 senior units), Las Golondrinas (50 senior units), Morrone Gardens Apartments (102 senior units), Villa Hermosa (100 senior units).

vi. General Description of All Planned Capital Expenditures During the Plan Year

Narrative general description of all planned capital expenditures of MTW funds during the Plan Year.

GENERAL DESCRIPTION OF ALL PLANNED CAPITAL EXPENDITURES DURING THE PLAN YEAR
Construction will finish at the beginning of FY 27 at Hawthorn Senior Housing (103 units), the first phase of the East Santa Clara (ESC) Master Plan. The second phase, Trillium Senior Housing (65 units), and is projected to start construction shortly near the end of FY 26. Subsequent phases of the ESC Master Plan include Sage and Elderberry will use MTW funds for planning and pre-development work. The Development team will start construction near the end of FY 26 for the rehabilitation of the Willows, a 47-unit family development; construction is expected to be complete by the end of FY27. SCCHA expects to be awarded tax credits and start construction at two additional projects in FY 27, including the redevelopment of rehabilitation of Orchard Gardens (123 units) and the adaptive re-use of 1510 North 1st Street from a hotel into 58 permanent supportive housing units. Lastly construction will begin on infrastructure improvements at the Buena Vista Mobile Home Park. Other projects will use MTW for predevelopment and due diligence activities, including Jardines rehabilitation, 8th and Alexander, VTA Hostetter, the Sunnyvale Project, The Mountain View Project, the Campbell Project, 10 Kirk, and the North First Street Master Plan, which are still in early stages of conceptual planning. Several projects are on the list for upcoming preservation activities. The list includes Avenida Espana, Bracher, DeRose, John burns, Klamath, Morrone, Pinmore, San Pedro Gardens, Villa Hermos, and Blossom River.

B. LEASING INFORMATION

i. Planned Number of Households Served

Snapshot and unit month information on the number of households the MTW PHA plans to serve at the end of the Plan Year.

PLANNED NUMBER OF HOUSEHOLDS SERVED THROUGH:	PLANNED NUMBER OF UNIT MONTHS OCCUPIED/LEASED*	PLANNED NUMBER OF HOUSEHOLDS TO BE SERVED**
Public Housing Units Leased	48	4
Housing Choice Vouchers (HCV) Utilized***	242,340	20,195
Local, Non-Traditional: Tenant-Based^	1,464	122
Local, Non-Traditional: Property-Based^	11,928	994
Local, Non-Traditional: Homeownership^	0	0
Planned Total Households Served	255,780	21,315

* "Planned Number of Unit Months Occupied/Leased" is the total number of months the MTW PHA plans to have leased/occupied in each category throughout the full Plan Year.

** "Planned Number of Households to be Served" is calculated by dividing the "Planned Number of Unit Months Occupied/Leased" by the number of months in the Plan Year.

*** "Housing Choice Vouchers (HCV) Utilized" includes all SPVs within the MTW PHA's portfolio

^ In instances when a local, non-traditional program provides a certain subsidy level but does not specify a number of units/households to be served, the MTW PHA should estimate the number of households to be served

LOCAL, NON-TRADITIONAL CATEGORY	MTW ACTIVITY NAME/NUMBER	PLANNED NUMBER OF UNIT MONTHS OCCUPIED/LEASED*	PLANNED NUMBER OF HOUSEHOLDS TO BE SERVED*
Tenant-Based	Interim Housing - Activity 2020-2	1,464	122
Property-Based	Create Affordable Housing Preservation Fund for SCCHA and Affiliate-Owned Properties/Activity 2012-4	11,928	994
Homeownership	N/A	0	0

* The sum of the figures provided should match the totals provided for each local, non-traditional category in the previous table. Figures should be given by individual activity. Multiple entries may be made for each category, if applicable.

ii. Discussion of Any Anticipated Issues/Possible Solutions Related to Leasing

Discussions of any anticipated issues and solutions in the MTW housing programs listed.

HOUSING PROGRAM	DESCRIPTION OF ANTICIPATED LEASING ISSUES AND POSSIBLE SOLUTIONS
MTW Public Housing	None
MTW Housing Choice Voucher	The Santa Clara County rental market continues to have a low vacancy rate, which leads to difficulties in leasing Housing Choice Vouchers. HCV holders who are looking for housing continue to face extremely high rents and a competitive rental environment. The Housing Authority implemented Small Area FMRs in January 2025 and will monitor effects in the coming year. The Development team has a robust pipeline to expand affordable housing supply. Project-Based Vouchers continue to be instrumental in affordable housing production within the County. Approximately 457 MTW PBV units are anticipated to complete construction in FY2026.
Local, Non-Traditional	None

iii. Unique Households Served (Optional)

Number of unique households served annually through local, non-traditional rental services program such as short-term rental assistance, rapid rehousing, emergency housing, etc.

UNIQUE HOUSEHOLDS SERVED
The Interim Housing Activity, 2020-2, serves the community by providing housing to project-based voucher holders who are waiting for units to finish construction. Most of these voucher holders are chronically homeless and getting them into units helps establish case management relationships early in the process. The numbers above reflect the 122 units that are being used as interim housing under this activity. The number of households actually served is much greater than the 122 reflected above. Unit turnover is more frequent than annual, but difficult to predict, and results in the number of families served being as high as 1,464, if all units turned over monthly.

C. WAITING LIST INFORMATION

i. Waiting List Information Anticipated

Snapshot information of waiting list data as anticipated at the beginning of the Plan Year. The "Description" column should detail the structure of the waiting list (indicating whether the waiting list is site-based or agency-wide for public housing) and the population(s) served.

WAITING LIST NAME	DESCRIPTION	NUMBER OF HOUSEHOLDS ON WAITING LIST	WAITING LIST OPEN, PARTIALLY OPEN OR CLOSED	PLANS TO OPEN THE WAITING LIST DURING THE PLAN YEAR
Federal MTW Public Housing Units	Site Based	685	Closed	No
Federal MTW Housing Choice Voucher Program: Tenant-Based	Program Specific*	49,540*	Closed	No
Federal MTW: Site-Based List	Site Based	2,304	Partially Open	Yes
Project-Based, Local, Non-Traditional MTW Housing Assistance Program	Site Based	2,400	Partially Open	Yes

* SCCHA's Interest List opened in December 2020. Smaller waiting lists are created by randomly drawing active applicants from its interest lists, as vouchers are available or PBV projects come online.

Please describe any duplication of applicants across waiting lists:

SCCHA has 14 properties where households are assisted through Project-Based, Local, Non-Traditional MTW Housing Assistance Programs. Buena Vista Mobile Home Park does not have a waitlist. There may be duplication of applicants among the remaining lists as applicants can put their name on as many lists as are open. Site based lists exist at: El Parador, Bendorf Drive, Blossom River, Clarendon, DeRose Garden, Ford Road Plaza, Helzer Courts, Morrone Gardens, Pinmore Gardens, San Pedro Gardens, Rincon de los Esteros, Alvarado and Bellarmino.

ii. Planned Changes to Waiting List in the Plan Year

Please describe any anticipated changes to the organizational structure or policies of the waiting list(s), including any opening or closing of a waiting list, during the Plan Year.

WAITING LIST NAME	DESCRIPTION OF PLANNED CHANGES TO WAITING LIST
Federal MTW Housing Choice Voucher Program	SCCHA plans to close the tenant-based interest list. The site-based interest lists will be opened and closed in order to maintain a significant number of applicants to ensure vacant units are filled as quickly as possible

III. Proposed MTW Activities (HUD Approval Requested)

This section describes the MTW activity that SCCHA proposes to implement in FY2027.

2026-2: Direct Rental Assistance *(Proposed Activity)*

Activity Description

In September 2023 HUD's Office of Policy Development and Research published a notice stating an interest in creating Direct Rental Assistance Pilot Program where rental assistance would be given directly to tenants, instead of to landlords as is the current practice. This notice garnered much interest locally as there are several Basic Income pilots operating in Santa Clara County and this presented an opportunity to test a different type of program, one that could transform the Housing Choice Voucher program on a national scale.

With 40 percent of voucher holders failing to successfully use their vouchers, this pilot will test the current program against an alternative model. In this new approach, typical lease-up barriers are eliminated, and tenants receive assistance directly, removing the traditional relationship between the Housing Authority and local landlords.

SCCHA is working closely with MDRC, a nonprofit, nonpartisan research organization, and several other housing authorities to develop a framework for implementing a DRA pilot. SCCHA's initial pilot will involve up to 100 DRA participants and 100 traditional voucher participants, either drawn from our Wait List or offered assistance as a current voucher holder, as part of a randomized controlled study. Outcomes will be analyzed and evaluated by MDRC. At the end of the pilot, likely up to 5 years, families who are in receipt of the Direct Rental Assistance will be offered a housing choice voucher, if still eligible.

This activity seeks the necessary waivers, through the Local, Non-Traditional parameters, necessary to move forward with program design and implementation. Specifically, SCCHA requests waivers for the following:

Subsidy Payments – Foundational to the DRA program is the payment of the subsidy to the tenant. The DRA subsidy will be calculated as the applicable payment standard minus 30% of the household's gross income, up to the gross rent. The Total Tenant Payment (TTP) will be set in accordance with current program policies, which is 30% of gross income. The DRA subsidy will be the difference between the payment standard and the TTP. The subsidy will remain fixed at any level of gross rent but will not exceed the gross rent. If the gross rent is less than the payment standard, the household's TTP will be less than 30% of its gross income. Payment standards will be based on Small Area Fair Market Rents. The subsidy payment will be loaded onto a debit card, issued by a partner bank with no fees to the tenants. The first payment will be loaded onto the debit card upon the tenant presenting a signed or unsigned lease to the Housing Authority.

Rent Reasonableness – Required as part of the Section 8 program, rent reasonableness has limitations and presents challenges to housing authorities, landlords, and tenants. The uncertainty of a rent reasonableness outcome makes it difficult for a voucher holder to search for a unit when they know the payment standard limits but can't know the approved rent of a unit until selecting a unit. After selecting a unit, the landlord may be surprised by the rent reasonableness outcome, as they are also aware of the payment standard.

During a recent focus group with landlords, a frustration expressed by a new section 8 landlord was the fact that they knew, and would accept the payment standard, but when rent reasonableness came back it was lower than the payment standard with little recourse for the landlord, other than not renting to the tenant. Research supports this anecdotal experience where landlords in a study by Cossyleon, Garboden, and DeLuca reported they perceive the rent reasonableness process as an unfair and a bait and switch (Cossyleon, Jennifer, Philip Garboden, and Stefanie DeLuca. 2020. Recruiting Opportunity Landlords: Lessons from Landlords in Maryland. Washington, DC: Poverty & Race Research Action Council.).

Considering the limitations of rent reasonableness the Housing Authority proposes an alternative process through the DRA program. Our proposed DRA model includes a shopping incentive which empowers the family by giving them the option to either save money on their contribution through selection of a lower cost unit or opt for a higher cost unit with added amenities. The DRA model directly harnesses the same market forces that determine rent levels in the private sector (*See* DRA Policy Paper). In doing so, it naturally regulates pricing and aligns tenant choice with value, effectively replicating the intended function of rent reasonableness without the administrative burden of the formal process.

To ensure compliance with federal funding requirements, the Housing Authority will conduct post move-in rent reasonableness to verify the DRA subsidy payment is not higher than rent reasonableness. The Housing Authority will review the outcome of rent reasonableness but will not share the information with the tenant or the landlord. If the contract rent is under the payment standard cap but higher than rent reasonableness, the Housing Authority will use non-federal funds to cover the difference between rent reasonableness and the subsidy to the voucher account. The DRA subsidy will be submitted to the tenant such that federal funds are used up to the limit of rent reasonableness and non-federal funds will make up any difference in the contract rent. The Housing Authority will track the non-federal funds spent and will report the federal funds and non-federal funds in the MTW Report. The use of non-federal funds is subject to SSCHA Board of Commissioners approval.

Inspections – SCCHA plans to modify HQS requirements to align with less landlord interaction. SCCHA plans to implement remote video inspections to satisfy the HQS requirement. A checklist will be provided as part of the thorough tenant education the Housing Authority will provide.

A qualified inspection professional will be on the Housing Authority side of the call and will guide the tenant through the process, in conjunction with the checklist.

When a unit does not pass inspection, the HA will take action based on whether the fail is a life-threatening fail, and reasonably fixable or life-threatening fail and not fixable. For life-threatening failures where the issue is reasonably fixable, such as lack of a functioning smoke detector, the tenant can work with the owner to have smoke detectors installed prior to moving in. If the issue is not easily fixable, such as structural damage to the unit, the unit will be denied and the tenant will not be able to move into that unit. The HA can coach the tenant as the tenant works with the landlord. If the issue cannot be resolved, the family may have to leave the unit and find another unit. For non-life-threatening failures, the HA will work with the tenant to have the issue resolved.

Approximately half of our voucher holders live in units built prior to 1978. To ensure the safety of children under 6, standard HQS inspections will be provided prior to move in for families with children under 6, who are moving into units build prior to 1978. The standard HQS inspection looks at deteriorated paint and will ensure a family with children under 6 do not move into a unit where lead paint is a concern.

Eligibility – Tenant eligibility for the DRA program will be the same as current eligibility for the HCV Program. SCCHA will not require a Request for Tenancy Approval as there is no Housing Authority relationship with the landlord. Instead, SCCHA will request a copy of the unsigned lease to establish tenancy and determine the DRA subsidy payment. Families will be provided with a letter documenting proof of subsidy, which can be shared if needed.

Families enrolled in the DRA program will be informed of the resources available to them, including the actions they can take if the landlord does not address housing quality issues. The Housing Authority works closely with local legal aid groups, especially around tenant rights and tenant protections. Recognizing legal questions and challenges might arise out of the DRA model, the Housing Authority plans to maintain an open line of communication with our legal aid groups and ensure referrals can be made as necessary.

VAWA & Fair Housing Protections: DRA participants will maintain all protections afforded under the Violence Against Women Act (VAWA), consistent with the protections provided to HCV participants. These protections are critical in ensuring the safety and stability of individuals and families impacted by domestic violence, dating violence, sexual assault, or stalking. Key provisions include protection from termination, bifurcation of assistance, emergency transfers, and support, as outlined below. VAWA provides additional provisions, including a right to strict confidentiality, the requirement to provide a Notice of Occupancy Rights, and limits on the documentation that can be required when a survivor requests VAWA protections:

- Survivors will not lose DRA solely due to circumstances stemming from domestic violence, dating violence, sexual assault, and stalking
- In cases where a household member engages in criminal activity relating to domestic violence, dating violence, sexual assault, or stalking, DRA can be bifurcated to allow the survivor to maintain their housing while the abusive party is removed.

- SCCHA will allow emergency transfers survivors, consistent with its VAWA Emergency Transfer Plan. Survivors who meet the eligibility criteria for an emergency transfer will be prioritized for safe and appropriate relocation. Survivors are eligible if they expressly request the transfer and if they reasonably believe there is a threat of imminent harm from further violence if they remain in the unit or, additionally, if they are a survivor of a sexual assault that occurred on the premises in the last 90 days. Emergency transfers may include moving to another unit, transitioning to public housing or the HCV program, or working with local housing providers to identify suitable alternative housing. The survivor determines whether a transfer option is safe, and survivors may pursue multiple types of emergency transfers.
- Survivors will be offered an opportunity to connect with local organizations, legal aid, and other resources to ensure their safety and housing stability.

Relation to Statutory Objectives

This activity supports the statutory objective of increasing housing choices.

Anticipated Schedule for Achieving the Stated Objectives

SCCHA anticipates implementing this activity in this fiscal year.

Cost Implications

SCCHA anticipates this activity will reduce administrative costs.

Authorization for the Activity

The proposed activity is authorized by PIH Notice 2011-45: Parameters for Local, Non-Traditional Activities Under the Moving to Work Demonstration Program, and Attachment D(1) of SCCHA's MTW Agreement with HUD and waives certain provisions of Sections 8(o)(1), 8(o)(2), 8(o)(3), 8(o)(10) and 8(o)(13)(H)-(I) of the 1937 Act and 24 CFR 982.401, 982.507 and 982.518, as necessary to implement SCCHA's MTW Plan.

Evaluation

MDRC will assist with data collection and analysis, including how DRA recipients balance cost, housing quality, and location, how landlord react, leasing success rates, housing stability, and administrative costs and burden.

Rent Reform Impact Analysis, Hardship Case Criteria, Annual Reevaluation and Transition Period

This activity is a rent reform activity. SCCHA will apply the existing Hardship Policy to recipients of Direct Rental Assistance. If a tenant loses a job or otherwise loses income and is unable to pay the $50 minimum rent the subsidy will cover the entire rent for a period to be determined by the loss of income. There is no differentiation between a short- or long-term hardship and the Housing Authority does not expect to be re-paid for any funds.

IV. Approved MTW Activities (HUD Approval Previously Granted)

To date, SCCHA has had 67 activities approved by HUD. Of these, seventeen were closed out in previous years.

The first four numbers of each activity signify the fiscal year in which each activity was approved. Except where indicated in the activity status explanation, SCCHA does not anticipate any changes or modifications to the activities during the Plan year.

Implemented Activities

Activity 2009-1: Reduced frequency of Tenant Reexaminations

Plan Year Approved: FY2009 Implemented: FY2009 Amended: FY2016, FY2021, FY2025

Description of MTW Activity

This activity allows SCCHA 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. Changes to the activity since initial implementation:

- FY2016: Amended to include SCCHA's four remaining public housing units under the activity.
- FY2020: Technical amendment that reduced the reexamination frequency to 4 years for households with only fixed income sources and 3 years for all other households. This amendment was extended in FY2021 until end of FY2023, after which SCCHA reverted back to the original two-/three-year reexamination cycle.
- FY2025: Amended to waive certain interim reexamination requirements expected from the implementation of the Housing Opportunity Through Modernization Act (HOTMA). SCCHA will only process interim increases in income in the following cases:
    - To include the income of a family member being added to the household;
    - When a zero-income family reports an increase in income;
    - To include previously uncounted income during an interim reexamination that would otherwise make the family zero-income;
    - If a family that is in a repayment agreement with SCCHA reports an increase in income;
    - If the participant requests an interim reexamination for increases in their income;

  All other income increases will be processed at the next regularly scheduled reexamination. SCCHA will continue to process interim reexaminations for any income decreases.

Update on MTW Activity

SCCHA continues to use this activity.

Planned Non-Significant Changes

When there is an increase in the payment standard amount during the HAP contract term, SCCHA will use the increased payment standard amount at the earliest of the family's next regular or interim

reexamination, or an approved increase in the gross rent that would result in an increase in the family share. This ensures the application of payment standard increases is consistent with the biennial and triennial reexamination cycles.

Planned Significant Changes

SCCHA does not anticipate any significant changes to this activity.

Activity 2009-2: Expediting Initial Eligibility Income Verification process

Plan Year Approved: FY2009 Implemented: FY2009 Amended: N/A

Description of MTW Activity

This activity allows SCCHA to extend the time period in which application documents are valid, from 60 days to 120 days.

Update on MTW Activity

Extending the documentation timeframe continues to provide administrative relief, both to applicants and to SCCHA. SCCHA will continue to use this activity in FY2027.

Planned Non-Significant Changes

SCCHA does not anticipate any non-significant changes to this activity and its authorizations.

Planned Significant Changes

SCCHA does not anticipate any significant changes to this activity and its authorizations.

Activity 2009-5: Exploring New Housing Opportunities for the Chronically Homeless

Plan Year Approved: FY2009 Implemented: FY2011 Amended: N/A

Description of MTW Activity

The Chronically Homeless Direct Referral (CHDR) program was implemented in FY2011. The CHDR program increases housing choices and mobility by assisting the homeless population through a more targeted and efficient process than the standard voucher waiting list system. Following a housing-first model, identified chronically homeless families not on the voucher waiting list are referred for project-based housing assistance and connected to case management services with local service providers. In FY2016, SCCHA amended and extended its agreement with Santa Clara County's Office of Supportive Housing, which administers the referral of applicants and oversees the agencies providing intensive case management services.

Update on MTW Activity

SCCHA plans to close out this activity and combine it with 2017-2 (currently re-proposed and pending HUD approval of the FY2026 MTW Plan).

Planned Non-Significant Changes

SCCHA does not anticipate any non-significant changes or modifications to this activity and its authorizations.

Planned Significant Changes

SCCHA does not anticipate any significant changes or modifications to this activity and its authorizations.

Activity 2009-8: 30-Day Referral Process for Project Based Vacancies

Plan Year Approved: FY2009 Implemented: FY2010 Amended: N/A

Description of MTW Activity

This activity allows owners to directly refer applicants after 30 days of unsuccessful attempts to fill the Project-Based Voucher (PBV) unit using referrals from the SCCHA waiting list. This activity reduces the 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.

Update on MTW Activity

SCCHA continues to use this activity.

Planned Non-Significant Changes

There are no planned non-significant changes or modifications to this activity and its authorizations.

Planned Significant Changes

There are no planned significant changes or modifications to this activity and its authorizations.

Activity 2009-9: Utilization of Low-Income Housing Tax Credit (LIHTC) Tenant Income Certification (TIC) for Income and Asset Verification

Plan Year Approved: FY2009 Implemented: FY2010 Amended: N/A

Description of MTW Activity

This activity, first implemented in 2010, allows SCCHA to utilize the owner-provided Tenant Income Certification (TIC) form required under the Low-Income Housing Tax Credit (LIHTC) Program as its sole method for verification of the family's income and assets when filling PBV vacancies for tax credit units. Prior to implementation, households selected to fill a PBV unit that utilized tax credits had to complete initial eligibility calculations under both the Federal LIHTC regulations (Section 42 of the IRS Code) and the Section 8 PBV regulations (24 CFR 5.657, 5.659).

Update on MTW Activity

SCCHA plans to close out this activity in the FY2026 MTW Report as it no longer requires MTW authority to utilize the TIC form for income verification. Recently implemented HOTMA provisions now allow PHAs to use other programs' determination of income.

Planned Non-Significant Changes

SCCHA does not anticipate any non-significant changes to this activity and its authorizations.

Planned Significant Changes

SCCHA does not anticipate any significant changes to this activity and its authorizations.

Activity 2009-11: Project-Base 100% of Units in Family Projects

Plan Year Approved: FY2009 Implemented: FY2010 Amended: N/A

Description of MTW Activity

This MTW activity allows SCCHA to project-base more than 25% of the units in housing projects that make supportive services available. Although services must be made available and families must be made aware of and encouraged to participate in these services, families do not need to participate in the supportive 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.

Update on MTW Activity

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).

Planned Non-Significant Changes

SCCHA does not anticipate any non-significant changes to this activity and its authorizations.

Planned Significant Changes

SCCHA does not anticipate any significant changes to this activity and its authorizations.

Activity 2009-13: Combined Waiting List for the County of Santa Clara and the City of San José

Plan Year Approved: FY2009 Implemented: FY2009 Amended: N/A

Description of MTW Activity

In 1976, SCCHA signed an agreement to administer the Housing Choice Voucher program on behalf of the City of San José. This agreement allows SCCHA to operate under one Annual Plan, one Administrative Plan, and one combined MTW plan for both housing authorities. In accordance with this agreement, in FY2009, this activity was implemented to permit SCCHA to waive regulation 24 CFR 982.404(f), and to continue to operate one combined waiting list for both the City of San José and the County of Santa Clara. This activity allows SCCHA to operate a joint waiting list for the Housing Choice Voucher (HCV) and the Project Based Voucher (PBV) Programs.

In FY2021, SCCHA launched a combined interest list for both the City of San José and the County of Santa Clara and continues to operate this joint interest list for the Housing Choice Voucher (HCV) and the Project Based Voucher (PBV) Programs.

Update on MTW Activity

SCCHA continues to use this activity to operate a combined interest list.

Planned Non-Significant Changes

SCCHA does not anticipate any non-significant changes or modifications to this activity and its authorizations.

Planned Significant Changes

SCCHA does not anticipate any significant changes or modifications to this activity and its authorizations.

2009-14: Payment Standard Changes Between Regular Reexaminations

Plan Year Approved: FY2009 Implemented: FY2010 Amended: FY2014

Description of MTW Activity

This activity allows SCCHA to effectuate an immediate change in voucher size and its corresponding payment standard when changes in family composition or SCCHA's subsidy size policy occur between regular reexaminations. If the application of the new payment standard results in a decrease in the tenant's rent portion, the interim reexamination effective date will be the first of the month following the change. If the application of the new payment results in an increase in the tenant's rent portion, the interim reexamination effective date will be the first of the month following a 30-day notice to the tenant and owner.

Update on MTW Activity

This activity continues to result in Housing Assistance Payment (HAP) cost savings by enabling the new payment standards to take effect at the time of an interim reexamination rather than at the next regular reexamination.

Planned Non-Significant Changes

SCCHA does not anticipate any non-significant changes to this activity and its authorizations.

Planned Significant Changes

SCCHA does not anticipate any significant changes to this activity and its authorizations.

Activity 2010-2: Excluding Asset Income From Income Calculations for Families with Assets Under $50,000

Plan Year Approved: FY2010 Implemented: FY2010 Amended: N/A

Description of MTW Activity

SCCHA does not calculate or include income received from family assets when total family assets are less than $50,000. Since implementation in FY2010, SCCHA has reduced administrative costs through this activity.

Update on MTW Activity

SCCHA continues to save costs of staff time previously spent on this task.

Planned Non-Significant Changes
SCCHA does not anticipate any non-significant changes to this activity and its authorizations.

Planned Significant Changes
SCCHA does not anticipate any significant changes to this activity and its authorizations.

Activity 2010-4: Allocating Project-Based Vouchers to SCCHA-Owned Projects Without Competition

Plan Year Approved: FY2010 Implemented: FY2010 Amended: FY2023

Description of MTW Activity
This MTW activity allows the Agency to select SCCHA-owned housing for project-based assistance without a competitive process, saving both staff time and other costs that would be related to a competitive process. As a result of this activity, SCCHA is able to cost-effectively and efficiently ensure that these project-based units are available.

In FY2023, SCCHA amended the activity to allow SCCHA to enter into a HAP contract for new construction or rehabilitation if site work was performed without an Agreement to Enter into HAP (AHAP) contract in place. This enables SCCHA to perform work necessary to render the site safe and ready for vertical construction or rehabilitation once financing is obtained.

Prior to HAP contract execution, the owner must confirm that any work from the date of proposal submission or (for non-competitive selection) board approval of the PBV award complies with the non-waivable requirements included in the AHAP. Specifically, the owner must confirm the following for any work that preceded HAP contract execution:

- Applicable prevailing wages were paid for the work that preceded HAP contract execution
- No work began prior to completion of an environmental review pursuant to 24 CFR Parts 50 or 58 and a Request for Release of Funds (RROF) was received by HUD
- All applicable fair housing and civil rights requirements were followed
- The project's design complies with any applicable provisions of Section 504 of the Rehabilitation Act, the Fair Housing Act, including Fair Housing Design Standards, and the Americans with Disabilities Act
- Applicable broadband infrastructure requirements were followed
- The owner is eligible to participate in the PBV program (e.g., is not debarred, suspended, or subject to a similar exclusion) and has disclosed any potential conflicts of interest.

Update on MTW Activity
SCCHA awarded PBVs to a Housing Authority-owned project, Hawthorn and plans to self-award in FY2026 and following years, for the projects at the East Santa Clara site. The Housing Authority will also use this activity as opportunities are available.

Planned Non-Significant Changes
There are no planned non-significant changes or modifications to this activity and its authorizations.

Planned Significant Changes

There are no planned significant changes or modifications to this activity and its authorizations.

Activity 2011-1: Streamlined Approval Process for Exception Payment Standard for Reasonable Accommodation – HCV

Plan Year Approved: FY2011 Implemented: FY2011 Amended: N/A

Description of MTW Activity

This activity allows SCCHA to approve any requests for an exception payment standard above 110 percent (not to exceed 120 percent) of the published Fair Market Rent (FMR) as a reasonable accommodation for persons with disabilities.

Update on MTW Activity

SCCHA plans to close out this activity in the FY2026 MTW Report. Recent regulatory changes now allow all PHAs to approve an exception payment standard up to 120 percent of the applicable FMR/SAFMR as a reasonable accommodation. Therefore, this activity is no longer necessary.

Planned Non-Significant Changes

SCCHA does not anticipate any non-significant changes or modifications to this activity and its authorizations.

Planned Significant Changes

SCCHA does not anticipate any significant changes or modifications to this activity and its authorizations.

Activity 2011-2: Simplify Requirements Regarding Third-Party Inspections and Rent Services

Plan Year Approved: FY2011 Implemented: FY2011 Amended: FY2021

Description of MTW Activity

This activity waives the HUD requirement that a designated independent agency conduct Housing Quality Standards (HQS) inspections and rent reasonableness determinations for SCCHA-owned units. It also waives the requirement for the independent agency to submit copies of each HQS inspection report and rent reasonableness determination to the HUD field office.

In FY2021, SCCHA amended this activity to further eliminate remaining required tasks associated with this HUD requirement. SCCHA conducts the following tasks in-house:

- Establishing contract rents (initial rent to owner and redetermined rent to owner);
- Establishing the term of initial and any renewal HAP contract;
- Determining rent reasonableness;
- Assisting the family in negotiating the rent with the owner;
- Inspections for SCCHA-owned units.

The elimination of third-party requirements significantly streamlines the leasing process for SCCHA-owned units and reduces administrative costs.

Update on MTW Activity
SCCHA continues to use this activity.

Planned Non-Significant Changes
SCCHA does not anticipate any non-significant changes or modifications to this activity and its authorizations.

Planned Significant Changes
SCCHA does not anticipate any significant changes or modifications to this activity and its authorizations.

Activity 2012-2: Minimum Two-Year Occupancy in Project-Based Unit

Plan Year Approved: 2012 Implemented: 2015 Amended: N/A

Description of MTW Activity
The purpose of the activity is to enhance the occupancy stability in the PBV program, which will result in reduced staff time spent processing PBV move-outs and vacancy outreach. Project-based participants are required to remain in their PBV units for a minimum of two years prior to becoming eligible to request a tenant-based voucher to move with continued assistance.

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).

To implement the activity, SCCHA created its own PBV Statement of Family Responsibility and PBV Tenancy Addendum forms to replace the HUD forms. The only change in the SCCHA versions of the forms is the two-year, rather than one-year, PBV residency requirement before tenants may move with continued housing assistance.

Update on MTW Activity
SCCHA utilizes this activity on an ongoing basis and will continue to utilize the activity.

Planned Non-Significant Changes
There are no planned non-significant changes or modifications to this activity and its authorizations.

Planned Significant Changes
There are no planned significant changes or modifications to this activity and its authorizations.

Activity 2012-3: Create Affordable Housing Acquisition and Development Fund

Plan Year Approved: FY2012 Implemented: FY2012 Amended: N/A

Description of MTW Activity

This activity allows SCCHA to use MTW funds to pursue opportunities to build new affordable rental housing units through the acquisition of existing land and/or funding the development of units for new construction or rehabilitation.

Update on MTW Activity

Construction is underway at Hawthorn Senior Housing (103 units), the first phase of the East Santa Clara (ESC) Master Plan. In FY2027, SCCHA expects to complete construction at Hawthorn and begin construction on phase two, Trillium Senior Housing (65 units). Subsequent phases of the ESC Master Plan, Sage and Elderberry, will use MTW funds for planning and pre-development work.

Other projects will use MTW for predevelopment and due diligence activities, including Jardines rehabilitation, 8th and Alexander, VTA Hostetter, the Sunnyvale Project, The Mountain View Project, the Campbell Project, 10 Kirk, and the North First Street Master Plan, which are still in early stages of conceptual planning.

Planned Non-Significant Changes

SCCHA does not anticipate any non-significant changes or modifications to this activity and its authorizations.

Planned Significant Changes

SCCHA does not anticipate any significant changes or modifications to this activity and its authorizations.

Activity 2012-4: Create Affordable Housing Preservation Fund for SCCHA and Affiliate Owned Properties

Plan Year Approved: FY2012 Implemented: FY2012 Amended: N/A

Description of MTW Activity

This activity allows SCCHA to use MTW funds to assist in its preservation activities and to support the asset management staff overseeing the affordable units. The preservation activities include using MTW funds for expenses incurred in rehabilitating the units to extend their useful life and affordability, or to acquire the property or limited partner's interest at the end of the tax credit period to maintain the asset's affordability into the future or pay off existing loans to leverage additional financing.

Update on MTW Activity

SCCHA continues to use this activity to preserve the long-term stability and viability of existing SCCHA owned and affiliate owned housing. Construction for the rehabilitation of the Willows (47 units) is expected to start by the end of FY2026 and be completed before the end of FY2027. In FY2027, SCCHA also plans to begin work on redevelopment of Orchard Gardens (123 units), adaptive re-use of 1510 North 1st Street hotel into 58 permanent supportive housing units, and infrastructure improvements at Buena Vista Mobile Home Park. SCCHA will also use MTW funds for predevelopment and due diligence activities for rehabilitations at Jardines Palmona Blanca, Girasol, Los Golondrinas.

Several projects are on the list for upcoming preservation activities. The list includes Avenida Espana, Bracher, DeRose, John burns, Klamath, Morrone, Pinmore, San Pedro Gardens, Villa Hermos, and Blossom River. Additional projects potentially using MTW funds are Iamesi, Leigh Avenue, Fourth Street, Japantown, Roosevelt, Murphy Ranch I and II, Gish and 1585 Studios.

Planned Non-Significant Changes

SCCHA does not anticipate any non-significant changes or modifications to this activity and its authorizations.

Planned Significant Changes

SCCHA does not anticipate any significant changes or modifications to this activity and its authorizations.

Activity 2014-4: Increased Tenant Contribution – Up to 35% of Gross Income

Plan Year Approved: FY2014 Implemented: FY2015 Amended: FY2015, FY2024

Description of MTW Activity

This activity simplified the calculation of Total Tenant Payment (TTP) to the higher of between 30 and 35 percent of the participant family's gross monthly income or $50 (minimum rent). Originally implemented in FY2014, this activity eliminated all standard allowances and deductions, as well eliminated the inclusion of a utility allowance in the tenant rent calculation. The initial implementation of this activity increased the TTP to 35 percent as a cost-saving measure in response to diminished funds resulting from federal sequestration. In September 2014, the TTP was reduced to 32 percent, and then further reduced to 30 percent in February 2022. SCCHA re-proposed this activity in FY2015 to include its four public housing units. This activity provided cost savings to SCCHA and the simplified calculation freed up staff hours by streamlining this task. In FY2024 the range was updated to between 28 and 35 percent of the family's gross monthly income.

Update on MTW Activity

This activity provides flexibility to rapidly respond to changes in the rental market. The Housing Authority continues to use the activity to maintain the agency's fiscal health while supporting its residents.

Planned Non-Significant Changes

There are no planned non-significant changes or modifications to this activity and its authorizations.

Planned Significant Changes

There are no planned significant changes or modifications to this activity and its authorizations.

Activity 2015-2: Project-Based Voucher Inspection Self-Certification

Plan Year Approved: FY2015 Implemented: FY2015 Amended: N/A

Description of MTW Activity

This activity was approved and implemented in FY2015 and allows Project-Based Voucher owners and tenants to self-certify the correction of reported Housing Quality Standards (HQS) deficiencies within the

30-day period after the initial HQS inspection. This activity only applies to HQS deficiencies which are not life threatening. This activity reduces expenditures by eliminating the need to schedule and conduct a re-inspection.

Update on MTW Activity

SCCHA utilizes this activity on an ongoing basis and will continue to utilize the activity.

Planned Non-Significant Changes

There are no planned non-significant changes or modifications to this activity and its authorizations.

Planned Significant Changes

There are no planned significant changes or modifications to this activity and its authorizations.

Activity 2015-3: Modified Elderly Definition for PBV

Plan Year Approved: FY2015 Implemented: FY2015 Amended: N/A

Description of MTW Activity

HUD currently defines elderly as people aged 62 year or older and elderly families to those whose head, spouse or co-head are 62 years of age or older. This activity applies to the PBV program and modifies the age at which a person or family is considered elderly from d 62 to 55 or older to align with the definition used by several affordable housing developments in the area. Therefore, PBV sites which define elderly as 55 years of age and older are considered an elderly property.

Update on MTW Activity

SCCHA utilizes this activity on an ongoing basis and will continue to utilize the activity.

Planned Non-Significant Changes

SCCHA does not anticipate any non-significant changes or modifications to this activity and its authorizations.

Planned Significant Changes

SCCHA does not anticipate any significant changes or modifications to this activity and its authorizations.

Activity 2016-2: Streamlining of PBV Selection Requirements

Plan Year Approved: FY2016 Implemented: FY2018 Amended: N/A

Description of MTW Activity

This activity enables SCCHA to select Project-Based Voucher proposals without conducting a competitive selection process where: 1) the proposed project was previously selected for award through any form of open public solicitation or invitation process conducted by a Federal, State, or local government entity, where a proposal is selected subject to funding availability; and 2) the proposed project was selected by the other government entity within the last fifteen years. This activity also eliminates the regulatory requirement that the previous selection process not consider rental assistance for the proposed project

and allows proposers to include PBV assistance in their calculations.

Update on MTW Activity

SCCHA utilizes this activity on an ongoing basis and will continue to utilize the activity.

Planned Non-Significant Changes

There are no planned non-significant changes or modifications to this activity and its authorizations.

Planned Significant Changes

There are no planned significant changes or modifications to this activity and its authorizations.

Activity 2017-1: Phasing in the Subsidy Standard Change

Plan Year Approved: FY2017 Implemented: FY2017 Amended: N/A

Description of MTW Activity

This activity allows SCCHA to change the agency's subsidy standard policy to two persons per bedroom. Under this activity, if a household's voucher size changes due to the subsidy size change, the new voucher size does not take effect for households in a unit under a Housing Assistance Payment contract until (1) the family moves; or (2) the rental market vacancy rate remains five percent or higher for at least six months, whichever occurs first.

Update on MTW Activity

SCCHA continues to realize the ongoing benefit of reduced costs and an increase in the number of households served.

Planned Non-Significant Changes

SCCHA does not anticipate any non-significant changes or modifications to this activity and its authorizations.

Planned Significant Changes

SCCHA does not anticipate any significant changes or modifications to this activity and its authorizations.

Activity 2017-2: Special Needs Population Direct Referral Program (& Re-Proposed)

Plan Year Approved: FY2017 Implemented: FY2019 Amended: 2025

Description of MTW Activity

This activity creates an exception to Section 8 waiting list regulations to create a direct referral program for certain special needs populations who are not best served through a waiting list (such as disabled individuals at risk of institutionalization or transition aged youth). This activity gives SCCHA the flexibility to work directly with community partners to rapidly house and provide supportive services to vulnerable populations.

Update on MTW Activity

Pending HUD approval of the FY26 MTW Plan, this activity will be combined with 2009-5.

Planned Non-Significant Changes

SCCHA does not anticipate any non-significant changes or modifications to this activity and its authorizations.

Planned Significant Changes

SCCHA does not anticipate any significant changes or modifications to this activity and its authorizations.

Activity 2017-3: Landlord Initiatives

Plan Year Approved: FY2017 Implemented: FY2017 Amended: FY2018, FY2019, & FY2024

Description of MTW Activity

This activity originally authorized SCCHA to administer loyalty bonus payments to Section 8 landlords who re-rent their unit to SCCHA program participants. Implemented in March 2017, SCCHA re-proposed the activity in FY2018 to streamline the process of administering the vacancy payments originally based on 80 percent of the previous contract rent for up to 30 days. As approved, loyalty bonus payments are now set within the range of $500 and $1,500 – an amount that was determined to be reasonable after evaluating the program-wide contract rent average. Moderate Rehabilitation and Project-Based Voucher vacancy payments remain at 80 percent of the previous contract rent.

Re-proposed again in FY2019, Activity 2017-3 expanded the initiatives SCCHA offers landlords to increase and maintain rental units available for Section 8 families. Offering a one-time bonus payment for new landlords between $500 and $2,500—based on a program-wide contract rent average, bonus payments provide new owners with an incentive to participate in the HCV program.

An update to the activity in FY2024 expanded the initiatives to include a landlord assurance fund which reimburses property owners for certain HCV tenant-caused physical damage costs, beyond normal wear and tear that exceed the security deposit amount, up to $2,500.

This activity increases the number of HCV units that are re-leased to HCV participants, ensuring the long-term viability of units that will be available to HCV low-income tenants and provides an incentive for new owner participation in the HCV program.

Update on MTW Activity

The activity allows SCCHA to continue to grow its partnerships with landlords and increase the number of rental units on the program.

Planned Non-Significant Changes

SCCHA does not anticipate any significant changes or modifications to this activity and its authorizations.

Planned Significant Changes

SCCHA does not anticipate any significant changes or modifications to this activity and its authorizations.

2017-4: Setting the Payment Standards Above 110 Percent of HUD Fair Market Rents (Originally Proposed as Activity 2017-1)

Plan Year Approved: FY2017 Implemented: FY2025

Description of MTW Activity

This activity provides the flexibility to set SCCHA payment standards higher than 110 percent of the Fair Market Rent (FMR), if necessary, without HUD approval. This activity will give SCCHA participants the ability to be more competitive in the high priced and volatile Santa Clara County rental market.

This activity is intended to increase the probability of participants securing a rental unit in a tight, high-cost rental market.

Update on MTW Activity

SCCHA implemented this activity in FY2026.

Planned Non-Significant Changes

There are no planned non-significant changes or modifications to this activity and its authorizations.

Planned Significant Changes

There are no planned significant changes or modifications to this activity and its authorizations.

Activity 2019-2: Family Self-Sufficiency Program – Waive Contract of Participation Requirements

Plan Year Approved: FY2019 Implemented: FY2019 Amended: N/A

Description of MTW Activity

This activity modifies certain aspects of the Family Self Sufficiency (FSS) program in order to reduce the administrative burdens on both the participant families and SCCHA, while broadening the pool of families who could benefit from the FSS program's escrow savings account. First, the activity eliminates the requirement in the FSS Contract of Participation (CoP) (HUD Form 52560) that enrolling families must have been subject to an income reexamination within 120 days of the enrollment, and instead uses the family income as determined at the last regular reexamination, which may be up to two years prior to enrollment for families which are not on fixed incomes. Second, the activity allows the successful maintained employment of any adult member of the enrolled family – rather than just the Head of Household – to count towards the family's FSS goals. As long as at least one adult family member completes the Individual Training and Services Plan, the family will be considered a "successful FSS completion" and will receive the escrow payout.

Update on MTW Activity

SCCHA utilizes this activity on an ongoing basis and will continue to utilize the activity.

Planned Non-Significant Changes

There are no planned non-significant changes or modifications to this activity and its authorizations.

Planned Significant Changes

There are no planned significant changes or modifications to this activity and its authorizations.

2019-3: Waiving The Requirement That a PHA Redetermine Rent Reasonableness for Manufactured Home Spaces Annually

Plan Year Approved: FY2019 Implemented: FY2019 Amended: N/A

Description of MTW Activity
This activity allows SCCHA to eliminate the HUD requirement that a PHA annually re-determine that the current rent to owner is a reasonable rent for rent charged for a manufactured home space. SCCHA continues to perform a full rent reasonableness review at the time of a new contract, owner requested rent changes, tenant request, or when deemed necessary by SCCHA staff.

Update on MTW Activity
SCCHA continues to use this activity for manufactured home space rentals in the HCV program.

Planned Non-Significant Changes
SCCHA does not anticipate any non-significant changes to this activity and its authorizations.

Planned Significant Changes
SCCHA does not anticipate any significant changes to this activity and its authorizations.

2019-4: Streamlining the Lease Up Process

Plan Year Approved: FY2019 Implemented: FY2019 Amended: N/A

Description of MTW Activity
This activity was designed to alleviate the delays associated with the processing and completion of the Request for Tenancy Approval (RFTA) packet, tenancy addendum, and lease. HUD approved a waiver of 24 CFR §982.162 and §982.308 as necessary to change the requirement of using Form HUD-52517 and to simplify and streamline what constitutes an approvable lease.

SCCHA created a new RFTA form that consolidated certain sections which required owners to input duplicative information. Additionally, SCCHA created a "Mandatory Lease Information" form which acts as an addendum to the owner's lease agreement. The goal of this form is to save staff time by providing the information HUD requires to be in the owner's lease on a single page that the tenant and owner will sign and submit along with the lease. This will save staff time because they will no longer need to sift through the entire lease to find the HUD required elements and simultaneously achieve faster approval of the HAP contract for owners.

Update on MTW Activity
SCCHA utilizes this activity on an ongoing basis and will continue to utilize the activity.

Planned Non-Significant Changes
SCCHA does not anticipate any non-significant changes to this activity and its authorizations.

Planned Significant Changes
SCCHA does not anticipate any significant changes to this activity and its authorizations.

2020-1: PBV Program Cap

Plan Year Approved: FY2020 Implemented: FY2020 Amended: N/A

Description of MTW Activity

This activity was approved in FY2020 and raises the percentage cap for the Housing Authority of the City of San José (HACSJ) and the Santa Clara County Housing Authority (SCCHA) to 40% of the respective baseline number of vouchers and removes the restrictions on the types of allowable units.

Update on MTW Activity

SCCHA will utilize this activity when the number of Project Based Voucher units exceeds the 20% Program Cap threshold.

Planned Non-Significant Changes

SCCHA does not anticipate any non-significant changes to this activity and its authorizations.

Planned Significant Changes

SCCHA does not anticipate any significant changes to this activity and its authorizations.

2020-2: Interim Housing

Plan Year Approved: FY2020 Implemented: FY2020 Amended: FY2024

Description of MTW Activity

This activity was approved in FY2020 and creates a local rental subsidy program to assist special needs populations. SCCHA is partnering with the City of San Jose and the County of Santa Clara to provide interim (short-term) housing to individuals and families who are approved for a Permanent Supportive Housing (PSH) unit to which SCCHA has attached a PBV, but the unit is not yet ready for occupancy. The interim housing will move these highly vulnerable clients off the street while they await their permanent home and will provide stability and allow case managers to begin engaging with the clients.

Update on MTW Activity

SCCHA's partnership with Santa Clara County on the Pedro Street Interim Housing site continues. In accordance with the FY2024 activity update to expand this activity to partners other than the County, SCCHA has entered into a partnership with the City of San Jose for an interim housing site at Pacific motor Inn. A similar partnership with the City of San Jose is planned for the Arena Hotel, another interim housing site.

All interim housing sites under this activity receive payment for referrals from the Community Queue and are in compliance with HQS requirements.

Planned Non-Significant Changes

SCCHA does not anticipate any non-significant changes to this activity and its authorizations.

Planned Significant Changes

SCCHA does not anticipate any significant changes to this activity and its authorizations.

2020-3: Over Housed/Under Housed PBV Households

Plan Year Approved: FY2020 Implemented: FY2020 Amended: N/A

Description of MTW Activity

This activity modifies SCCHA's subsidy standards for the Project-Based Voucher program such that if a family is over-housed or under housed but not in violation of Housing Quality Standards space standards, the family may remain in the wrong sized unit if the rental market vacancy rate is below five percent until (1) an appropriately sized unit becomes available at the project; or (2) the family requests a tenant-based voucher, whichever occurs first.

Update on MTW Activity

SCCHA utilizes this activity on an ongoing basis and will continue to utilize the activity.

Planned Non-Significant Changes

There are no planned non-significant changes or modifications to this activity and its authorizations.

Planned Significant Changes

There are no planned significant changes or modifications to this activity and its authorizations.

2020-4: Rent to Owners & Rent Reasonableness

Plan Year Approved: FY2020 Implemented: FY2020 Amended: N/A

Description of MTW Activity

HUD regulations require that during an assisted tenancy, the rent paid to owner not exceed the reasonable rent as determined by the Public Housing Authority (in comparison with comparable units in the current rental market). Occasionally, upon an owner's request for a rent adjustment of a specific amount (which can be done annually), the reasonable rent for the unit according to rental comparisons of similar units will not only **not** support the increased rent amount the owner is requesting but will be lower than the current approved rent for the unit. In these situations, HUD regulations require that SCCHA reduce the approved contract rent to reflect the current reasonable rent.

This activity waives the requirement to reduce the approved contract rent in these circumstances. Instead, SCCHA only reduces the approved contract rent in those cases (identified through owner-initiated rent increases) where the HUD-issued Fair Market Rents (FMRs) for the applicable bedroom size have dropped by 10% or more since the unit's last rent reasonableness review.

Update on MTW Activity

SCCHA utilizes this activity on an ongoing basis and will continue to utilize the activity.

Planned Non-Significant Changes

There are no planned non-significant changes or modifications to this activity and its authorizations.

Planned Significant Changes

There are no planned significant changes or modifications to this activity and its authorizations.

2021-1: Impose Limits on PBV to HCV Conversion

PLAN YEAR APPROVED: FY2021 IMPLEMENTED: FY2022 AMENDED: N/A

DESCRIPTION OF MTW ACTIVITY

This activity waives the requirement that PBV tenants who have resided in a PBV unit for the minimum period and who request to move receive priority for continued tenant-based assistance. The activity limits PBV to HCV conversions to 10% of the number of HCVs that SCCHA will issue each year. The HCVs available for PBV to HCV conversions will be issued to interested and qualified PBV tenants on a first-come, first-served basis. When all of the available HCVs have been issued, any remaining interested and qualified PBV tenants will be carried over to the following year.

UPDATE ON MTW ACTIVITY

SCCHA continues to use this activity.

PLANNED NON-SIGNIFICANT CHANGES

There are no planned non-significant changes to this activity.

PLANNED SIGNIFICANT CHANGES

There are no planned significant changes to this activity.

2021-2: MINIMUM RENT HARDSHIP EXEMPTION

PLAN YEAR APPROVED: FY2021 IMPLEMENTED: FY2022 AMENDED: N/A

DESCRIPTION OF MTW ACTIVITY

This activity replaces HUD's Minimum Rent Hardship exemption with a simpler policy that better addresses the needs of SCCHA's participants. SCCHA's policy does not differentiate between a temporary and long-term hardship and does not require staff to track and receive payments from participants after the hardship waiver is lifted.

Minimum rent is suspended beginning the first of the month following the hardship request and will continue until the family submits new sources of income. If the housing Authority determines there is no longer a financial hardship, the minimum rent will be reinstated on the first of the month following the determination.

UPDATE ON MTW ACTIVITY

SCCHA continues to use this activity.

PLANNED NON-SIGNIFICANT CHANGES

SCCHA does not anticipate any non-significant changes to this activity and its authorizations.

PLANNED SIGNIFICANT CHANGES

SCCHA does not anticipate any significant changes to this activity and its authorizations.

2022-3: MAINSTREAM TURNOVER VOUCHER ISSUANCE FLEXIBILITY

PLAN YEAR APPROVED: FY2022 IMPLEMENTED: FY2022 AMENDED: N/A

DESCRIPTION OF MTW ACTIVITY

This activity waives the PIH Notice 2020-01 requirements to issue turnover vouchers to wait list applicants and allows SCCHA to issue turnover vouchers to applicants who have been directly referred by SCCHA's partner agency. The 2017, 2018, and 2019 Mainstream Voucher Program Funding Opportunities encourage PHAs to partner with local Continuum of Care agencies for direct referrals and to create a preference for homeless or at-risk of homelessness Mainstream participants. In cases where eligible direct referral applicants who meet the preference for homelessness, at-risk of homelessness, institutionalized, or at-risk of institutionalization are unavailable, SCCHA plans to continue to utilize the interest/waiting list to fill Mainstream Program turnover vouchers.

UPDATE ON MTW ACTIVITY

SCCHA continues to use this activity.

PLANNED NON-SIGNIFICANT CHANGES

There are no planned non-significant changes to this activity.

PLANNED SIGNIFICANT CHANGES

There are no planned significant changes to this activity or its authorizations.

2022-5: UTILITY ARREARS ASSISTANCE

PLAN YEAR APPROVED: FY2022 IMPLEMENTED: FY2023 AMENDED: N/A

DESCRIPTION OF MTW ACTIVITY

This activity authorizes the use of housing assistance payments to provide one-time utility arrears assistance to HCV participants with past-due utility bills, with the goal to prevent utility disconnection due to nonpayment and allow families to retain their housing assistance in their current unit. SCCHA set aside $500,000 to provide utility arrears assistance under this activity.

UPDATE ON MTW ACTIVITY

SCCHA continues to use this activity.

PLANNED NON-SIGNIFICANT CHANGES

There are no planned non-significant changes to this activity.

PLANNED SIGNIFICANT CHANGES

There are no planned significant changes to this activity or its authorizations.

2023-2: STRIVE SCHOLARSHIP

PLAN YEAR APPROVED: FY2023 IMPLEMENTED: FY2023 AMENDED: N/A

Description of MTW Activity

The Strive Scholarship is an important part of SCCHA's Section 8 Program. The annual scholarships are awarded as unrestricted funds which can be used to offset the cost of tuition, fees, books, high-speed internet, transportation, groceries, or any other student-identified need. SCCHA allocates up to $75,000 per year, which is divided among eligible applicants. The Housing Authority will supplement with non-MTW funds for awardees who are residents of an affiliate property or those who would otherwise not be eligible for an MTW award.

Eligibility requirements are: recipient of housing assistance through a subsidy program or a resident in an affiliate property, GPA of 2.5 and above, full-time enrollment in a course of study, received no more than three previous awards, a written recommendation, and a description of educational and professional goals.

Housing Authority staff review the applications and conduct the scoring evaluation in preparation for the awards and annual award celebration.

Update on MTW Activity

SCCHA continues to use this activity.

Planned Non-Significant Changes

There are no planned non-significant changes to this activity.

Planned Significant Changes

There are no planned significant changes to this activity or its authorizations.

2024-4: Streamline Offer of New Lease Process

Plan Year Approved: FY2024 Implemented: FY2024 Amended: N/A

Description of MTW Activity

This activity streamlines its Offer of New Lease process by waiving the requirement to execute a new HAP contract due to changes in lease requirements governing utility or appliance responsibilities or the term of the lease. Staff will continue to update files and communicate changes to all parties involved. This waiver will alleviate staff time and costs associated with the completion of a HAP contract, tenancy addendum, and lease.

Update on MTW Activity

SCCA continues to use this activity.

Planned Non-Significant Changes

There are no planned non-significant changes to this activity.

Planned Significant Changes

There are no planned significant changes to this activity or its authorizations.

2024-5: Buena Vista Mobile Home Park

Plan Year Approved: FY2024 Implemented: FY2024 Amended: N/A

Description of MTW Activity

SCCHA and local partners purchased and improved the infrastructure and quality of life for the residents at Buena Vista Mobile Home Park to preserve affordable housing and prevent imminent displacement of residents living in one of the highest cost cities in the county. This activity provides Housing Choice Vouchers to residents who are permanently relocated or who otherwise opt to leave the park, creates a direct referral program that allows residents who currently reside at the park to receive a project-based voucher upon move-in to their new permanent unit onsite, and provides project-based vouchers to mobile home units. These flexibilities allow SCCHA to provide stability for residents during the redevelopment process.

Update on MTW Activity

SCCHA implemented the activity upon HUD's approval of the FY2024 Plan.

Planned Non-Significant Changes

There are no planned non-significant changes to this activity.

Planned Significant Changes

There are no planned significant changes to this activity or its authorizations.

2025-1: Small Area Fair Market Rents

Plan Year Approved: FY2025 Implemented: FY2025 Amended: N/A

Description of MTW Activity

SCCHA modified the Small Area Fair Market Rent(SAFMR) Rules to allow flexibility to set payment standards above 110% in certain zip codes to mitigate involuntary displacement. SCCHA may consider multiple factors, including but not limited to: Disparity between SAFMR and actual rents based on third-party market reports and HCV program data; The number of families that would be negatively impacted by a reduction in payment standards; Disparate impacts by race/ethnicity or family types; Alignment with city/county strategies targeting areas for anti-displacement or revitalization efforts. This flexibility allows SCCHA to expand affordable housing and preserve affordability in lower cost communities.

Update on MTW Activity

SCCHA implemented the activity upon HUD's approval of the FY2025 Plan.

Planned Non-Significant Changes

There are no planned non-significant changes to this activity.

Planned Significant Changes
There are no planned significant changes to this activity or its authorizations.

2025-2: Income Exclusions

Plan Year Approved: FY2025 Implemented: FY2026 Amended: N/A

Description of MTW Activity
This activity authorizes additional income exclusions that differ from HUD regulations in order to support family self-sufficiency and reduce administrative burden for staff and families in reporting and calculating income from these sources. The following types of income are excluded:

- The full amount of student financial assistance
- The full amount of full-time student earned income and adoption assistance payments
- Payments from pilot guaranteed basic income (GBI) programs with discrete beginning and end dates

Update on MTW Activity
SCCHA implemented this activity in FY2026.

Planned Non-Significant Changes
There are no planned non-significant changes to this activity.

Planned Significant Changes
There are no planned significant changes to this activity or its authorizations.

Activities Not Yet Implemented

2019-1: Graduation Bonus

Plan Year Approved: FY2019 Plan Year Amended: FY2022

This activity, reproposed and approved in FY2022, reduces the time a zero HAP participant's assistance is terminated from 180 days to 60 days. Families with annual incomes at or above 80% of Area Median Income (AMI) will be paid a graduation bonus of $2,000 per eligible individual and removed from the Section 8 program 60 days after the family's income has been certified by SCCHA and written notice has been sent to the family. The reproposed activity relies on a more accurate measure of self-sufficiency by basing the expedited graduation criteria on income rather than housing assistance level, which could penalize families who rent cheaper units. This activity is intended to increase the number of vouchers available to new families and to provide a financial cushion for graduating families.

There have not been any non-significant changes or modifications to the MTW activity since it was approved by HUD in FY2022.

2022-1: Homeownership and Asset Limit for Eligibility

Plan Year Approved: FY2022 Plan Year Amended: FY2025

This activity makes the following applicants ineligible for SCCHA's Section 8 program:

- Those with $100,000 or more in assets per family member; and
- Those with a present ownership interest in a suitable home in which they have a legal right to reside in Alameda, Contra Costa, Marin, Merced, Napa, San Francisco, San Mateo, Santa Clara, Santa Cruz, San Benito, Solano, and Stanislaus Counties.

This activity was amended in FY2025 due to recent HUD regulations and guidance on HOTMA Section 104's asset limitation provision:

- SCCHA will use HUD's definition of net family assets in 24 CFR 5.603 to determine the value of assets that count towards the asset limitation.
- SCCHA will align with HUD regulations when determining whether a property is exempt from this requirement.
- SCCHA is expanding this activity to apply to Public Housing units.
- SCCHA will exempt the following groups from the asset limitation: residents of units converting to Section 8 PBRA or PBV through the Rental Assistance Demonstration (RAD); residents that are given Public Housing or Section 8 assistance due to other property acquisition, redevelopment, or conversion activities.

SCCHA plans to implement this activity when SCCHA implements HOTMA Section 104 as directed by HUD.

2022-2: Waive Full-Time Student Income Exclusion for Families Earning 80% of Area Median Income

Plan Year Approved: FY2022

This activity allows SCCHA to count income which would be excluded under 24 CFR 5.609(c)(11) towards a family's annual income calculation. 24 CFR 5.609(c)(11) requires SCCHA, when calculating annual income for a family with a full-time student 18 years or older, to exclude all the income of that full-time student in excess of $480. Under this activity, SCCHA will exclude full-time student income in excess of $480 only when the family's total annual income (before exclusion of any full-time student income) falls below 80 percent of the Santa Clara County area median income (AMI) applicable for that family's size.

There have not been any non-significant changes or modifications to the MTW activity since it was approved by HUD.

2022-4: Modified PBV Contract Rents

PLAN YEAR APPROVED: FY2022

This activity waives 24 CFR 983.301(b) and 24 CFR 983.302 for PBV HAP contract renewals. For PBV HAP contract renewals, SCCHA is allowed to set PBV contract rents at a lower amount in cases where project underwriting analysis shows that there will be material excess cash flow. For larger projects with excess cash flow, contract rents would be limited to as low as 80% of FMR (for projects with 40 to 59 units) and as low as 70% of FMR (for projects with 60 or more units).

The following types of projects would not be subject to the lower contract rent limit:

- Projects with 39 or fewer units;
- Projects in which PBVs comprise 25% or less of the total units;
- Projects with a Debt Service Coverage Ratio (DSCR) of 1.3 or below for the first year of contract renewal;
- Projects with a DSCR in any year of the HAP renewal contract term below 1.0; or
- LIHTC financed projects that can't meet the True Debt Test (that the debt incurred for a Low Income Housing Tax Credit project is a "true debt" for tax purposes).

There are no changes to the activity's metrics, baselines, or benchmarks.

There have not been any non-significant changes or modifications to the MTW activity since it was approved by HUD.

2024-1: Digital Inclusion

PLAN YEAR APPROVED: FY2024

To address the well-documented gap or "digital divide" separating low-income households from access to technology and broadband internet, the Housing Authority implemented a pilot program with a local partner to provide devices and training to community members who are

at 80% AMI or below. The pilot includes 500 tablets to be distributed to community members at digital literacy workshops.

There are no changes to the activity's metrics, baselines, or benchmarks.

There have not been any non-significant changes or modifications to the MTW activity since it was approved by HUD.

2024-2: Rental Assistance for Student Parents Obtaining Post-Secondary Education

PLAN YEAR APPROVED: FY2024

This local non-traditional activity secures 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. The dual-generation education support model will empower low-income families to complete their educational goals while their children receive care that supports their cognitive, social, and emotional development, thus leading families to financial stability and self-reliance.

Applicants referred from the service provider must meet HCV 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.

This activity will be implemented once a service organization has been identified.

There are no changes to the activity's metrics, baselines, or benchmarks.

There have not been any non-significant changes or modifications to the MTW activity since it was approved by HUD.

2024-3: Short Term Bridge Loan

PLAN YEAR APPROVED: FY2024

This activity is another in the Housing Authority's arsenal of tools to increase the housing supply within the County. The short-term loan will provide flexible financing for development of affordable multi-family rental and supportive housing done by nonprofit organizations or limited partnerships and single asset entities with nonprofit sponsors. Funds can be used for predevelopment, acquisition, construction and rehabilitation bridge financing. Projects will include recordation of an affordability restriction on the property. Loans up to $1 million will require a three-year period of affordability; loans more than $1 million but less than $5 million will require a five-year period of affordability; and loans more than $5 million but less than $10 million will require a ten-year period of affordability.

Full repayment of the principal of the short-term loans is intended to be made prior to occupancy of the completed project but may be extended to no later than the end of the period of affordability at the sole discretion of the Housing Authority. Interest accrued on all loans will be deferred and due no later than the end of the period of affordability. The land

use restriction will terminate upon payment of both principal and interest. Once repaid, funds will be used for an MTW eligible purpose.

There are no changes to the activity's metrics, baselines, or benchmarks.

There have not been any non-significant changes or modifications to the MTW activity since it was approved by HUD.

Activities On Hold

There are no activities on hold.

Closed Out Activities

Activity	Why the Activity was Closed	Year Closed
2009-3 Reduced Frequency of Inspections	Effective July 2014, Public Housing Agencies (PHAs) can inspect units during the term of the Housing Assistance Payment (HAP) contract at least biennially instead of annually. There is no longer a need to waive HUD regulations to conduct biennial inspections.	This activity was closed out in **FY2015**
2009-4 Timeline to Correct HQS Deficiencies	Handhelds are now utilized by the inspections team at every regularly scheduled inspection. These devices can record the non-life-threatening deficiency directly into the newly implemented software, which then immediately generates the deficiency notification letter. There is no longer a lag time between the date of the inspection and the date of the letter.	This activity was closed out in **FY2012**
2009-6 20% Sample Inspections Annually for PBV Units	After the approval of this activity, HUD issued PIH Notice 2008-14, in which HUD 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 at 24 CFR Part 983. This activity was never implemented.	This activity was closed out in **FY2009**
2009-7 Project-Based Unit Substitution	After the approval of this activity, HUD issued PIH Notice 2008-14, in which HUD 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 at 24 CFR Part 983. Therefore, this activity was never implemented.	This activity was closed out in **FY2009**
2009-10 Selection of SCCHA-Owned Public Housing Projects for PBV without Competition	SCCHA utilizes MTW Activity 2010-4, which allows the Agency to select any of its properties for PBV assistance without a competitive process, including public housing units. Therefore, this activity is no longer necessary.	This activity was closed out in **FY2015**
2009-12 Adopt Investment Policies	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, in fact, 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.	This activity was closed out in **FY2009**

Activity	Why the Activity was Closed	Year Closed
2010-1 Eliminating 100% Excluded Income from the Income Calculation Process	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.	This activity was closed out in **FY2013**
2010-3 Applying Current Increased Payment Standards at Interim Reexaminations	This activity is no longer needed because HOTMA requires that payment standard increases be applied by the family's first regular or interim reexamination.	This activity was closed out in **FY2025**
2010-5 Assisting Over-Income Families Residing at SCCHA-owned Project-Based Voucher Properties	This activity waived preference requirements for in-place families at disposed public housing sites to allow for continued tax credits and tax-exempt bonds. Due to the HOTMA implementation notice issued February 2, 2024, this activity was no longer needed and closed out.	This activity was closed out in **FY2024**
2012-1 Create Standard Utility Allowance Schedule	SCCHA utilizes MTW Activity 2014-4, which simplifies the rent calculation method and eliminates utility allowances. Because of Activity 2014-4, MTW Activity 2012-1 is no longer necessary and was closed out prior to implementation.	This activity was closed out in **FY2013**
2012-5 Expand Tenant Services at SCCHA Owned or Affiliate Properties	Tenant services can be expanded with single fund flexibility and this activity is no longer needed.	This activity was closed out in **FY2023**
2013-1 Elimination of the Earned Income Disallowance (EID) Calculation	This activity is no longer needed because EID has been phased out under HOTMA.	This activity was closed out in **FY2025**
2014-1a & 2014-1b Focus Forward Program (and amendments)	After reviewing the outcomes of time-limited voucher programs, SCCHA determined this pilot program did not meet the needs of the local community and close it out prior to implementation.	This activity was closed out in **FY2022**
2014-2 Eliminate Requirement to Re-Determine Rent Reasonableness when HUD decreased Fair Market Rent	This activity was closed out prior to being implemented because HUD regulations made this activity moot.	This activity was closed out in **FY2022**
2014-3 Freeze on Contract Rent Increases	This activity no longer serves the needs of our local community.	This activity was closed out in **FY2023**

Activity	Why the Activity was Closed	Year Closed
2015-1 Using UPCS or Local Inspection Standards to Determine Housing Quality Standards	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.	This activity was closed out in **FY2015**
2016-1 Restriction on Head of Household Changes	This activity was intended to be implemented when the Focus Forward Program (Activity 2014-1a/1b) was implemented. Activity 2014 1a/1b was not implemented and was closed in FY2022.	This activity was closed out in **FY2022**
2018-1 Strengthening Partnerships through Capacity Building	This activity was intended to be implemented when the Focus Forward Program (Activity 2014-1a/1b) was implemented. Activity 2014 1a/1b was not implemented and was closed in FY2022.	This activity was closed out in **FY2022**
2020-5 Eliminate the 40% of Income Cap at Initial Leasing	Implemented during the COVID-19 pandemic to provide more housing options in a volatile rental market. Closed out at the request of a community partner as the threshold of 40% was too burdensome for families.	This activity was closed out in **FY2021**
2020-6 Reduced Frequency of Periodic Inspections (Not Implemented/On-Hold)	This activity was proposed in a technical amendment to the FY 2020 MTW Annual Plan shortly after Santa Clara County imposed Shelter in Place orders in response the COVID-19 pandemic and was implemented immediately upon Plan approval. On April 13, 2020, SCCHA adopted COVID-19 waiver HQS-5 and resumed performance of biennial HQS inspections. Families who are uncomfortable allowing the performance of an inspection could cancel biennial HQS inspections and have the inspection rescheduled to a later date removing the need to move to a three-year regular HQS inspection cycle as proposed by this activity. Under HUD COVID-19 Waiver HQS-5 SCCHA must inspect units with delayed inspections by June 30, 2022. SCCHA will continue to allow families to cancel scheduled biennial HQS inspections until December 21, 2021. Because of HQS-5 SCCHA did not re-propose this activity in a subsequent MTW Annual Plan.	This activity was closed out in **FY2021**

The information reported in Section V. represents the approved FY2027 budget as approved by the Board of Commissioners.

V. Planned Application of MTW Funds

A. PLANNED APPLICATION OF MTW FUNDS

i. Estimated Sources of MTW Funds

FDS LINE ITEM NUMBER	FDS LINE ITEM NAME	DOLLAR AMOUNT
70500 (70300+70400)	Total Tenant Revenue	$23,952
70600	HUD PHA Operating Grants	$516,604,482
70610	Capital Grants	$27,461
70700 (70710+70720+70730+70740+70750)	Total Fee Revenue	$0
71100+72000	Interest Income	$4,433
71600	Gain or Loss on Sale of Capital Assets	$0
71200+71300+71310+71400+71500	Other Income	$3,315,391
70000	**Total Revenue**	**$519,975,719**

Note 1: Source in Analysis

<u>70600-HUD PHA Operating Grants $516,604,482</u>:
This FDS line represents the sum of the following: (1) Public Housing Operating Subsidy Income $13,802 and (2) Section 8 MTW Admin Fee & HAP Earned $516,590,680.

<u>71200+71300+71310+71400+71500 - Other Income $3,315,391</u>:
This FDS line represents the sum of the following: (1) Land lease $50,000, (2) Port-In Admin Fees earned $52,692, (3) Fraud recovery $39,554, (4) Port In HAP earned $3,172,500 and (5) Other miscellaneous income $645.

ii. Estimated Application of MTW Funds

FDS LINE ITEM NUMBER	FDS LINE ITEM NAME	DOLLAR AMOUNT
91000 (91100+91200+91400+91500+91600+91700+91800+91900)	Total Operating - Administrative	$27,642,602
91300+91310+92000	Management Fee Expense	$0
91810	Allocated Overhead	$0
92500 (92100+92200+92300+92400)	Total Tenant Services	$138,611
93000 (93100+93600+93200+93300+93400+93800)	Total Utilities	$5,263
93500+93700	Labor	$0
94000 (94100+94200+94300+94500)	Total Ordinary Maintenance	$27,796
95000 (95100+95200+95300+95500)	Total Protective Services	$387
96100 (96110+96120+96130+96140)	Total Insurance Premiums	$421,403
96000 (96200+96210+96300+96400+96500+96600+96800)	Total Other General Expenses	$152,236
96700 (96710+96720+96730)	Total Interest Expense & Amortization Cost	$0
97100+97200	Total Extraordinary Maintenance	$0
97300+97350	HAP + HAP Portability-In	$476,891,568
97400	Depreciation Expense	$99,187
97500+97600+97700+97800	All Other Expense	$0
90000	**Total Expenses**	**$505,379,053**

Please describe any variance between Estimated Total Revenue and Estimated Total Expenses:

We will use the Fiscal Year 2027, net reserve balance of $14,569,666 to fund the following:

I-Activity 2012-3-Acquisition & Development Funds - $4.8M:
SCCHA anticipates using 4.8M to subsidize the expenditures of the Development department operations.

II-Activity 2012-4 Preservation Funds - $4.8M:
SCCHA anticipates using (1) 4.8M to subsidize the expenditures of the Asset Management, Resident Services, and Supportive Housing operations.

IV- Activity 2020-2-Interim Housing - $5.0M:
SCCHA is partnering with the City of San Jose and the County of Santa Clara to provide interim (short-term) housing to special needs populations.

Note 2 - Source Out Analysis

91000 - Total Operating - Administrative $27,642,602:
This FDS line represents operation , administrative and allocated overhead/support department costs.

91810 - Allocated Overhead - $0:
Per conversation with HUD Analyst Bella Young in 2014, the Housing Authority is not utilizing the true COCC model. Therefore, we report our Indirect Allocation costs in FDS line 91900 (Other).

92500-Total Tenant Services- $138,611:
This FDS line consists of $3K resident programs, $2K FSS staff training expenses and $133K for other admin contract-tenant services.

96100-Total Insurance Premiums - $421,403:
This FDS line consists of $75K liability insurance, $237K worker's compensation insurance and $109K for other insurance.

96000 - Total Other General Expenses - $152,236:
This FDS line is comprised of (1) $150K admin fee port out, and (2) $2K payment In Lieu of Taxes.

97300+97350 - Housing Assistance Payments + HAP Portability-In $476,891,568:
This FDS line represents the total HAP paid out $468M; Interim Housing Rental Subsidy $6M; and Port-In HAP expenses $3.2M

iii. Description of Planned Application of MTW Single Fund Flexibility

PLANNED USE OF 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. SCCHA plans to use MTW Single Fund Flexibility to supplement RAD rents, beginning in FY2027

iv. Planned Application of PHA Unspent Operating Fund and HCV Funding

Original Funding Source	Beginning of FY - Unspent Balances	Planned Application of PHA Unspent Funds during FY
HCV HAP*	$139,319,554	$139,319,554
HCV Admin Fee		
PH Operating Subsidy		
TOTAL:	**$139,319,554**	**$139,319,554**

Note: The $139.3 million in reserves represents cash held by the PHA and reserves held by HUD. The total reserves will be used to fund the following planned activities:

Description of Planned Expenditures of Unspent Operating Fund and HCV Funding	
One-Time Board Approved Project	**MTW Activity No.**
Hawthorne Senior Apartments - Development	2012-3
Sage Apartments - Development	2012-3
Trillium Apartments - Development	2012-3
Buena Vista – Pre-development	2012-4
EZ-8 Acquisition	2012-3
1510 North First St (comfort suites)	2012-3
Orchard Gardens (245 Weddell - FCH property)	2012-3
10 Kirk Avenue (Advance)	2012-3
8th and Alexander	2012-3
2666 Camino Del Ray	2012-3
Willow Glen Studios- Interim Housing Subsidy	2020-2
Pacific Motor Inn - Interim Housing Subsidy	2020-2
Arena Hotel - Interim housing Subsidy	2020-2

B. LOCAL ASSET MANAGEMENT PLAN

i. Is the MTW PHA allocating costs within statute Yes

ii. Is the MTW PHA implementing a local asset management plan (LAM No

iii. Has the MTW PHA provide a LAMP in the appendix No

iv. If the MTW PHA has provided a LAMP in the appendix, please describe any proposed changes to the LAMP in the Plan Year or state that the MTW PHA does not plan to make any changes i

SCCHA does not have a Local Asset Management Plan.

C. RENTAL ASSISTANCE DEMONSTRATION (RAD) PARTICIPATION

i. Description of RAD Participation

RENTAL ASSISTANCE DEMONSTRATION (RAD) PARTICIPATION
N/A

ii. Has the MTW PHA submitted a RAD Significant Amendment in the appendix? A RAD Significant Amendment should only be included if it is a new or amended version that requires HUD

No

iii. If the MTW PHA has provided a RAD Significant Amendment in the appendix, please state whether it is the first RAD Significant Amendment submitted or describe any proposed changes from the prior RAD Significant

N/A

VI. Administrative

A. Board Resolution Adopting the FY2027 Annual MTW Plan and Certifications of Compliance

The SCCHA Board Resolution adopting the FY2027 MTW Annual Plan and the Certifications of Compliance from the County of Santa Clara and the City of San José are attached as **Appendix One** to this Plan.

B. Certification of Payments

SCCHA has attached signed copies of the Certification of Payments (HUD-50071) as **Appendix Two** to this Plan.

C. Disclosure of Lobbying Activities

SCCHA has attached signed copies of the Disclosure of Lobbying Activities (SF-LLL) as **Appendix Three** to this Plan.

D. Documentation of the Public Process for the FY2027 Annual MTW Plan

SCCHA's FY2027 MTW Annual Plan was made available for public review from March 2 through April 1. The public hearing for the plan was held on March 12. A letter of support was received for the MTW Plan and is **Appendix Four** to this Plan.

E. Planned and Ongoing Evaluations of SCCHA's MTW Demonstration

In FY2027, SCCHA will continue to refine its approach to data gathering and monitoring of MTW activities and their impacts on stated goals and objectives. SCCHA is planning a full-scale study and evaluation of its MTW activities.

Public Comments

Individual or Organization	Comment	SCCHA Response
Goodwill Silicon Valley	Commentor works with clients that have HUD-VASH vouchers and asked if there were any updates to this program.	There are no changes to the HUD-VASH program from this MTW Plan.
Rebecca	Is the proposed activity related to development of new complexes?	The proposed activity is related to new development and rehabilitation for Housing Authority-developed projects

Appendix One: Resolution No. 26-19

RESOLUTION NO. 26-19

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE SANTA CLARA COUNTY HOUSING AUTHORITY APPROVING SUBMISSION OF THE FY2027 MOVING TO WORK ANNUAL PLAN TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WHEREAS, the Santa Clara County Housing Authority, together with the Housing Authority of the City San José (collectively referred to as **SCCHA**), each entered into a ten-year Moving To Work (**MTW**) Agreement with the U.S. Department of Housing and Urban Development (**HUD**) in 2008 and a subsequent extension of such Agreement through 2038; and

WHEREAS, currently in its eighteenth year of the MTW Program, SCCHA has drafted its FY2027 Moving To Work Annual Plan (**Plan**), solicited public comment and conducted a public hearing on the Plan; and

WHEREAS, the Board has reviewed the proposed FY2027 MTW Annual Plan, including any comments received and required certification.

NOW, THEREFORE, THE BOARD OF COMMISSIONERS OF SANTA CLARA COUNTY HOUSING AUTHORITY, DOES HEREBY RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. The foregoing Recitals are true and correct and are incorporated herein by this reference.

SECTION 2. The Board of Commissioners of the Santa Clara County Housing Authority certifies the statements in the attached Certifications of Compliance align with Regulations.

SECTION 3. The Board of Commissioners of the Santa Clara County Housing Authority approves the proposed FY2027 Moving to Work Annual Plan for the Santa Clara County Housing Authority and the Housing Authority of the City of San Jose.

SECTION 4. The Board of Commissioners of the Santa Clara County Housing Authority authorizes SCCHA to submit the proposed FY2027 Moving to Work Annual Plan to the U.S. Department of Housing and Urban Development on behalf of both the Santa Clara County Housing Authority and Housing Authority of the City of San Jose.

SECTION 5. The Clerk of the Board shall certify to the adoption of this Resolution, which, shall in turn, have immediate effect.

PASSED, APPROVED, and ADOPTED this 2nd day of April 2026.

Jennifer Loving
Jennifer Loving (Apr 6, 2026 08:44:11 PDT)

Jennifer Loving, Chair

ATTEST:

Claudia Bautista

Claudia Bautista
Clerk of the Board

APPROVED AS TO FORM:

Adrian R. Guerra
Adrian R. Guerra (Apr 3, 2026 12:49:48 PDT)

Adrian R. Guerra
General Counsel

STATE OF CALIFORNIA }
COUNTY OF SANTA CLARA } ss.
SANTA CLARA COUNTY HOUSING AUTHORITY }

I, Claudia Bautista, Clerk of the Board, do hereby certify that the foregoing Resolution No. 26-19 was adopted at a regular meeting of the Board of Commissioners of Santa Clara County Housing Authority held on the 2nd day of April 2026, by the following vote of the Board:

AYES:	Commissioners:	Chair Jennifer Loving, Vice Chair Denis O'Neal, William Anderson, Darcie Green, Ericka Mendieta
NOES:	Commissioners:	None
ABSTAIN:	Commissioners:	None
ABSENT:	Commissioners:	Kristina Loquist, Marilyn Russell

Claudia Bautista

Claudia Bautista
Clerk of the Board

Docusign Envelope ID: D897C8F3-EA62-4C83-A0EC-52A5841B8182

County of Santa Clara
Office of Supportive Housing

150 W. Tasman Drive, San Jose, CA 95134
(408) 278-6400 Main
(669) 220-1444 Fax

April 14, 2026

Preston Prince, Executive Director
Santa Clara County Housing Authority
505 W. Julian Street
San Jose, CA 95110

RE: FY2027 Moving to Work Plan Certification of Compliance

Dear Mr. Prince:

I hereby certify that the Santa Clara County Housing Authority's Fiscal Year 2027 Moving to Work (MTW) Plan as drafted is consistent with the direction of the Urban County of Santa Clara 2026-2030 Consolidated Plan, which includes an Analysis of Impediments to Fair Housing Choice.

The Housing Authority's FY2027 MTW Plan activities and objectives are consistent with the five-year goals of the Urban County of Santa Clara 2026-2030 Consolidated Plan in the efforts to:

1. Assist in the creation and preservation of affordable housing opportunities for low income and special needs households.
2. Support activities to end homelessness.
3. Support activities that provide community services to low income and special needs households.
4. Support activities that strengthen neighborhoods.
5. Promote fair housing choice.

Please feel free to contact me via email at kj.kaminski@osh.sccgov.org should you have any questions or require additional information.

Sincerely,

Signed by:
Kathryn J. Kaminski
E468DBC028EC409...

Kathryn J. Kaminski
Director, County of Santa Clara Office of Supportive Housing

Board of Supervisors: Sylvia Arenas, Betty Duong, Otto Lee, Susan Ellenberg, Margaret Abe-Koga
County Executive: James R. Williams

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Housing Department
Erik L. Soliván, Director

April 14, 2026

Mr. Preston Prince
Executive Director
Santa Clara County Housing Authority
505 West Julian Street
San José, CA 95110

RE: Fiscal Year 2027 Moving to Work Annual Plan Certificate of Compliance

Dear Mr. Preston Prince:

I hereby certify that the Santa Clara County Housing Authority's Moving to Work Annual Plan for the federal fiscal year 2027 (MTW Plan) is, as drafted, consistent with the direction of the City of San José's 2025-2030 Consolidated Plan for the use of federal funds from the United States Department of Housing and Urban Development. The San José City Council approved the City's 2025-2030 Consolidated Plan in June 2025.

The MTW Plan's activities and objectives align with the five-year priorities of the City's current 2025-2030 Consolidated Plan in its efforts to:

1) **Reduced Unsheltered Homelessness**—Expand housing access and self-sufficiency resources for individuals and families experiencing or at risk of homelessness.

2) **Increase Housing Affordability**—Develop new affordable housing opportunities and preserve existing housing.

3) **Strengthen and Stabilize Communities**—Enhance community well-being and improve residents' quality of life.

Thank you for your partnership in helping San José residents achieve housing stability and improve their lives.

Sincerely,

Erik L. Soliván
City of San José, Housing Director

Appendix Two: Certifications of Payments (HUD 50071)

OMB Approval No. 2577-0157 (Exp. 1/31/2027)

Certification of Payments to Influence Federal Transactions

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

Public reporting burden for this information collection is estimated to average 30 minutes,including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The information requested is required to obtain a benefit. This form is used to ensure federal funds are not used to influence members of Congress. There are no assurances of confidentiality. HUD may not conduct or sponsor, and an applicant is not required to respond to a collection of information unless it displays a currently valid OMB control number. Comments regarding the accuracy of this burden estimate and any suggestions for reducing this burden can be sent to the Reports Management Officer, Office of Policy Development and Research, REE, Department of Housing and Urban Development, 451 7th St SW, Room 4176, Washington, DC 20410-5000. When providing comments, please refer to OMB Approval No. 2577-0157.

Applicant Name

CA059 Santa Clara County Housing Authority

Program/Activity Receiving Federal Grant Funding

Section 8 Housing Choice Voucher Program

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying, in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all sub recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official	Title
Preston Prince	Executive Director

Signature	Date (mm/dd/yyyy)
Preston Prince (Apr 13, 2026 14:30:48 PDT)	04/13/2025

OMB Approval No. 2577-0157 (Exp. 1/31/2027)

Certification of Payments to Influence Federal Transactions

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

Public reporting burden for this information collection is estimated to average 30 minutes,including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The information requested is required to obtain a benefit. This form is used to ensure federal funds are not used to influence members of Congress. There are no assurances of confidentiality. HUD may not conduct or sponsor, and an applicant is not required to respond to a collection of information unless it displays a currently valid OMB control number. Comments regarding the accuracy of this burden estimate and any suggestions for reducing this burden can be sent to the Reports Management Officer, Office of Policy Development and Research, REE, Department of Housing and Urban Development, 451 7th St SW, Room 4176, Washington, DC 20410-5000. When providing comments, please refer to OMB Approval No. 2577-0157.

Applicant Name

CA056 Housing Authority of the City of San Jose

Program/Activity Receiving Federal Grant Funding

Section 8 Housing Choice Voucher Program

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying, in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all sub recipients shall certify and disclose accordingly.

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I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official	Title
Preston Prince	Executive Director

Signature	Date (mm/dd/yyyy)
Preston Prince (Apr 13, 2026 14:30:48 PDT)	04/13/2025

Appendix Three: Disclosure of Lobbying Activities (SF-LLL)

DISCLOSURE OF LOBBYING ACTIVITIES

Approved by OMB
0348-0046

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352
(See reverse for public burden disclosure.)

1. Type of Federal Action:
NA a. contract
b. grant
c. cooperative agreement
d. loan
e. loan guarantee
f. loan insurance

2. Status of Federal Action:
NA a. bid/offer/application
b. initial award
c. post-award

3. Report Type:
NA a. initial filing
b. material change
For Material Change Only:
year _____ quarter _____
date of last report _____

4. Name and Address of Reporting Entity:
☒ Prime ☐ Subawardee
Tier _____, *if known*:

Santa Clara County Housing Authority
505 W. Julian St
San Jose, CA 95110

Congressional District, *if known*: 4c

5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime:
N/A

Congressional District, *if known*:

6. Federal Department/Agency:
U.S Department of Housing and Urban Development

7. Federal Program Name/Description:
N/A

CFDA Number, *if applicable*: _____

8. Federal Action Number, *if known*:
N/A

9. Award Amount, *if known*:
$ N/A

10. a. Name and Address of Lobbying Registrant
(*if individual, last name, first name, MI*):
Fennel Consulting LLC
101 Constitution Ave, N.W. Suite 800
Washington, D.C. 20001

b. Individuals Performing Services (*including address if different from No. 10a*)
(*last name, first name, MI*):
Fennel, Melody
Preston, Michael

11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Signature: Preston Prince (Apr 13, 2026 14:30:48 PDT)
Print Name: Preston Prince
Title: Executive Director
Telephone No.: (408) 993-2903 Date: 04/13/2025

Federal Use Only:

Authorized for Local Reproduction
Standard Form LLL (Rev. 7-97)

PRINT

DISCLOSURE OF LOBBYING ACTIVITIES

Approved by OMB
0348-0046

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352
(See reverse for public burden disclosure.)

1. Type of Federal Action:
NA a. contract
b. grant
c. cooperative agreement
d. loan
e. loan guarantee
f. loan insurance

2. Status of Federal Action:
NA a. bid/offer/application
b. initial award
c. post-award

3. Report Type:
NA a. initial filing
b. material change
For Material Change Only:
year _____ quarter _____
date of last report _____

4. Name and Address of Reporting Entity:
☒ Prime ☐ Subawardee
Tier _____, *if known*:

Housing Authority of the City of San Jose
505 W. Julian St
San Jose, CA 95110

Congressional District, *if known*: 4c

5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime:
N/A

Congressional District, *if known*:

6. Federal Department/Agency:
U.S Department of Housing and Urban Development

7. Federal Program Name/Description:
N/A

CFDA Number, *if applicable*: _____

8. Federal Action Number, *if known*:
N/A

9. Award Amount, *if known*:
$ N/A

10. a. Name and Address of Lobbying Registrant
(*if individual, last name, first name, MI*):
Fennel Consulting LLC
101 Constitution Ave, N.W. Suite 800
Washington, D.C. 20001

b. Individuals Performing Services (*including address if different from No. 10a*)
(*last name, first name, MI*):
Fennel, Melody
Preston, Michael

11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Signature: Preston Prince (Apr 13, 2026 14:30:48 PDT)
Print Name: Preston Prince
Title: Executive Director
Telephone No.: (408) 993-2903 Date: 04/13/2025

Federal Use Only:

Authorized for Local Reproduction
Standard Form LLL (Rev. 7-97)

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Appendix Four: Letter of Support

FOSTERING PROMISE
— ADVOCATES 4 CHANGE —

Board Officers

President & CEO
Andre' V. Chapman

Secretary
Chris Clay
Business Development Leader
SAP

Vice President
Carl Agers
Managing Partner
Valocity Digital

Treasurer
Gary Rummelhoff
Retired & Former CFO

Board Directors

Mica Eades Mayo
Co-Founder
Untapped Investing

Janelle Gumbs
Senior Global Commodity Manager
Amazon Lab126

Anne Cardwell
Retired Deputy City Manager
City of Berkeley

Strategic Advisors

Celeste Walley*
Youth Engagement Specialist
CA Alliance Catalyst Center

Joelle Williams*
Project Manager
UCSF-Person Centered

Aleta Smith*
Strategic Advisor
Fostering Promise

Breeaunna Lynn*
Client Support Specialist
Bill Wilson Center

Pierre Hemphill*
Strategic Advisor
Fostering Promise

**Young Adults with Lived Experience in Foster Care*

We advance youth-driven policies that ensure every young person who ages out of foster care has a safe place to call home, the support of a caring mentor and the hope for a promising future.

DONATE TODAY!

March 31, 2026

Board of Commissioners
Santa Clara County Housing Authority
505 West Julian Street
San Jose, CA 95110

Dear Members of the Board of Commissioners:

Subject: Support for Resolution 26-19 Approving the Fiscal Year 2027 Moving to Work Annual Plan

I am writing today to express support for the Fiscal Year 2027 Moving to Work Annual Plan, which lays out the Housing Authority's plan for the year beginning in July 2026.

Fostering Promise is a youth-driven advocacy organization committed to eradicating the foster-care-to-homelessness pipeline first in the San Francisco Bay Area, then throughout California. Our mission is to advance youth-led policy reform and build strategic cross-sector partnerships to ensure no young person ages out of care without a safe home, the support of a caring mentor, and the opportunity for a promising future.

Currently, many young people exit the foster care system without a plan and without a place to call home. San Jose has the highest rate of unhoused young adults (ages 18–24) in the nation (United Way & HUD, 2023). Locally, 18% of individuals experiencing homelessness report a history of foster care, a figure widely understood to be an undercount, while national research shows that 22–30% of youth aging out of care experience homelessness.

This problem is solvable if we focus on predictive prevention.

We are pleased that the Housing Authority staff has included actions that lead to increased housing security for transition-aged youth (TAY)-- specifically the action to engage partners to explore best practices and potential new approaches to supporting transition-aged youth while improving utilization and leveraging existing resources. We are particularly interested in efforts to fully access and streamline the voucher approval process for TAY through the Fostering Youth to Independence (FYI) voucher program and the potential for setasides for TAY in upcoming projects.

We look forward to working together with the Housing Authority and other partners to drive meaningful progress toward ending youth homelessness in Santa Clara County.

Thank you for your work in support of the County's residents.

Sincerely,



André Chapman
President & CEO, Fostering Promise

Attachment 1: DRA Prototype: Policy Design Draft

6.16.2025

DIRECT RENTAL ASSISTANCE PROTOTYPE: POLICY DESIGN

DRAFT

mdrc
BUILDING KNOWLEDGE TO IMPROVE SOCIAL POLICY

Acknowledgments

[To be added]

Introduction

This paper describes a policy design for a "direct rental assistance" (DRA) model that represents a bold idea for reforming federal tenant-based rental assistance, such as the Section 8 Housing Choice Voucher (HCV) program, and similar state and local programs. The overarching goal is to make it easier for households to use that rental assistance by modifying the regulations and related procedures that impose a substantial burden on PHAs, landlords, and tenants, delay the lease-up process, ultimately hindering the reach and effectiveness of the voucher program. The DRA model was designed through a collaborative process led by MDRC, a nonprofit, nonpartisan social policy research organization, in partnership with 11 public housing agencies (PHAs) from across the country (see Box 1) and several national housing experts.[1] Four private foundations supported the effort. MDRC and its partners are hoping to evaluate the implementation, outcomes, impacts, and costs of the model. Ideally, the evaluation will include a randomized controlled trial (RCT) that will allow for a head-to-head comparison with the current HCV program. A companion paper describes the proposed research design for MDRC's proposed evaluation.[2]

The current HCV program engages tenants, PHAs, and landlords in a three-way relationship. Tenants identify units they wish to rent and request approval to do so from the PHA. Before granting approval, the PHA must determine that the rent a landlord charges for the unit is "reasonable" compared with comparable units in the local housing market; make sure that the monthly costs for rent and utilities for the unit will not exceed 40 percent of the household's adjusted income; and inspect the unit to determine that it meets minimum standards of housing quality. While these and other processes are underway, the unit sits vacant. If the PHA does not approve the unit, the tenant must search for another option that is more likely to be approved. Once a PHA approves a unit, it enters into a housing assistance contract with the landlord and pays the tenant's monthly subsidy amount directly to the landlord (typically the applicable payment standard - unless the unit gross rent is lower - minus 30 percent of a household's adjusted income), and the tenant pays the balance. If the landlord fails to maintain the unit in satisfactory condition, the PHA may terminate the housing assistance contract, forcing the family to move.

[1] These include Vincent Reina, Greg Russ, and Barbara Sard. The MDRC team, including its housing expert partners, held a series of meetings with the PHA participants to discuss the goals of DRA and possible changes to voucher program policies to try to achieve those goals. Using in-person convenings and video conferences, this group discussed a variety of options and debated the pros and cons of each option. Another housing expert, Brian McCabe, provided feedback on the emerging model during the design phase. PHA participants involved in design discussions are listed in the Appendix.

[2] For information on design options and considerations, see MDRC's proposed research design (*citation to come).*

At the heart of any DRA policy is a fundamental idea, which some experts believe may improve the efficiency and overall effectiveness of tenant-based housing assistance: paying the equivalent of an HCV rental subsidy directly to an eligible household, rather than to the household's landlord. Under DRA, the legal, contractual tie between the PHAs and landlords is completely severed, and responsibility for paying all rent and utility costs shifts entirely to the households (who would use the rental subsidies plus their own money for those payments). Other rules pertaining to the selection of units, the approval process, and the subsidy calculation may also change.

Box 1. PHAs Involved in the MDRC-Led DRA Design Effort

Housing Agency	MTW Status
California	
● Oakland Housing Authority	MTW
● Santa Clara County Housing Authority	MTW
Colorado	
● Community Economic Defense Project *(A non-profit administering state and local housing subsidies)*	Non-MTW
Connecticut	
● Housing Authority of New Haven	MTW*
● Norwalk Housing Authority	MTW*
● Connecticut Department of Housing *(A state agency)*	Non-MTW
Maryland	
● Baltimore Regional Housing Partnership	MTW
● Housing Authority of Baltimore City	MTW
New York	
● New York City Housing Authority	Non-MTW
Texas	
● Dallas Housing Authority	Non-MTW
Washington	
● King County Housing Authority	MTW

* New Haven and Norwalk housing agencies are MTW agencies but will pilot the DRA model with private funding.

The inspiration for DRA can be traced partly to HUD's Experimental Housing Allowance Program (EHAP). Congress authorized EHAP in the early 1970s to test different models of providing housing allowances to eligible households.[3] In one model, cash payments were issued to tenants to help them pay their rent. In recent years, other initiatives have offered cash assistance to low-income renters. Most notably, the Treasury's Emergency Rental Assistance program provided over $46 billion in rental payments to eligible households during the COVID-19 pandemic, much of which was given directly to tenants rather than to owners. In addition, numerous guaranteed basic income pilot programs across the country have offered families with low incomes unrestricted cash income subsidies, with the expectation that these will typically be used to help cover basic needs, including housing costs.[4]

DRA aims to improve tenant-based housing assistance in a variety of ways. It is intended to (1) reduce administrative processes and related requirements that currently discourage many landlords from renting to voucher holders; (2) make the voucher program less administratively burdensome for PHAs, landlords, and households; (3) reduce the administrative costs of

[3] Kennedy (1980).

[4] For an example of one such pilot program for qualifying families on the Philadelphia Housing Authority's HCV waiting list, called PHLHousing+), see Reina et al. (2024). For more general information on a wide range of guaranteed income pilots, see the Center for Guaranteed Income Research at the University of Pennsylvania: https://www.penncgir.org.

operating the subsidy program (which may free up resources to allow more households to receive assistance); (4) increase the likelihood that landlords in higher opportunity areas, where rental costs are likely to be higher and the demand for units greater, will lease to assisted tenants; and (5), in general, treat subsidized households more like regular tenants in the private rental market by giving them more control over the choice of units they lease and over their relationship with their landlord.

A DRA model could be designed narrowly, primarily redirecting the subsidy payment from the landlord to the household while leaving most other features of the current voucher program intact. Or it could encompass a broader set of reforms that align more fully with the vision of treating voucher holders more like other tenants in the private rental market. In design discussions, MDRC and its partners debated different expressions of the DRA idea, and the model described in this paper reflects a broader approach.

The model includes a core set of features that PHAs implementing the model would adopt. At the same time, it allows the PHAs discretion over certain elements within an overall common framework. Having a common framework is advantageous for testing and learning how a given model fares in different settings around the country. A common framework is also advantageous for evaluation purposes when it becomes necessary to pool households from multiple PHAs into a single research sample in order to achieve a total sample size large enough to produce reliable impact estimates of the model.[5] Allowing for local adaptations of certain features of the policy (without compromising the core elements) allows for a "real-world" test of the policy. If the model were adopted as an official policy across states or regions, it would likely need to allow for some local discretion, as is true for the HCV program.

A number of the PHAs involved in designing the model proposed here are Moving-to-Work (MTW) public housing agencies. As such, any DRA policy they implement that involves using federal funds to pay for subsidies is subject to HUD approval. HUD may not approve all of the features that are proposed in this model. This may lead to distinctive DRA policy differences between MTW and non-MTW agencies participating in an evaluation, potentially enabling us to learn about the implications of different core features.[6]

The remainder of this paper describes some of the problems with the current voucher program that have generated interest in the idea of DRA, how a DRA approach might address those challenges, and the features of the model that the MDRC partnership produced. This paper focuses only on the general model and its core and discretionary elements. It does not address the many details that PHAs will need to work out to operate the model. Nor does it specify the

[5] For the pilot stage, MDRC and its partners do not expect a large enough sample in any particular PHA to permit site-specific impact estimates.

[6] Non-MTW agencies participating in a pilot evaluation of the model will need to rely on philanthropic support to pay for the DRA subsidies. They may also be able to test features of the model that HUD may not approve for the MTW sites.

particular discretionary choices that each of the participating PHAs is likely to make if it implements the model.

Reasons for Interest in DRA

The HCV program is a crucial component of the social safety net in the United States, although one that is not funded at levels to serve all who qualify for it. As the nation's largest rental assistance program, it serves about 2.3 million low-income households annually. By one estimate, another 2.8 million people remain on local waiting lists—and millions more are unable to add their names to waitlists because they are closed.[7]

In its current form, the HCV program provides a substantial rental subsidy to qualifying households—*if* they can access it and use it. A household fortunate enough to be offered a voucher must then navigate through several challenging steps to use it. PHAs typically give households between two and six months to find a unit where the landlord will accept a voucher and the unit meets the PHA's criteria. Nationally, in 2022, about 57 percent of households offered a search voucher successfully leased-up within a one-year search window—a decline from almost 66 percent in 2018.[8] Thus, for about 43 percent of households this search fails, and after spending many years on a waiting list, they do not receive the subsidy. Lease-up success rates may erode further in the future if the alarming decline in private landlord participation in the voucher program continues. According to HUD data, more than 5,000 landlords have left the voucher program each year between 2010 and 2020.[9]

In some low-income neighborhoods, landlords may prefer getting housing subsidy payments directly from the PHA, because they like the guarantee that they will at least receive the subsidized portion of a tenant's rent. At the same time, several factors feed a hesitancy among other landlords to lease to voucher holders.[10] For example, some landlords believe that voucher households are more risky tenants or may discriminate against them because of their race or ethnicity. But many landlords avoid the voucher program simply because they find complying with the program's requirements and processes too onerous.[11] In addition, landlords may lose rent while waiting for the PHA's inspection, approval, and contracting processes to be completed—especially when they have other applicants ready to move in. The delays may be even longer if the landlords are required to make repairs after inspection, even for minor problems that do not substantially threaten health or safety. Sometimes, the lengthy inspection process can lead to a household's voucher expiring, especially if the household has to repeat the same process with multiple landlords.

[7] Public and Affordable Housing Research Corporation (2016).
[8] Ellen, O'Regan, and Strochak (2025).
[9] PD&R Edge (2023).
[10] Galvez and Knudsen (2024); Cunningham et al. (2018).
[11] Garboden, et al. (2018).

Whenever a family attempts but fails to rent a unit with its "search voucher" within the required period of time and any approved extensions, the search voucher expires and PHA staff may offer it to another family.[12] And when households are able to find units, the inspection and contracting process takes additional time and money for the PHA staff to conduct—a process that burdens even PHAs that have relatively high success rates. It is also a process that must be repeated every time an existing voucher holder wishes to move to a new unit.[13]

The current design and operation of the voucher program also tend to constrain the choices of where households with vouchers live. Research has shown that HCV participants tend to be concentrated in higher-poverty neighborhoods. In part, this may be because landlords in lower-poverty areas have a relatively easier time finding tenants who can afford a market rate rent (along with security deposits and first-month rent charges) without government subsidies and the extra bureaucratic hassles entailed.[14] Thus, they may be more hesitant to rent to voucher holders—even in states and localities where it is illegal to discriminate against rental applicants on the basis of the source of their income. On the flip side, landlords in higher-poverty areas, where vacancy rates are likely to be higher and the housing stock and neighborhood conditions less appealing, may be more disposed to renting to voucher holders.

Moreover, landlords in those higher-poverty areas may be able to charge rents that are higher than what they might normally be willing to accept, because the rent subsidies housing agencies pay are often based on average rent levels across a larger metro area that includes both higher- and lower-cost housing markets. Despite less demand in the lower-cost markets, landlords have little incentive under the current system to offer voucher recipients rents below the region-based payment standard, which, some experts speculate, may contribute to higher-than-necessary subsidies. (Small Area Fair Market Rents can lessen this problem, but do not eliminate it.) Landlords in higher-poverty neighborhoods may also view the HCV program more favorably because they are more likely to rent to lower-income tenants anyway. When renting to voucher households, they may feel reassured knowing that at least a portion of the rent will be reliably paid by the housing agency, and that that portion will increase if the household's income drops, while unsubsidized lower-income households might carry more risk in not being able to pay their rent.

The alternative model may address some of the limitations of the HCV program in multiple ways that would benefit households and PHAs. These expectations are reflected in the reasons that staff members at the 11 PHAs collaborating with MDRC shared for why they are

[12] Housing agencies must give voucher holders at least 60 days to find a unit that meets HCV guidelines, but the allowable time period also varies across housing agencies. A recent estimate shows that the median time for a successful search increased from 59 days in 2018 to 78 days in 2022 (see Ellen, O'Regan, and Strochak, 2025).
[13] For information on HUD's inspection requirements, recent modifications and PHA efforts to streamline the process, and a proposal for further reform, see Stegman and Shea (2024).
[14] Rosen (2020).

pursuing DRA, which Box 2 summarizes.[15] Although they shared many goals in common, the PHA staff members also expressed different priorities in what they hope DRA will achieve in their locality. Their goals generally fall into the following categories: (1) improving households' experience with using the subsidy (including giving families more agency over their housing choices and household budgets); (2) expanding access to rental subsidies; (3) increasing neighborhood and housing choice for subsidy recipients; (4) reducing administrative burden for PHAs, households, and landlords; and (5) improving long-term outcomes for families and individuals.

Box 2. Goals of Direct Rental Assistance: Perspectives of the PHAs in the Planning Group

Improve household experience with using the subsidy

- Ease the experience of searching for and finding a unit with their new subsidy
- Give families greater autonomy to shop for rental units that best meet their needs
- Empower families to find housing and manage their own resources independently
- Give families more control and flexibility over their housing budgets
- Respect individual dignity / DRA is a more dignified way for tenants to receive housing assistance

Expand access to rental subsidies

- Improve lease up success rates; reduce number of households who have to "give back" their voucher because they can't find a suitable unit or a landlord who will rent to them
- Reduce time to lease-up

Increase neighborhood and housing choice for subsidy recipients

- Reduce stigma around having a voucher
- Avoid source of income discrimination when searching for a unit
- Increase landlord participation and attract the participation of new/different landlords
- Expand the range of neighborhoods that households can successfully find units to rent in, including higher-opportunity neighborhoods (where landlords tend to be more reluctant to rent to voucher holders)

Reduce administrative burden

- Relieve administrative burden for PHAs, households, and landlords
- Improve cost efficiency of administering vouchers

Improve long-term outcomes of families and individuals

- Households' financial management skills
- Housing stability
- Economic mobility
- Education outcomes for children
- Health outcomes for seniors

[15] MDRC collected and summarized these DRA goals from a background questionnaire PHAs completed when joining the collaborative, and from their responses to HUD's RFI on DRA (2024-16114.pdf).

The DRA Model Designed by MDRC and Its Partners: An Overview

The DRA model described in this paper could be applicable to a cross-section of households, including families with children and elderly households, and incorporates changes to several core features of the current HCV program. It calls for the following:

- **Paying the subsidy directly to tenants** and severing the contractual relationship between the PHAs and landlords. Households are required to spend all their subsidy on rent and utilities (unlike basic income models), and PHAs periodically **verify** that the tenants have paid the subsidy to the landlord.
- **Modifying how the rental subsidy is determined.** This includes three main elements:
    - **Modifying the calculation** in ways that make the subsidy amount that a household will receive, and the household's remaining costs, more transparent when it begins its housing search. The modification also allows households to save part of their required contribution to rent (not the subsidy portion) if they rent a unit (including utilities) for a lower cost than the maximum subsidy allowed (the applicable payment standard).
    - **Eliminating "rent reasonableness" determination.** This is the current HCV program rule that requires PHAs to ensure, before approving a subsidy, that the rental cost of the unit a household hopes to lease is not excessive in relation to the costs for comparable units in the local housing market. Under the DRA model, this requirement will be dropped.
    - **Eliminating the 40 percent "affordability" cap.** This is the HCV program standard used to assess whether a household can afford to pay a particular unit's rental cost given the household's income and the amount of its subsidy. Households are not allowed to lease units that would require them to pay more than 40 percent of their income for rental costs out of concern that this level of rent burden would make them unable to afford other necessities.[16] Under the DRA model, this rule no longer applies.
- **Eliminating the PHA inspection requirement prior to leasing up.** This is the HCV program rule requiring that tenant-selected units pass a PHA-conducted housing quality inspection before the PHA approves the household's selection and enters a HAP contract with the landlord. In contrast, the DRA model requires that the PHAs provide all households with a self-inspection checklist and guidance on how to use it,

[16] It should be noted that with or without the affordability cap, higher-cost units in higher opportunity areas may generally be unaffordable for assisted tenants. However, basing payment standards on small area fair market rents (SAFMRs) would help make them more affordable by allowing higher subsidies in higher-cost areas.

while allowing the PHAs discretion over what steps to take after a household leases up with its DRA subsidy.

Table 1 summarizes the main features of the model. The narrative that follows describes the core reforms more fully and the rationale behind them. (Other features of the current HCV program that are not discussed would not change.)

Table 1. Direct Rental Assistance: Summary of Proposed Model

Policy	Core features	Optional features
Core feature #1: Subsidy paid directly to tenant		
Subsidy payment	● Paid directly to household. ● PHAs will provide households with a customized letter showing their approved monthly subsidy amount. Households can choose to show it to landlords/brokers, if needed, to demonstrate that they can afford the rent.	
HAP agreement with landlord	Dropped. No formal legal relationship between the PHA and landlord.	
Subsidy usage	To cover housing costs (rent and utilities) only.	
Initial subsidy payment	To trigger *initial* subsidy payment after entering the program (whether leasing in place or moving to a new unit): ● Require copy of an *unsigned* lease from the household. ● For *subsequent* payments to be made: Require copy of the *signed* lease plus evidence of first month payment.	PHAs may choose to provide an advance payment to the household for first month's rent if making a timely initial payment based on receiving a copy of the lease is not feasible.
Verification of ongoing rent payments	To monitor rent payment to landlord: ● Minimum verification: PHA must verify rent payments at least annually, either by verifying payment of first month of a renewed annual lease, first month of a month-to-month extension, or on a schedule that aligns with annual recertifications. PHA must also verify at the time of move if a household moves in the interim. ● Proof of payment can include: Rent payment receipts, canceled checks, electronic records, or other type of documentation deemed acceptable to the PHA. ● Payment of utilities: No verification required. ● PHA must verify that household paid full HAP to landlord.	● PHAs can choose to implement more frequent verification. For example, they can (1) require all households to complete verification every six months (or even more frequently); or (2) require all households to save evidence of payment from all months to show PHA, if requested as part of an audit, for a subset of households, similar to casefile audit. ● PHAs have discretion to also verify that the household paid full contract rent and utilities.

Policy	Core features	Optional features
Core feature #2: Modification of how housing subsidy is determined		
HAP calculation	Modify current HCV HAP calculation: ● Household's subsidy is fixed at applicable payment standard minus 30% of household income (up to the gross rent) regardless of the unit. ● If leasing a unit with a gross rent that is less than the payment standard, the household's required contribution (not the HAP) is reduced (creating a potential shopping incentive).	
Payment standards	Payment standards will be based on SAFMRs, a similar approach, or exception payment standards *(where applicable).*	
Rent reasonableness	Dropped. (*Unless mandated by HUD for MTW agencies)*	
40% of income affordability cap	Dropped.	
Core feature #3: No PHA pre-lease-up inspection		
Pre-lease-up inspection	At time of lease up: ● PHA will not conduct inspections prior to a household leasing up with its DRA subsidy.* *(**Note**: This does not preclude post-lease-up inspections; see below.)* ● Subsidy payment is not tied to the unit passing a pre-lease-up PHA inspection.* ● PHA will educate all households on how to conduct unit inspections and offer additional resources on what actions they can take (at any time) if landlord does not address housing quality problems. **Unless mandated by HUD for MTW agencies for households with children under age 6, for lead paint inspection.*	
Post-lease-up inspections	Post-lease-up: ● If contacted by households with housing quality issues, PHA will guide them to consult the resources made available to them prior to lease-up to address those issues (this includes reporting code violation to a city agency, engaging a certified contractor to inspect a problem, etc.)	PHAs have discretion on post-lease-up inspection requirements and responses. Options include: ○ No post-lease-up inspection (unless mandated by HUD for MTW agencies). ○ Provide households with a formal inspection if requested by the family. PHA could use its own

Policy	Core features	Optional features
	If the landlord does not address a serious HQS issue (e.g., serious threat to health and safety) that is reported to the PHA or discovered through a PHA inspection, PHA will: ● Require household to move to temporary accommodation and begin searching for a new unit (giving consideration to local laws pertaining to stopping rent payments or breaking a lease). ● Continue to pay subsidy for allowable temporary accommodation.	inspectors or hire third-party inspectors on the family's behalf. ○ Require a formal post-lease-up inspection as a condition of continued occupancy, so that PHA is assured of unit quality. Process would be left to PHA discretion. ○ Conduct formal post-lease-up inspections on a sample basis.

Core Feature #1: PHA Pays the Subsidy Directly to Tenants with Periodic Verification of Rent Payments

The most fundamental feature of the DRA model is that the PHA pays the rental subsidy directly to the tenant, rather than paying the subsidy to the tenant's landlord on the tenant's behalf.[17] This eliminates the need for a contract between the PHA and the landlord. Under DRA, the tenant signs a contract with the PHA to agree to the terms of the program, and the tenant signs a lease with the landlord. But there is no contractual agreement between the PHA and the landlord. Therefore, tenants receiving DRA subsidies have the same rights and responsibilities as private market tenants in the area, including the responsibility to pay the full amount of rent to the landlord each month and regularly pay their utility bills (if utilities are not included in the rent).

The DRA model requires that tenants use their direct cash assistance entirely for housing costs (rent and utilities). Verifying that households are using their subsidies for housing costs would be a new administrative responsibility for PHAs, because, under the current HCV program, the PHAs make HAP payments directly to landlords. Minimally, each PHA will verify *annually* that each household used the subsidy for its intended purpose. However, the model allows PHAs discretion over the intensity and scope of verification in the intervening period. Some may opt not to verify at all, while others may adopt a more frequent interim verification schedule, possibly even evidence of payment for every month.

The model only requires verification that households paid their contract rent—the money owed to landlords. If utilities are not included in the contract rent, PHAs will not need to verify separately whether those payments were made.[18] Similarly, PHAs only need to verify that the households paid the HAP share of the contract rent (the share that comes from the PHAs); they will not need to verify that the households paid their full family share (their own expected contribution) to the landlord, although some PHAs may choose to do so. [19]

The process for verifying households' rental payments will vary with different stages of the leasing cycle, as the next sections explain.

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[17] The mechanisms for making the subsidy payments to families and opportunities to use electronic payment systems to ease the burden of verification are under discussion with the PHAs.

[18] In units where the cost of utilities is not included in the contract rent, families could be required, in principle, to provide evidence that they paid their utilities as well as their contract rent, and they could be required to do this at the same time they verify that they had paid their rent to the landlord. However, this would impose extra administrative burden on the PHAs as well as the families. Therefore, instead of requiring verification of utilities, PHAs could assume that families who paid their rent most likely also paid their utilities (which are essential to inhabit their units) and *not* require verification of utility payments.

[19] It is possible that a household that continues to lease with a given landlord has accumulated some rent arrears, perhaps a relatively small amount that the landlord is willing to tolerate, as often happens in the current HCV program. Under DRA, this would be a matter for the household and the landlord to resolve, and not something the PHA will be expected to monitor (although they have the discretion to do so if they wish). At the same time, the PHA may inform (and periodically remind) households about other organizations in the community, or of special programs the PHA may operate, that might help households who experience difficulties paying their rent or need help addressing their arrears that might put them at risk of eviction.

Verification at the time of initial lease-up

The PHAs will require that a household provide evidence that it paid its first month's rent at the time due under the lease. The model allows the PHAs to adopt either of two main options:

- One option is for the PHA to make the initial subsidy payment for the household's first month's rent upon receiving an *unsigned* copy of the lease so that the household has the resources to pay the first month's rent when due under the lease agreement. The household would then be required to return a *signed* copy of the lease along with evidence of having paid the first month's rent before the second payment is issued. (This initial verification process would need to work quickly so that the household does not immediately fall into arrears.)

- The second option is providing an initial payment to a household at the time the household is given the subsidy offer (akin to the time of voucher issuance). This is a way to make sure the household has money for the first month's rent available at the time it is prepared to sign a lease. In calculating the initial payment amount, the PHA would apply the average payment standard for the PHA's service area. Any overpayment or underpayment would be adjusted for and reflected in the subsidy paid for subsequent months.

Evidence of payment will take the form of copies of canceled checks, records from electronic payment systems (e.g., made through PayPal, Venmo, or Zelle), or some other documentation deemed appropriate by the PHA.

In special cases where landlords do not use a formal lease, substitute forms of verification that the subsidy is being used for rent could be acceptable in lieu of a lease, including, at a minimum, verification of the address of the unit and landlord's name and contact information, and evidence (in the forms noted above) that an initial payment to the landlord had been made.

Verification of rental payments after lease-up

After lease-up, PHAs will verify households' rental payments at least annually, or at the time of a move if a household moves in the interim. As noted below, PHAs will try to align the annual verification with the timing of recertifications, even if it means some slippage from the annual verification schedule. PHAs have discretion over how often they will verify the payments during the interim months. Some PHAs may choose not to seek interim verification at all, while others may seek verification for every intervening month or periodically.

- **Verification for households who renew an existing annual lease.** At a minimum, households that renew their lease with the same landlord for another year will provide the PHA with a copy of the new signed lease at the time of renewal. In addition, the household will be required to provide evidence (e.g., in the forms described above) of having paid its rent the *first month* of the renewed lease. The fact that a landlord is

willing to renew a lease would be considered sufficient evidence that the household remained in good standing with the landlord and that the housing subsidy was being used for its intended purpose. The same process would continue for all subsequent lease agreements with the same landlord. However, as stated above, some PHAs may opt to collect evidence of payment during some or all of the intervening months.

- **The timing of annual verification with lease renewals**. Some of the administrative burden associated with annual verification will be lessened if the annual verification is aligned with the dates of annual income recertifications.[20] Some slippage in the timing of an annual verification would thus be allowed for that purpose. PHAs with biennial or triennial recertification periods for certain types of tenants will need to review lease renewals for verification purposes on an annual basis.

- **Verification when leases are extended on a month-to-month basis with the same landlord.** In many cases, after the initial term of a lease, extensions are made on a 30-day basis. In those circumstances, households will verify that they paid the rent for the first month of the month-to-month extension, and, at a minimum, at the beginning of each subsequent year if the household continues to live in the same unit.

- **Verification in cases where the household moves to a new unit.** In cases where a household does *not* renew a lease with the same landlord, or does not continue with a month-to-month lease with the same landlord, the PHA will require that the household send it a signed copy of the new lease with its new landlord at the time it moves, along with evidence that it paid the first month's rent on the new lease, as well as the last month's rent on the prior lease or the for the final month of a month-to-month lease). Households that move will need to provide proof of the new address. A subsidy adjustment may be necessary, depending on the payment standard applicable in the area where the new unit is located.

What happens if a household leaves a unit without a new lease and without notifying the PHA?

Some households may leave their unit without leasing a new unit. For example, they may have been evicted, had a change in family circumstances (e.g., moved in with a partner), moved in with other friends or family, or even moved out of the region or the state). In such cases, the household will be required to notify the PHA of this change (as under current HCV rules). If the PHA determines that the household's change in circumstances means the household no longer

[20] Some MTW PHAs apply biennial or triennial recertifications for a subset of their HCV population (households on fixed income, for example). This reduction in administrative burden would not apply to these households for the years between recertifications.

qualifies for the subsidy program, it will terminate the household's DRA subsidy, just as it would for similar households under the regular voucher program.

Some households in these circumstances may fail to inform the PHA of these changes in their living arrangements and continue to collect the housing subsidy, in violation of the program's rules. However, these cases are expected to be rare, and such unintended payments would not persist indefinitely. Instead, if no interim verification were required, the payments would stop at the end of the one-year lease period, because, at that time, the household would no longer be engaged with the PHA or would not have provided it with a new signed lease dating from the time of its move and evidence of a first-month's payment on the new lease.

In those cases where a household does not inform the PHA of its change in residential circumstances according to program rules, the PHA may seek to recoup the unintended subsidy payments, and/or bar the household (nationally) from receiving federal housing subsidies in the future by including them on a "debts owed" list. At worst, if none of this money is recouped, the annual verification requirement will limit to PHA's period of making payments that are not used for rent to less than a year.

While DRA severs the contractual relationship between PHAs and landlords, it is possible that landlords renting to DRA tenants may have periodic questions about the model or how to address particular issues with tenants. The PHAs will determine their preferred means for communicating with property owners and brokers and responding to their queries about the model (e.g. posting an FAQ on the PHA website, maintaining a hotline, continuing to provide landlord-tenant mediation services).

Core Feature #2: Change in How HAP Subsidies Are Determined

The DRA model proposed here modifies the HAP subsidy calculation so that the amount of subsidy a household of a given size and location receives will generally not vary across units with different gross rents. The DRA subsidy calculation subtracts the household's TTP from the *payment standard* instead of the *gross rent* of a particular unit the household chooses. One way to view this is that, instead of the subsidy filling the gap between the household's TTP and the gross rent, the subsidy stays the same and the household's tenant contribution fills the gap up to the gross rent. In other words, across units, the subsidy based on a household's size and income stays fixed while the household's tenant contribution can vary.

This approach can make it easier for households to understand how much subsidy they will have available as they search for units. It can also create an incentive to compare rental costs and shop for less expensive units of the same value (to the household). Box 3 shows an example of how a family's subsidy is calculated under DRA compared with HCV under two different scenarios.

Under the DRA model proposed here, households would be offered a HAP subsidy calculated as the payment standard for a given household size minus 30 percent of household income—but the

subsidy would not exceed the gross rent.[21] However, in contrast to current rules, where HAP subsidy for a unit renting below the payment standard is capped at the gross rent of a given unit minus 30 percent of adjusted household income, the DRA HAP subsidy would *not* vary for units that rent below the applicable payment standard (unless a smaller subsidy is needed to cover the entire gross rent). Instead, if a household finds a unit with a gross rent below the payment standard, its tenant contribution, *not the HAP subsidy*, would be reduced. (For a fuller illustration, see Appendix Table 2.)

Box 3. Example of how HAP subsidy is calculated in HCV vs. DRA

Family's monthly income: $2,000 (TTP = 30% of adjusted income = $600)
Payment standard = $1,500

HCV subsidy = [lower of gross rent or payment standard] minus TTP

DRA subsidy = payment standard minus TTP

	Unit gross rent = $1,400		Unit gross rent = $1,600	
	HCV	**DRA**	**HCV**	**DRA**
Subsidy calculation	$1,400 - $600 =	$1,500 - $600 =	$1,500 - $600 =	$1,500 - $600 =
Subsidy	$800	$900	$900	$900
Tenant contribution	$600	$500	$700	$700

Potential benefits of changing the subsidy calculation

Changing the subsidy calculation so that the subsidy generally does not vary across housing units in the same community or zip code where given payment standards apply would have several potential benefits.

- **Making the subsidy more transparent and empowering households**

This approach would make the available subsidy more transparent for households. This is because when households set out to find a unit, they would (in most cases) know the exact amount of monthly subsidy payment they would receive from the PHA, regardless of which unit

[21] For the pilot, the model does not specify a new minimum rent policy. It assumes that the PHAs can use the same minimum rent policy as in their HCV program.

they choose to lease.[22] Keeping the subsidy fixed would make it easier for households to make informed choices over how much of their own money to spend on housing, which could be some amount more than 30 percent of their income, or possibly even less than 30 percent—if they rent a unit with a gross cost below the payment standard, as described below. It would empower them to make housing choices based on their own needs and priorities, allowing them more control over their household budgets.

- **Building a "shopping incentive" shopping incentive into the subsidy**

The DRA HAP calculation is also designed in a way that intentionally creates a kind of housing "shopping incentive" for households. In their *Cityscape* paper, Joice, O'Regan, and Ellen propose that the DRA subsidy:

> …would empower assisted households to be full participants in the rental housing market—to weigh trade-offs between unit cost, quality, and location, and to make the choice that best meets their needs. A household that chooses a less expensive unit would get the same subsidy and use less of their own funds.[23]

The DRA approach would create this incentive to "shop around" by keeping the subsidy the household receives largely the same across units. Under the HCV subsidy calculation approach, the amount that a household pays in housing costs does go up with higher cost units and down with lower cost units, like in the private market, but only at levels above the area's payment standard. Below the payment standard, the household does not have any incentive to consider lower cost units – or negotiate for a lower rent – even if those lower cost units are equivalent in terms of factors that matter to the family, such as location and housing quality. Therefore, a household who finds a unit with a gross rent at the payment standard may more easily accept that unit without "shopping around" to see if there are equivalent units with lower rents.

In addition to empowering households to decide whether the money they would save on their tenant contribution is worth the tradeoff in selecting a less expensive or more expensive unit, the DRA approach may have a beneficial effect on the housing market. Today, especially in

[22] The household would know the exact amount of the subsidy regardless of which unit the household chooses *within the area of a given payment standard.* (The implications of using SAFMRs to set payment standards are discussed below.) One exception to households knowing this exact subsidy amount is if a household has a low income (and a large potential subsidy) but is considering units with gross rents less than what they *could* receive in HAP for units with gross rents at the payment standard. In those situations, the subsidy would be lowered to the gross rent amount. Thus, because the household's high subsidy would put it close to the gross rent threshold, the household may need the PHA to determine whether the subsidy based on the payment standard minus 30 percent of income would exceed the gross rent cap (and would need to be lowered), especially taking into account utility costs not covered by the contract rent. However, unless a family has a large HAP that is close to covering the full gross rent, the extra cost for utilities is unlikely to be so high that the HAP will exceed the gross rent. Thus, in most cases, the family would not need to have the PHA determine whether the fixed HAP amount actually needs to be lowered for a particular unit.

[23] Joice, Ellen, and O'Regan (2024).

lower-income communities where many voucher holders are concentrated, many landlords are well aware of the payment standards set by PHAs and peg the rent they charge to those standards. This can contribute to rent inflation if the "going price" for particular units would be less in the absence of the voucher program. Thus, by creating a shopping incentive for subsidized tenants, it is hypothesized that the DRA approach, operated on a large enough scale, may provide a check against inflated rents.[24]

Under the HCV program, PHAs are required to conduct "**rent reasonableness"** determinations to guard against landlords charging excessive rents. Approval of a HAP subsidy under HCV is contingent on a unit passing this rent reasonableness determination by the PHA.[25] This is intended to prevent excessive rents being charged to tenants in the voucher program—i.e., landlords charging more for voucher holders than they would likely receive from unsubsidized tenants. These calculations are widely considered difficult to perform, often inaccurate, and open to gaming or manipulation.[26] In the proposed DRA model, it is hypothesized that this "shopping incentive" will perform that function instead, by relying on the same market forces that set rent levels in the private market. In the DRA model, the rent reasonableness requirement is eliminated. If landlords face price competition from other similar units that subsidized households can choose from, there is less incentive for them to peg their rents to the payment standard and a greater incentive to set rents at levels in line with similar units.

The DRA policy also eliminates the housing "**affordability standard**," a rule that, in HCV, restricts the units that households can choose to use their voucher to only units where the gross rent amount would not result in the household paying more than 40 percent of its income toward housing costs.[27] Unlike the HCV program, where households don't know their family share for a unit until they are well into the lease-up process, the transparency of knowing the subsidy amount in DRA allows households to make informed decisions about how much their own housing costs would be for different units at the time they are searching for a unit. This feature also gives households the freedom to decide whether assuming a somewhat higher rent burden for a particular unit in a particular location would better suit their family's needs than one

[24] In their *Cityscape* paper, Joice, O'Regan, and Ellen hypothesize that: "Relative to the current HCV subsidy calculation, this (the "shopping incentive") should impose greater market discipline and could exert downward pressure on rents."[24] In other words, a shopping incentive has the potential, in theory, to influence the rental markets that households with low incomes face.

[25] Once a household identifies a prospective unit, the PHA must conduct an analysis to determine whether the contract rent being charged for the unit is comparable to the rents that landlords are charging for other similar rental units in the neighborhood. A unit must pass this comparative analysis before it is approved.

[26] See Joice et al. (2024) for a discussion of this issue.

[27] If the household finds a unit that exceeds the payment standard, it can pay the excess cost with its own money, as long as its total contribution toward the gross rent (its "family share") does not exceed 40 percent of its adjusted income at the start of a new lease. This provision is referred to as the **"affordability standard."**

that meets the 40 percent standard. Dropping this rule also removes another step that staff must complete with tenants that can slow down the lease-up process.

In summary, the proposed approach for determining a DRA subsidy may give households more agency in choosing units that balance their needs and priorities by introducing some additional flexibility over how much they pay out of pocket toward their rent and utilities. It may equip them with a clearer understanding of their potential subsidy as they begin searching for units and improve the efficiency of the lease-up process, possibly contributing to higher lease-up success rates and reducing the time required to lease up. And it may provide some counterbalance to potential rent inflation that a DRA policy without a rent reasonableness component might encourage.

Potential risks of changing the subsidy calculation

Although a change in the HAP calculation may have important benefits, it is important to recognize that changing the calculation may generate its own unintended consequences and expose households and PHAs to new risks. For example, if households prioritize lower out-of-pocket housing costs, they may make housing choices that lead them to select much lower-quality units, possibly in much lower opportunity neighborhoods.

Several factors may help to mitigate this risk in different ways, although not eliminate it entirely.

> ***Mitigation factor #1:*** **Small Area FMRs (SAFMRs).** Small area FMRs (or a similar policy) potentially offer more protection against encouraging households to choose the cheapest units they can find—especially if PHAs lower the payments standards they set for lower-cost areas and do not simply increase payment standards for higher-cost areas, so that the cost distinction between lower- and higher-opportunity areas is clear and meaningful. With SAFMRs, balancing other considerations, the household would have a *much greater* incentive to seek housing in higher-cost areas. It would still have a shopping incentive, but that shopping incentive would be the *same* in higher-cost areas as in lower-cost areas—and it would be swamped by the much higher overall incentive to try to rent in a higher-cost neighborhood created by the SAFMRs, if the neighborhood has features that the family prefers. (For an illustration, see Appendix Table 3.)
>
> ***Mitigation factor #2:*** **A naturally diminishing shopping incentive that would discourage selection of units with costs far below the payment standard for some households.** It is important to note that the reduction in the tenant contribution that a household could achieve by selecting a unit with a gross rent below the payment standard would not grow continuously if the household were to seek cheaper and cheaper units. At some point, there is a naturally occurring "brake" on this incentive that could help protect against households choosing units with exceptionally low rents (reflecting extremely substandard unit quality or neighborhood conditions). This is because the subsidy payment will never exceed the gross rent, so that even if a household were able to find a

unit where it paid little or no tenant contribution, it would have no advantage to rent an even less expensive unit—there would be little further opportunity to reduce their own contribution. (For an illustration, see Appendix Table 2.)

Mitigation factor #3: **Mobility education and counseling and other lease-up support.** A third way that PHAs could mitigate against a shopping incentive having the effect of overly encouraging households to move to lower-cost areas is through mobility counseling. Many PHAs already offer this kind of housing navigation support to households. Where such services exist, they may help households seeking to move to higher opportunities areas do so. Similarly, other general lease-up assistance, such as help paying for application fees and security deposits, may facilitate renting in higher-opportunity areas.[28]

Another concern with changing the HAP calculation has to do with overall government expenditure on subsidies. Because the HAP expenditures under the DRA model would generally not be reduced when households select units renting for less than the payment standard (in contrast to current policy), the average subsidy cost incurred by the PHA per voucher may increase in the short term. Depending on the continuation of recent renewal policies, the PHAs could recoup those extra costs from the federal government in subsequent years. At the same time, a downward pressure on market rents due to a shopping incentive operating on a large scale may counteract the potential increase in overall voucher program subsidy costs, as most costs are incurred for subsidy renewals of households remaining in the same units.

Core Feature #3: No Pre-Lease-Up Inspections

When the Section 8 Housing Choice Voucher program was first established, the inspections were intended to ensure that households receiving government housing subsidies were not forced to live in substandard housing that posed health or safety risks. Over the subsequent decades, housing quality has improved greatly.[29] While many renters with low incomes still live in poor quality housing today, many cities have other processes in place to address that problem. Also, HCV inspection standards require units to meet many requirements to pass inspections, ranging from important safety issues (e.g. electrical hazards, lead paint, mold) to more minor features

[28] In a demonstration project to test the DRA proposed in this paper, PHAs that do not currently offer mobility services or financial assistance would be allowed to add them, but they would need to offer the same services and assistance to the control group as well as the program group. This is so the evaluation could determine the impact of DRA above and beyond any impact that mobility-related services and financial supports themselves might have on lease-up rates or opportunity moves.

[29] See Joice, Ellen, and O'Regan (2024) for further discussion of this issue. Citing other research and their own calculations, they note that in 1975, roughly 5 percent of housing units were "severely inadequate," and that this had fallen to 2 percent by 1997 and 1.4 percent in 2021. They also point to similar declines for housing units with "moderate" physical problems. See also Stegman and Shea (2024).

(e.g. a broken window screen).[30] This process can prevent households from prioritizing factors such as neighborhood quality or suitability, or access to public transportation, over physical characteristics of units, even if the unit is safe to live in. The inspection process also makes it easier for landlords to discriminate against voucher holders. Even in cities with source-of-income laws, it may give landlords a legal way out of renting to a voucher holder if the unit fails an inspection, since the landlord can choose not to make the repairs required for it to pass the inspection.[31] Whether the voucher program's own onerous inspection process is needed today, or is necessary in every city and neighborhood for every unit is an important policy question.

For MTW agencies using federal funds to cover DRA subsidies, HUD may require pre-lease-up inspections, and that the household's selected unit pass that inspection, in some cases as a condition of households leasing up with their DRA subsidy. The inspection process may include a pre-lease-up inspection conducted by the PHA (as under the current voucher program), which may be virtual. Alternatively, it could include a pre-lease-up inspection by the household, following guidelines provided by the PHAs, with the results subject to PHA approval. The PHAs would then have to conduct its own in-person inspection within 30 to 60 days after lease-up. HUD's requirements may vary by PHA, depending on local protections that exist to ensure that rental housing meets housing quality and lead safety standards.

Non-MTW agencies (and some MTW agencies) that implement DRA would use state, local, and/or private dollars to pay the housing subsidies. Consequently, they would not be subject to HUD's inspection requirements (or any other HUD requirements) and may follow an alternative approach. For the PHAs in MDRC's demonstration not using HUD funds to pay the subsidies, the model calls for eliminating pre-lease-up inspections and leaves the choice of conducting post-lease up inspections, and the form they would take, to PHA discretion.

- **Household-led inspections prior to leasing up**

The proposed model reflects the expectation that requiring a PHA-conducted or supervised self-inspection prior to lease-up—and as a condition of a household leasing up—will slow down the lease-up process, discourage some landlords from renting to subsidy recipients, and lessen the extent to which DRA reduces a PHA's administrative burden. Consequently, the model calls for limiting the pre-lease-up process to a self-inspection process conducted by the household, but not supervised by the PHA, and without making subsidy approval contingent on the unit meeting a PHA-determined inspection standard.

[30] HUD is currently rolling out a modified inspection process called NSPIRE that attempts to address these concerns by focusing inspection standards on physical safety and less on appearance, so that it is less likely for a unit to fail an inspection due to issues that do not threaten the tenant's safety. See Stegman and Shea (2024) and National Standards for the Physical Inspection of Real Estate (NSPIRE) | HUD.gov / U.S. Department of Housing and Urban Development (HUD)

[31] Rosen (2020).

PHAs adopting this alternative approach will educate households prior to lease-up about housing quality issues, how to complete inspections on their own (using guides and checklists provided by the PHAs), and what role, if any, the PHA can play if unit quality issues that are identified go unaddressed by the landlord. This guidance will include information on the steps a family can take to get its landlord to address the problem, including information on other agencies in the city (such as legal aid or the city's buildings department) that they could contact for assistance.

- **Optional PHA approaches to inspections after households move in**

PHAs may choose not to conduct any inspections after a household moves into a unit.

Alternatively, the PHA may offer a professional inspection, either by its own staff, or by paying for a third-party inspector, if a household requests it. Although the results would be shared with the PHA as well as with the household, the inspection would be offered as a service to the family, and passing the inspection would not be a condition of receiving its rental subsidy.

If a household voluntarily reports a housing-quality problem with its unit to the PHA, or if the PHA-supported professional inspection identifies a housing-quality problem, the PHA would typically take no direct action to intervene with the landlord on the household's behalf to resolve the problem. Instead, the PHA would refer the household back to the informational material it had provided prior to lease-up, including reminding the household of other agencies in the community that may be helpful to them in trying to get its landlord to make necessary repairs and remedy the problems.

In cases where a household reports to the PHA that a housing unit's condition poses a severe and immediate threat to the household's health and safety (which are likely to be rare), or the PHA learns this from a formal inspection requested by the household, the PHA would require that the household move from the unit, and it would allow the household to use its DRA subsidy for temporary accommodation while it seeks a new unit, under a timeline and terms set by the PHA (e.g., within 60 days).

A PHA that wishes to conduct inspections of its own at some time during a household's tenancy, and possibly for only a sample of units, could choose to do so, with a household's approval. Without the landlord's approval, the PHA inspectors would presumably have access to the unit and areas of the building to which the tenant has access, but not to areas off limits to the tenant, and the professional inspection would be restricted to conducting visual inspections. (In some areas, it may be necessary to notify the landlord of the inspection even with these restrictions.) Inspecting systems external to the household's unit or requiring more than just a visual inspection may require landlord approval. (Local laws should be consulted.) In some cases, based on the professional inspections, the PHAs could offer to work with willing landlords to help them pay for restorative work that would help them ensure that their units met housing quality standards.

Conclusion

The Direct Rental Assistance model would empower households to handle the unit selection and lease-up process on their own and allow landlords to avoid the kinds of bureaucratic entanglements with housing agencies that currently dissuade many of them from renting to voucher holders and that add to the administrative burden and costs incurred by PHAs. This alternative approach may improve lease-up success rates for households who receive a voucher and are searching for a unit. It may also lessen the time between issuance of a voucher and lease-up—reducing the search burden on households, their time in "housing limbo," and the burden on the housing agencies to issue search-time extensions or revoke the voucher. As an additional benefit, if streamlining the administration of housing vouchers reduces administrative costs, those extra resources could potentially expand the number of households who receive a voucher.

If the direct rental assistance approach appeals to more landlords compared with the current system, it may increase the overall share of existing housing units available to voucher holders. It may also give those households a wider range of housing options, including, potentially, access to better quality housing and higher opportunity neighborhoods where landlords have traditionally been less likely to participate in the voucher program.

At the same, much is unknown. Like many innovative social policies, unintended consequences could undermine the anticipated benefits, or the expected benefits may not materialize for other reasons. It may be the case that the form of subsidy does not make a difference, and that eliminating some of the bureaucratic impediments are not enough to improve lease-up outcomes. It is also known that some landlords who currently lease to voucher holders like working with housing agencies because they appreciate the assurance that the agency's share of the rent will always be paid. Some may be less inclined to lease to tenants with cash subsidies than traditional vouchers out of a concern that they will not keep up with their rent payments. There are concerns also that incorporating a shopping incentive into the subsidy calculation, eliminating the rent reasonableness requirement, and eliminating the mandate for PHA inspections may cause many households to gravitate toward worse housing in lower opportunity neighborhoods with worse schools, higher crime, and greater racial segregation in order to save some of their subsidy to pay for other basic necessities. Eliminating the 40 percent rent reasonableness standard might lead some households to become excessively rent burdened. And the requirement that PHAs verify that the subsidies paid directly to tenants are used as intended, to pay for their housing costs, could offset to some extent some of the other administrative simplification that DRA aims to achieve.

In sum, the DRA model proposed here offers many potential benefits to PHAs, households, and landlords. But it is also possible that it may not live up to its promise, and it could even have deleterious effects. No one yet knows. These and other open questions make it imperative to evaluate the approach carefully, and across locations that differ in terms of housing

vacancy rates, housing quality, regulatory regimes, voucher program characteristics, tenant access to mobility services and social services, local political attitudes, and other conditions.

MDRC Direct Rental Assistance Design		
PHA Participants (confirm list)		
Location	**PHA/Organization**	**Name**
Baltimore, MD	Baltimore Regional Housing Partnership	Adria Crutchfield, Peter Cimbolic
	Housing Authority of Baltimore City	Corliss Alston, Jeannine Dunn
Denver, CO	Community Economic Defense Project	Zach Neumann, Christina Garcia
Dallas, TX	Dallas Housing Authority	Troy Broussard, Myriam Igoufe, Maggie Deichert
Hartford, CT	Connecticut State Department of Housing	Steve DiLella
New Haven, CT	Elm City Communities	Shenae Draughn, Johnny Shively
New York City	New York City Housing Authority	Lakesha Miller. Andra Stanley
Norwalk, CT	Norwalk Housing Authority	Adam Bovilsky, Anna Keegan, Krasimira Carlucci
Oakland, CA	Oakland Housing Authority	Patricia Wells, Dominica Henderson, Ellen Robertson
San Jose, CA	Santa Clara County Housing Authority	Preston Prince, Angie Garcia-Nguyen, Rachel VanderVeen, Heather Miller, Tui Varela
Tukwila, WA	King County Housing Authority	Robin Walls, Anneliese Gryta, Andria Lazaga, Emilee Quinn, Grace Wood

Appendix: Changes in the Housing Subsidy Calculation

This Appendix explains in more detail how PHAs would determine households' housing assistance payments (HAP) –their housing subsidies—under the DRA model designed by MDRC and its partners. Some elements would not change from the current HCV HAP calculation rules, but the housing subsidy calculation would differ in some important ways.

How Subsidies are Calculated Under Current Voucher Rules

It is helpful to explain these changes first by illustrating the current HCV policy. Under current rules, the PHA identifies the applicable payment standard for a household of a particular size (and the unit's location, if relevant) and subtracts from it the household's required total tenant payment (TTP), an amount generally equal to 30 percent of a household's adjusted household income. The subsidy fills the gap between the family's TTP and the payment standard, but only up to the gross rent (contract rent plus utilities) for the selected unit. Put differently, the subsidy is either the *payment standard* minus the TTP, or the *gross rent* minus the TTP—whichever is lower.

If a household chooses a unit that rents for more than the payment standard, it would be allowed to do so as long as it paid the extra amount out of its own money and its total contribution ("family share") did not exceed 40 percent of its adjusted income (the "affordability standard"). The unit would also have to pass a "rent reasonableness" assessment, based on comparisons with other similar private rental units in the area.

Under this approach, if the household were to lease a unit with a gross rent *below* the payment standard, the subsidy would be lower than it would be for a unit that rented at or above the payment standard. The household's TTP would always remain the same across units with different gross rent levels.[32] Thus, a household would have no special incentive to seek a unit that charges a contract rent below the payment standard, because its TTP would not change by doing so.

Appendix Table 1 presents an example for a hypothetical family with a $1,000 monthly household adjusted income and a $300 TTP (i.e., 30 percent of its income) and facing a payment

[32] PHAs could use any net HAP savings resulting from families selecting units renting below the payment standard to serve additional families from the waiting list, or to build up their reserves. Renewal subsidies HUD provides in subsequent years generally reflect PHAs' actual costs in the prior year, adjusted for inflation, so if PHAs do not use any savings from families selecting units with gross rents below the payment standard to serve more families or otherwise increase HAP spending, the savings would accrue to HUD but not to PHAs after the initial lease-up year. And if savings are used to increase reserves they are vulnerable to HUD recapture, depending on the PHAs' total reserve amount and the applicable annual funding policy. PHAs with different funding policies under an MTW agreement may continue to accrue some savings from families choosing units with lower gross rents.

standard of $1,100. If this family rents a unit with a gross rent at the payment standard, it will have a $300 TTP and receive an $800 subsidy. If it rents a unit with a lower gross rent, say $900 instead of $1,100, it will still have a $300 TTP, but its subsidy will shrink to $600. Clearly, the family would not benefit from seeking a lower-cost unit. If the family chose a unit with a gross rent of $1,300 (exceeding the payment standard), the subsidy would remain the same, but the family would have to pay the extra $100 out of its own money (making its family share $400), because the TTP plus HAP cannot exceed the gross rent. The same family would not be allowed to rent a unit with a gross rent of $1,400, because that would require a $500 family share, or 50 percent of the household's monthly income, putting it out of compliance with the 40 percent affordability rule governing new lease-ups.

Appendix Table 1

Subsidy Calculation Example: Current Voucher Rules

KEY ASSUMPTIONS

- The 40% affordability and rent reasonableness rules apply

Sample Family

- Monthly household income = $1,000
- 30% of household income = $300

Sample HAP conditions

- Payment Standard (PS) = $1,100
- Subsidy+TTP cannot exceed gross rent

	Gross Rent is Above PS		Gross Rent is at PS	Gross Rent is Below PS			
	GR= $1,300	**GR= $1,200**	**GR= $1,100**	**GR= $900**	**GR= $800**	**GR= $700**	**GR= $600**
Subsidy	$800	$800	$800	$600	$500	$400	$300
Household contribution	Rental not permitted *($500 family share > 40% of HH income.)*	$400	$300	$300	$300	$300	$300

The DRA Alternative: A Modified HAP Calculation

The DRA model proposed here eliminates the 40 percent affordability standard and the rent reasonableness requirements. PHAs would calculate the subsidy as the payment standard minus 30 percent of the household's adjusted income, with the subsidy capped at the gross rent. However, the household's tenant contribution would not be fixed at 30 percent; it could be lower (or higher). This is because the HAP subsidy would *not* vary across units that rent at different levels below (or above) the payment standard (unless a smaller subsidy were needed to cover the entire gross rent). Instead, if a household found a unit with a gross rent below the payment standard, the household's tenant contribution, not the HAP subsidy, would be reduced. It could then use the savings on its tenant contribution for other purposes. This creates a "shopping incentive"—an incentive to pay attention to the gross rent for a unit and consider a unit where that rent is lower than the payment standard. Alternatively, the household could try to lease a more expensive unit that requires that it contribute more of its own money toward the rent.

Appendix Table 2 illustrates this with the same hypothetical family used for Appendix Table 1. If this family rents a unit with a gross rent at the payment standard ($1,100), it will have a $300 tenant contribution and receive an $800 subsidy (just as in the Table 1 example). However, if it rents a unit with a gross rent at $900, it will still receive an $800 subsidy, but its tenant contribution will fall to $100—rather than the $300 it would otherwise have had to pay in rent under current voucher rules (yielding a savings of $200). In this case, the tenant contribution fills the gap between the subsidy and the gross rent rather than, as under current rules, the subsidy filling the gap between the TTP and the gross rent. Under this approach, a family could theoretically reduce its tenant contribution to $0 by choosing a unit where the HAP would cover the entire gross rent (e.g., in this illustration, if the HAP is $800 and the gross rent is $800).[33]

[33] However, if the idea of allowing some households (other than those with zero income) to pay $0 toward their rent is deemed problematic due to concerns about voucher program costs, perceived fairness, or other reasons, PHAs may choose to require that such households pay a minimum amount toward their rent. In the pilot stage, PHAs plan to use the same minimum rent policy as in their HCV program.

Appendix Table 2

Subsidy Calculation Example: DRA Calculation

KEY ASSUMPTIONS

- No 40% affordability rule and no rent reasonableness determinations

Sample family

- Monthly household income = $1,000
- 30% of household income = $300

Sample HAP conditions

- Payment Standard (PS) = $1,100
- HAP is capped at gross rent

	Gross Rent is Above PS		Gross Rent is at PS	Gross Rent is Below PS			
	GR= $1,300	**GR= $1,200**	**GR= $1,100**	**GR= $900**	**GR= $800**	**GR= $700**	**GR= $600**
Subsidy	$800	$800	$800	$800	$800	$700	$600
Household contribution	$500 *(=50% of HH inc.)*	$400	$300	$100	$0	$0	$0
How much less the HH pays in rent*	$0	$0	$0	$200	$300	$300	$300

*The reduction in the tenant contribution represents a savings relative to the $300 TTP the family would pay if it rented a unit at the payment standard. For example, by renting a unit with a gross rent of $900 instead of at the payment standard level of $1,100, the family would contribute only $100 toward its gross rent, rather than $300, thus saving $200.

Two Features of the DRA HAP Discourage Households from Seeking the Lowest-Cost Housing in the Lowest-Cost Neighborhoods

As noted in the main text of this document, several features of the proposed DRA policy may help to mitigate the risk that the **proposed DRA HAP** calculation will create too much of

an incentive for households to move to poorer-quality units in higher-poverty areas. The following sections illustrates how these features may lessen the risk.

- **Diminishing returns on a household's efforts to reduce its tenant contribution.**

The tenant contribution "savings" that a family could achieve by selecting a unit with a gross rent below the payment standard has a floor due to the policy capping the subsidy amount at the gross rent if less than the payment standard. For example, as **Appendix Table 2** shows, if the family finds a unit for $700 (rather than for $800), its tenant contribution will still be $0, but its subsidy will then drop from $800 to $700—again, because the HAP would never exceed the gross rent. Similarly, a unit with an even lower gross rent (e.g., $600) would offer it no additional advantage. Once the HAP covers the entire gross rent, the family has nothing more to gain by renting an even less expensive unit. Although this feature does not fully offset a possible financial incentive to seek less expensive housing in less expensive areas, it may limit the incentive for a family to select the lowest-cost unit it could possibly find. This factor is likely relevant only to households whose subsidy levels are high enough that units exist in the rental market with gross rents below those subsidy levels. These could be households that have the lowest incomes and/or are located in lower-rent parts of metropolitan areas with higher average rents reflected in PHAs' payment standards.

- **Small Area FMRs would continue (or create) a strong disincentive to seek housing in the poorest neighborhoods.**

The proposed DRA subsidy policy includes use of small area FMRs (or a similar policy) rather than the option available to PHAs in most areas of the country to use FMRs based on rents throughout the metro area. (As of early 2025, HUD requires PHAs in 65 metro areas to use small area FMRs.) Small area FMRs are designed to encourage households to consider moving to higher-cost (and presumably higher-opportunity) areas, because the amount of housing subsidy they receive could be higher.[34] **Appendix Table 3** helps illustrate this point. Suppose a PHA sets a higher payment standard for some higher-cost areas (e.g., $2,000 per month) and a lower payment standard for some lower-cost areas (e.g., $1,000 per month). Using the same hypothetical family that Appendix Tables 1 and 2 used, Appendix Table 3 shows that with SAFMRs, the family would have a *much greater* incentive to seek housing in higher-cost areas.

In this illustration, the starting point for the subsidy calculation is again the payment standard minus 30 percent of adjusted household income (the maximum subsidy a family could receive). For the hypothetical family, 30 percent of the income = $300. If the family selects a unit in the higher-cost area with a gross rent equal to the payment standard for that area, its subsidy will be $1,700 (i.e., $2,000 PS minus a $300 tenant contribution). In contrast, if the family rents a unit in the *lower-cost area* where the gross rent equals the lower payment applicable in that area ($1,000), it will still pay $300 as its share of the rent, but its subsidy will

[34] add cite to SAFMR research

Appendix Table 3

DRA Subsidy Calculation Example in Context of Small Area FMRs

KEY ASSUMPTIONS

- No 40% affordability rule and no rent reasonableness determinations

Sample Family

- Monthly household income = $1,000
- 30% of household income = $300

Sample HAP conditions

- Payment Standard (PS) = $2,000 or $1,000 (SAFMR)
- HAP is capped at gross rent

	High Payment Standard Area (PS=$2,000)				Low Payment Standard Area (PS=$1,000)			
	Gross Rent is at PS	Gross Rent is Below PS			Gross Rent is at PS	Gross Rent is Below PS		
	GR= $2,000	GR= $1,900	GR= $1,800	GR= $1,600	GR= $1,000	GR= $900	GR= $800	GR= $600
HAP Subsidy	$1,700	$1,700	1,700	$1,600	$700	$700	$700	$600
Household contribution	$300	$200	$100	$0	$300	$200	$100	$0

fall to $700 (i.e., $1,000 PS minus a $300 tenant contribution). Clearly, this family will have no financial incentive to seek a unit with a gross rent *at the payment standard* in the lower-opportunity area rather than in the higher-opportunity area, because in either case its tenant contribution will be $300.

It would still have a shopping incentive, but that shopping incentive would be the *same* in higher-cost areas as in lower-cost areas—and it would be swamped by the much higher overall incentive to try to rent in a higher-cost neighborhood created by the SAFMRs. For example, if it can find a unit within the higher-cost area with a gross rent of $1,900 (instead of at the $2,000 payment standard for that area), it will still receive a $1,700 subsidy ($2,000 PS minus $300), but it will only have to pay a $200 tenant contribution (to fill the gap between the $1,700 subsidy and the $1,900 gross rent). If the family selects a unit in the lower-cost area with a gross rent of $900 (rather than at the payment standard level of $1,000), it will only receive a $700 subsidy ($1000 PS minus $300). It will still only pay a $200 tenant contribution to fill the gap, but it will

have access to a much lower subsidy. Thus, this family could rent a higher-cost unit in the higher-cost area with exactly the same or lower tenant contribution—and likely more effective schools or other desirable attributes—than it would need to rent a unit in a lower-cost area. It would have no financial incentive to choose to live in the lower-cost area.

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Attachment 2: Inspection Checklist

DRA Self-Inspection Checklist - Initial Inspection

Instructions: Complete this checklist before submitting it to Santa Clara County Housing Authority. Check each item that applies to your unit. If you need any supplies or assistance to conduct the inspection, please contact The Housing Authority at (408) xxx-xxx (TBD, contact person).

Name: _____

Unit Address: _____

Fire and Carbon Monoxide Safety

Smoke detectors are installed in all bedrooms, hallways, and common areas, and they have been tested to confirm they are functioning properly.

☐ Yes ☐ No

Carbon monoxide detectors are installed on every floor of the unit, and they have been tested to confirm they are functioning properly.

☐ Yes ☐ No

All exits (doors, windows, fire escapes) are unobstructed and functional.

☐ Yes ☐ No

There is no visible damage to fire safety equipment (e.g., missing detectors, discharged extinguishers).

☐ Yes ☐ No

Structural Integrity

Floors, walls, and ceilings are free from large cracks, holes, or structural damage.

☐ Yes ☐ No

Windows and doors close and latch securely without significant gaps.

☐ Yes ☐ No

The roof is intact, with no visible leaks or water damage.

☐ Yes ☐ No

Stairways, railings, and decks are stable and secure.

☐ Yes ☐ No ☐ Not Applicable

Electrical Safety

All electrical outlets and switches are functioning and free from damage (e.g., no exposed wires).

☐ Yes ☐ No

Light fixtures are operational and securely mounted.

☐ Yes ☐ No

There are no signs of electrical hazards, such as flickering lights or overloaded circuits.

☐ Yes ☐ No

Plumbing

All sinks, toilets, and tubs/showers are operational and free from leaks.

☐ Yes ☐ No

There is adequate hot and cold running water in all faucets.

☐ Yes ☐ No

Drains are functioning, with no standing water or backups.

☐ Yes ☐ No

Heating and Ventilation

There is a permanent heating source for the unit.

Yes ☐ No

☐

The heating system is operational and provides adequate heat for the entire unit.

☐ Yes ☐ No

Ventilation systems, such as fans or windows, are functional in all bathrooms and kitchens.

☐ Yes ☐ No

Environmental Health

The unit is free from visible mold or mildew.

☐ Yes ☐ No

There are no signs of pest infestations (e.g., rodents, insects).

☐ Yes ☐ No

Trash and recycling areas are clean and properly maintained.

☐ Yes ☐ No

General Safety

Doors and windows have working locks for security.

☐ Yes ☐ No

There are no trip hazards, such as loose flooring or uneven surfaces.

☐ Yes ☐ No

The unit is free of hazardous materials, such as peeling lead paint.

☐ Yes ☐ No

Lease Requirements

Does the lease allow for third-party inspections?

☐ Yes ☐ No

Certification

I certify that I have inspected the unit and have accurately completed this checklist. I understand that any items marked no must be resolved before Santa Clara County Housing Authority issues DRA payments. I also understand that any failed items may result in delay or suspension of DRA payments.

Participant Signature: _____

Date: _____

Attachment 3: CA Housing Code

STATE OF CALIFORNIA - BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY GAVIN NEWSOM, Governor
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE
ASSET MANAGEMENT AND COMPLIANCE BRANCH
651 Bannon Street, Suite 400
Sacramento, CA 95811
P. O. Box 952054
Sacramento, CA 94252-2054
(916) 263-2771 / FAX (916) 263-1758

DATE: January 10, 2025

TO: Sponsors, Borrowers and Management Agents of Rental Projects Directly Funded by the Department of Housing and Community Development (HCD)

FROM: JoAnna Nguyen, Occupancy Compliance Section Chief, HCD

RE: National Standards for the Physical Inspection of Real Estate (NSPIRE) Guidance for HCD-Funded Projects

In May 2023, the Department of Housing and Urban Development (HUD) published the final rule implementing the National Standards for the Physical Inspection of Real Estate (NSPIRE) in the Federal Register. To prioritize health, safety, and functional defects thereby improving the quality of life for residents, HCD has elected to adopt NSPIRE standards to align with other applicable federal and state entities. In lieu of the NSPIRE scoring process, HCD continues to conduct ongoing site visits on the usual three-year rotation.

Applicability

Beginning January 1, 2025, NSPIRE standards will be applied to all existing and future HCD-funded projects that previously used the Uniform Physical Condition Standards (UPCS).

Sponsors are encouraged to review all NSPIRE standards and must continue to conduct self-inspections to identify potential deficiencies. The HUD Exchange contains various NSPIRE resources including official notices, standards, and webinars.

Negative Points

HCD's negative points policy ensures that limited critical funding resources are directed to sponsors that demonstrate ongoing capacity to successfully operate and manage affordable housing developments. Failure to cure any findings will result in the applicable sponsor(s) receiving negative points on any future applications for HCD funding.

If there are any questions regarding the policies or information noted above, please feel free to contact your assigned Occupancy Representative or the following:

Asset Management and Compliance (AMC) Branch
AMCBranch@hcd.ca.gov

CALIFORNIA STATE HOUSING LAW
CALIFORNIA HEALTH AND SAFETY CODE
DIVISION 13, PART 1.5. REGULATION OF BUILDINGS USED FOR HUMAN HABITATION

Complete, official version at www.hcd.ca.gov/codes/shl/SHLStatutes.htm.
Section titles, below, are supplied for reader's convenience.

CHAPTER 1. GENERAL PROVISIONS

§ 17910. Statute Title
This part is known as the "State Housing Law."

§ 17911. Scope
The provisions of this part do not apply to any building regulated by Part 2 (commencing with Section 18000), Part 2.1 (commencing with Section 18200), or Part 6 (commencing with Section 19960) of this division, unless such parts specifically require such application.

§ 17912. Scope of Rules and Regulations
Rules and regulations promulgated pursuant to the provisions of this part and building standards published in the State Building Standards Code, relating to the erection or construction of buildings or structures, shall not apply to existing buildings or structures or to buildings or structures as to which construction is commenced or approved prior to the effective date of the rules, regulations, or building standards, except by act of the Legislature, but rules, regulations, and building standards relating to use, maintenance, and change of occupancy shall apply to all hotels, motels, lodginghouses, apartment houses, and dwellings, or portions thereof, and buildings and structures accessory thereto, approved for construction or constructed before or after the effective date of such rules, regulations, or building standards.

§ 17913. Notification
(a) The department shall notify the entities listed in subdivision (c) of the dates that each of the uniform codes published by the specific organizations described in paragraphs (1) to (5), inclusive, of subdivision (a) of Section 17922 are approved by the California Building Standards Commission pursuant to Section 18930 and the effective date of the model codes as established by the California Building Standards Commission.

(b) The department may publish information bulletins regarding code enforcement as emergencies occur or at any other time the department determines appropriate.

(c) The department shall distribute the information described in subdivision (a), and may distribute the information described in subdivision (b), to the following entities:
  (1) The building department in each county and city.
  (2) Housing code officials, fire service officials, professional associations concerned with building standards, and any other persons or entities the department determines appropriate.

Editor's Note: This document contains the substantive provisions of the California State Housing Law and regulations related to healthy housing.

CHAPTER 2. RULES AND REGULATIONS

§ 17920. Definitions

As used in this part:

(a) "Approved" means acceptable to the department.

(b) "Building" means a structure subject to this part.

(c) "Building standard" means building standard as defined in Section 18909.

(d) "Department" means the Department of Housing and Community Development.

(e) "Enforcement" means diligent effort to secure compliance, including review of plans and permit applications, response to complaints, citation of violations, and other legal process. Except as otherwise provided in this part, "enforcement" may, but need not, include inspections of existing buildings on which no complaint or permit application has been filed, and effort to secure compliance as to these existing buildings.

(f) "Fire protection district" means any special district, or any other municipal or public corporation or district, which is authorized by law to provide fire protection and prevention services.

(g) "Labeled" means equipment or materials to which has been attached a label, symbol, or other identifying mark of an organization, approved by the department, that maintains a periodic inspection program of production of labeled products, installations, equipment, or materials and by whose labeling the manufacturer indicates compliance with appropriate standards or performance in a specified manner.

(h) "Listed" means all products that appear in a list published by an approved testing or listing agency.

(i) "Listing agency" means an agency approved by the department that is in the business of listing and labeling products, materials, equipment, and installations tested by an approved testing agency, and that maintains a periodic inspection program on current production of listed products, equipment, and installations, and that, at least annually, makes available a published report of these listings.

(j) "Noise insulation " means the protection of persons within buildings from excessive noise, however generated, originating within or without such buildings.

(k) "Nuisance" means any nuisance defined pursuant to Part 3 (commencing with Section 3479) of Division 4 of the Civil Code, or any other form of nuisance recognized at common law or in equity.

(l) "Public entity" has the same meaning as defined in Section 811.2 of the Government Code.

(m) "Testing agency" means an agency approved by the department as qualified and equipped for testing of products, materials, equipment, and installations in accordance with nationally recognized standards.

§ 17920.3. Substandard Building

Any building or portion thereof including any dwelling unit, guestroom or suite of rooms, or the premises on which the same is located, in which there exists any of the following listed conditions to an extent that endangers the life, limb, health, property, safety, or welfare of the public or the occupants thereof shall be deemed and hereby is declared to be a substandard building:

(a) Inadequate sanitation shall include, but not be limited to, the following:

(1) Lack of, or improper water closet, lavatory, or bathtub or shower in a dwelling unit.

(2) Lack of, or improper water closets, lavatories, and bathtubs or showers per number of guests in a hotel.

Editor's Note: This document contains the substantive provisions of the California State Housing Law and regulations related to healthy housing.

(3) Lack of, or improper kitchen sink.
(4) Lack of hot and cold running water to plumbing fixtures in a hotel.
(5) Lack of hot and cold running water to plumbing fixtures in a dwelling unit.
(6) Lack of adequate heating.
(7) Lack of, or improper operation of required ventilating equipment.
(8) Lack of minimum amounts of natural light and ventilation required by this code.
(9) Room and space dimensions less than required by this code.
(10) Lack of required electrical lighting.
(11) Dampness of habitable rooms.
(12) Infestation of insects, vermin, or rodents as determined by the health officer.
(13) General dilapidation or improper maintenance.
(14) Lack of connection to required sewage disposal system.
(15) Lack of adequate garbage and rubbish storage and removal facilities as determined by the health officer.

(b) Structural hazards shall include, but not be limited to, the following:
(1) Deteriorated or inadequate foundations.
(2) Defective or deteriorated flooring or floor supports.
(3) Flooring or floor supports of insufficient size to carry imposed loads with safety.
(4) Members of walls, partitions, or other vertical supports that split, lean, list, or buckle due to defective material or deterioration.
(5) Members of walls, partitions, or other vertical supports that are of insufficient size to carry imposed loads with safety.
(6) Members of ceilings, roofs, ceilings and roof supports, or other horizontal members which sag, split, or buckle due to defective material or deterioration.
(7) Members of ceiling, roofs, ceiling and roof supports, or other horizontal members that are of insufficient size to carry imposed loads with safety.
(8) Fireplaces or chimneys which list, bulge, or settle due to defective material or deterioration.
(9) F ireplaces or chimneys which are of insufficient size or strength to carry imposed loads with safety.

(c) Any nuisance.

(d) All wiring, except that which conformed with all applicable laws in effect at the time of installation if it is currently in good and safe condition and working properly.

(e) All plumbing, except plumbing that conformed with all applicable laws in effect at the time of installation and has been maintained in good condition, or that may not have conformed with all applicable laws in effect at the time of installation but is currently in good and safe condition and working properly, and that is free of cross connections and siphonage between fixtures.

(f) All mechanical equipment, including vents, except equipment that conformed with all applicable laws in effect at the time of installation and that has been maintained in good and safe condition, or that may not have conformed with all applicable laws in effect at the time of installation but is currently in good and safe condition and working properly.

(g) Faulty weather protection, which shall include, but not be limited to, the following:
(1) Deteriorated, crumbling, or loose plaster.
(2) Deteriorated or ineffective waterproofing of exterior walls, roof, foundations, or floors, including broken windows or doors.

Editor's Note: This document contains the substantive provisions of the California State Housing Law and regulations related to healthy housing.

(3) Defective or lack of weather protection for exterior wall coverings, including lack of paint, or weathering due to lack of paint or other approved protective covering.

(4) Broken, rotted, split, or buckled exterior wall coverings or roof coverings.

(h) Any building or portion thereof, device, apparatus, equipment, combustible waste, or vegetation that, in the opinion of the chief of the fire department or his deputy, is in such a condition as to cause a fire or explosion or provide a ready fuel to augment the spread and intensity of fire or explosion arising from any cause.

(i) All materials of construction, except those which are specifically allowed or approved by this code, and which have been adequately maintained in good and safe condition.

(j) Those premises on which an accumulation of weeds, vegetation, junk, dead organic matter, debris, garbage, offal, rodent harborages, stagnant water, combustible materials, and similar materials or conditions constitute fire, health, or safety hazards.

(k) Any building or portion thereof that is determined to be an unsafe building due to inadequate maintenance, in accordance with the latest edition of the Uniform Building Code.

(l) All buildings or portions thereof not provided with adequate exit facilities as required by this code, except those buildings or portions thereof whose exit facilities conformed with all applicable laws at the time of their construction and that have been adequately maintained and increased in relation to any increase in occupant load, alteration or addition, or any change in occupancy. When an unsafe condition exists through lack of, or improper location of, exits, additional exits may be required to be installed.

(m) All buildings or portions thereof that are not provided with the fire-resistive construction or fire-extinguishing systems or equipment required by this code, except those buildings or portions thereof that conformed with all applicable laws at the time of their construction and whose fire-resistive integrity and fire-extinguishing systems or equipment have been adequately maintained and improved in relation to any increase in occupant load, alteration or addition, or any change in occupancy.

(n) All buildings or portions thereof occupied for living, sleeping, cooking, or dining purposes that were not designed or intended to be used for those occupancies.

(o) Inadequate structural resistance to horizontal forces.

"Substandard building" includes a building not in compliance with Section 13143.2. However, a condition that would require displacement of sound walls or ceilings to meet height, length, or width requirements for ceilings, rooms, and dwelling units shall not by itself be considered sufficient existence of dangerous conditions making a building a substandard building, unless the building was constructed, altered, or converted in violation of those requirements in effect at the time of construction, alteration, or conversion.

§ 17920.5. Local Appeals Board

As used in this part "local appeals board" means the board or agency of a city or county which is authorized by the governing body of the city or county to hear appeals regarding the building requirements of the city or county. In any area in which there is no such board or agency, "local appeals board" means the governing body of the city or county having jurisdiction over such area.

§ 17920.6. Housing Appeals Board

As used in this part, "housing appeals board" means the board or agency of a city or county which is authorized by the governing body of the city or county to hear appeals regarding the requirements of the

city or county relating to the use, maintenance, and change of occupancy of hotels, motels, lodginghouses, apartment houses, and dwellings, or portions thereof, and buildings and structures accessory thereto, including requirements governing alteration, additions, repair, demolition, and moving of such buildings if also authorized to hear such appeals. In any area in which there is not such a board or agency, "housing appeals board" means the local appeals board having jurisdiction over such area.

§ 17920.8. Exit Signs

In addition to any other requirements for location of exit signs or devices in hotels, motels, or apartment houses, the State Fire Marshal shall adopt building standards establishing minimum requirements for the placement of distinctive devices, signs, or other means that identify exits and can be felt or seen near the floor. Exit sign technologies permitted by the model building code upon which the California Building Standards Code is based, shall be permitted. These building standards shall apply to all newly constructed occupancies subject to this section for which a building permit is issued, or construction is commenced, where no building permit is issued on or after January 1, 1989.

§ 17920.10. Lead Hazards; Lead-Based Paint

(a) Any building or portion thereof including any dwelling unit, guestroom, or suite of rooms, or portion thereof, or the premises on which it is located, is deemed to be in violation of this part as to any portion that contains lead hazards. For purposes of this part, "lead hazards" means deteriorated lead-based paint, lead-contaminated dust, lead-contaminated soil, or disturbing lead-based paint without containment, if one or more of these hazards are present in one or more locations in amounts that are equal to or exceed the amounts of lead established for these terms in Chapter 8 (commencing with Section 35001) of Division 1 of Title 17 of the California Code of Regulations or by this section and that are likely to endanger the health of the public or the occupants thereof as a result of their proximity to the public or the occupants thereof.

(b) In the absence of new regulations adopted by the State Department of Health Services in accordance with the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) further interpreting or clarifying the terms "deteriorated lead-based paint," "lead-based paint, "lead-contaminated dust," "containment," or "lead-contaminated soil," regulations in Chapter 8 (commencing with Section 35001) of Division 1 of Title 17 of the California Code of Regulations adopted by the State Department of Health Services pursuant to Sections 105250 and 124150 shall interpret or clarify these terms. If the State Department of Health Services adopts new regulations defining these terms, the new regulations shall supersede the prior regulations for the purposes of this part.

(c) In the absence of new regulations adopted by the State Department of Health Services in accordance with the rulemaking provisions of the Administrative Procedure Act defining the term "disturbing lead-based paint without containment" or modifying the term "deteriorated lead-based paint," for purposes of this part "disturbing lead-based paint without containment" and "deteriorated lead-based paint" shall be considered lead hazards as described in subdivision (a) only if the aggregate affected area is equal to or in excess of one of the following:
   (1) Two square feet in any one interior room or space.
   (2) Twenty square feet on exterior surfaces.
   (3) Ten percent of the surface area on the interior or exterior type of component with a small surface area. Examples include window sills, baseboards, and trim.

Editor's Note: This document contains the substantive provisions of the California State Housing Law and regulations related to healthy housing.

(d) Notwithstanding subdivision (c), "disturbing lead-based paint without containment" and "deteriorated lead-based paint" shall be considered lead hazards, for purposes of this part, if it is determined that an area smaller than those specified in subdivision (c) is associated with a person with a blood lead level equal to or greater than 10 micrograms per deciliter.

(e) If the State Department of Health Services adopts regulations defining or redefining the terms "deteriorated lead-based paint," "lead-contaminated dust," "lead-contaminated soil," "disturbing lead-based paint without containment," "containment," or "lead-based paint," the effective date of the new regulations shall be deferred for a minimum of three months after their approval by the Office of Administrative Law and the regulations shall take effect on the next July 1 or January 1 following that three-month period. Until the new definitions apply, the prior definition shall apply.

§ 17921.1 Hotplates

Notwithstanding the provisions of Section 17921, and except as provided for herein, the department shall not adopt or enforce any rule or regulation relating to the installation, maintenance, or use of a hotplate in a room of any building occupied on or prior to the effective date of this act, if all of the following conditions exist:

(a) The hotplate is used solely for the cooking or preparation of meals for consumption by not more than two occupants of the room.

(b) The hotplate contains not more than two burners or heating elements, and has been approved by a testing agency acceptable to the department.

(c) The installation, maintenance, or use of a hotplate will not be, or is not, hazardous to life or property.

(d) The hotplate rests on its own legs, is set not closer than six inches from any wall or projection thereof, and rests on an impervious surface.

(e) The walls behind and adjacent to the hotplate are lined or backflashed with incombustible material equivalent to one-fourth-inch asbestos millboard; the backflashing extends from 12 inches below to 24 inches above the base of the hotplate; and there is 36 inches of clear and unobstructed space above the surface of the hotplate.

(f) The area of such room is not less than 120 square feet in superficial floor area.

(g) The room contains an approved sink with hot and cold running water.

(h) All plumbing in the room complies with the provisions of this part and building standards published in the State Building Standards Code.

(i) An approved storage cabinet is installed in the room wherein all food, dishes, and cooking and eating utensils are stored when not in use.

(j) The bed, and any drapes, curtains, towels, or other readily combustible materials, in the room are located so that they do not come in contact with the hotplate.

(k) The room complies with the provisions of this part and building standards published in the State Building Standards Code pertaining to window area, ventilation, ceiling height, and cubic airspace.

(l) An approved method of heating is installed in or for the room and the hotplate is not used for the purpose of heating the room or installed within an unventilated area.

(m) Toilet and bath facilities are installed and maintained in the building as required by this part and building standards published in the State Building Standards Code.

In the event of any structural addition or any alteration or reconstruction involving the floor area of any room the provisions of Section 17921 shall apply.

Any city or county may enact an ordinance to prohibit the installation, maintenance, or use of a hotplate in any room.

"Approved," when used in connection with any material, type of construction, or appliance in this section, means meeting the approval of the enforcement agency as the result of investigation and tests conducted by the agency or by reason of accepted principles or tests by national authorities, technical, health, or scientific organizations or agencies.

CHAPTER 3. APPEALS (*Omitted.)*

CHAPTER 4. APPLICATION AND SCOPE

§ 17958.2 Limited-density Owner-built Rural Dwellings

(a) Notwithstanding Section 17958, regulations of the department adopted for limited-density owner-built rural dwellings, which are codified in Article 8 (commencing with Section 74) of Subchapter 1 of Chapter 1 of Title 25 of the California Code of Regulations, shall not become operative within any city or county unless and until the governing body of the city or county makes an express finding that the application of those regulations within the city or county is reasonably necessary because of local conditions and the city or county files a copy of that finding with the department.

(b) In adopting ordinances or regulations for limited-density owner-built rural dwellings, a city or county may make any changes or modifications in the requirements contained in Article 8 (commencing with Section 74) of Subchapter 1 of Chapter 1 of Title 25 of the California Code of Regulations that it determines are reasonably necessary because of local conditions, if the city or county files a copy of the changes or modifications and the express findings for the changes or modifications with the department. No change or modification of that type shall become effective or operative for any purpose until the finding and the change or modification has been filed with the department.

§ 17958.4 Security Window Bars; Safety Release Mechanisms

(a) Any city, county, or city and county, may, by ordinance, establish a date by which all residential real property with security window bars on bedroom windows shall meet current state and local requirements for safety release mechanisms on security window bars consistent with the applicable standards in the 1995 Edition of the California Building Standards Code, and any changes made by the city, county, or city and county pursuant to Section 17958.

(b) Disclosures of the existence of any safety release mechanism on any security window bar shall be made in writing, and may be included in existing transactional documents including, but not limited to, a real estate sales contract or receipt for deposit, or a transfer disclosure statement pursuant to Section 1102.6 or 1106.6a of the Civil Code.

(c) Enforcement of an ordinance adopted pursuant to subdivision (a) shall not apply as a condition of occupancy or at the time of any transfer that is subject to the Documentary Transfer Tax Act, Part 6.7 (commencing with Section 11901) of the Revenue and Taxation Code.

Editor's Note: This document contains the substantive provisions of the California State Housing Law and regulations related to healthy housing.

§ 17959.4 Deferral; Orders of Abatement

The housing appeals board may, in cases of extreme hardship to owner-occupants or tenants of dwellings, provide for deferral of the effective date of orders of abatement. Any deferral of the effective date of an order of abatement under this section shall terminate upon any sale or transfer of the dwelling by the owner-occupant but shall not terminate upon the sale or transfer of the dwelling if the dwelling is occupied by a tenant other than the owner-occupant.

CHAPTER 5. ADMINISTRATION AND ENFORCEMENT (*Omitted.)*

CHAPTER 6. VIOLATIONS (*Omitted.)*

CHAPTER 8. CODE ENFORCEMENT INCENTIVE PROGRAM (*Omitted.)*

End of CA State Housing Law

Editor's Note: This document contains the substantive provisions of the California State Housing Law and regulations related to healthy housing.

CALIFORNIA STATE HOUSING LAW REGULATIONS

Complete, official version at www.hcd.ca.gov/codes/shl/.

CALIFORNIA CODE OF REGULATIONS
TITLE 25. HOUSING AND COMMUNITY DEVELOPMENT
DIVISION 1. HOUSING AND COMMUNITY DEVELOPMENT
CHAPTER 1. STATE HOUSING LAW REGULATIONS AND EARTHQUAKE PROTECTION LAW REGULATIONS

ARTICLE 1. AUTHORITY, APPLICATION AND SCOPE

§ 1. Application and Scope (25 CCR § 1)

(a) The provisions of this subchapter shall apply in all parts of the state and shall apply to the erection, construction, enlargement, conversion, alteration, repair, moving, removal, demolition, occupancy, use height, court area, sanitation, maintenance, and ventilation of all hotels, motels, apartment houses and dwellings, or portions thereof and buildings and structures accessory thereto approved for construction on or after the effective date of this subchapter except as otherwise provided in this subchapter.

(b) The provisions of this subchapter relating to use, maintenance and change of occupancy shall apply to all buildings, or portions thereof, approved for construction or constructed before or after the effective date of this subchapter.

ARTICLE 2. DEFINITIONS

§ 4. General (25 CCR § 4)

The following definitions and the definitions contained in California Code of Regulations, Title 24, shall apply to the provisions of this subchapter as applicable.

- "Building Official." The Department or the local government agency so designated as the enforcement agency in Division 13, Part 1.5, Health and Safety Code.
- "Labeled." Bearing a label of an approved testing agency or other approved means of identification.
- "Local Appeals Board." The board or agency of a city or county which is authorized by the governing body of the city or county to hear appeals regarding the requirements of the city or county relating to the use, maintenance, and change of occupancy of hotels, motels, lodging houses, apartment houses, and dwellings, or portions thereof, and buildings and structures accessory thereto, including requirements governing alteration, additions, repair, demolition, and moving of these buildings if also authorized to hear these appeals. In any area in which there is no such board or agency, "housing appeals board" means the local appeals board having jurisdiction over the area.

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ARTICLE 5. EXISTING BUILDINGS

§ 32. Space, Occupancy, and Maintenance (25 CCR § 32)

Except as otherwise permitted or required by Health and Safety Code, Division 13, Part 1.5, this subchapter or by other applicable laws and regulations, and the provisions of the 1997 Edition of the Uniform Housing Code, Chapters 4, 5, and 6, and Sections 701.2 and 701.3, as adopted by the International Conference of Building Officials, with the following State amendments, are hereby incorporated by reference and shall apply to buildings or structures subject to the provisions of this subchapter.

(a) HOT WATER is water supplied to plumbing fixtures at a temperature of not less than 110 degrees F (43.3 degrees C).

(b) MECHANICAL CODE is the California Mechanical Code contained in Part 4, Title 24, California Code of Regulations.

(c) PLUMBING CODE is the California Plumbing Code contained in Part 5, Title 24, California Code of Regulations.

§ 34. Heating (25 CCR § 34)

(a) Every dwelling unit and guest room used or offered for rent or lease shall be provided with heating facilities capable of maintaining a minimum room temperature of 70 degrees F at a point three feet above the floor in all habitable rooms, and when the heating facilities are not under the control of the tenant or occupant of the building owner and/or manager, shall be required to provide that heat at a minimum temperature of 70 degrees F, 24 hours a day. These facilities shall be installed and maintained in a safe condition and in accordance with Chapter 37 of the Uniform Building Code, the Uniform Mechanical Code, and other applicable laws. No unvented fuel burning heaters shall be permitted. All heating devices or appliances shall be of the approved type.

(b) The provisions of Subsection (a) are subject to the exemption for existing buildings provided in Section 103, of the Uniform Housing Code.

(c) Those buildings and structures which are exempt from the requirements of Section 103 shall be provided with heat at a temperature as close to 70 degrees F as the existing heating facilities are capable of providing at a point three feet above the floor in all habitable rooms when the heating facilities are not under the control of the tenant.

§ 36. Rehabilitation and Repair (25 CCR § 36)

Rehabilitation and repair of existing buildings and structures subject to this subchapter shall also be subject to those requirements contained in Division 13, Part 1.5 of the Health and Safety Code which are applicable to rehabilitation and repair.

§ 38. Garbage Receptacles (25 CCR § 38)

An adequate number of appropriate receptacles with close-fitting covers for garbage and rubbish as may be considered necessary by the enforcement agency shall be provided for the occupant of every dwelling unit by the owner or operator of every structure or building subject to this subchapter. Each receptacle shall be kept in a clean condition and in good repair.

§ 40. Bedding (25 CCR § 40)

In every apartment house or hotel subject to this part, held out for rent and furnished with a bed and

bedding, every part of every bed, including the mattress, sheets, blankets, and bedding shall be kept in a clean, dry and sanitary condition, free from filth, urine, or other foul matter, and from the infection of lice, bedbugs, or other insects. The bed linen in a hotel shall be changed before a new guest occupies the bed. In every dwelling unit where linen is furnished, the linen shall be changed before a new guest occupies the dwelling unit.

§ 42. Caretaker (25 CCR § 42)

A manager, janitor, housekeeper, or other responsible person shall reside upon the premises and shall have charge of every apartment house in which there are 16 or more apartments, and of every hotel in which there are 12 or more guest rooms, in the event that the owner of an apartment house or hotel does not reside upon said premises. Only one caretaker would be required for all structures under one ownership and on one contiguous parcel of land. If the owner does not reside upon the premises of any apartment house in which there are more than four but less than 16 apartments, a notice stating the owner's name and address, or the name and address of the owner's agent in charge of the apartment house, shall be posted in a conspicuous place on the premises.

§ 44. Hotplates (25 CCR § 44)

The use of hotplates existing in rooms prior to September 20, 1963, shall be in accordance with the provisions of Section 17921.1 of the Health and Safety Code.

§ **46. Portable Fire Extinguishers (25 CCR § 46)**

Portable fire extinguishers shall be provided and maintained in every apartment house and hotel. The number and type of portable fire extinguishers to be installed shall be determined by the enforcement agency. However, the minimum requirements shall be as set forth in Title 19, Chapter 1, Subchapter 3, California Code of Regulations.

ARTICLE 8. REGULATIONS FOR LIMITED DENSITY OWNER-BUILT RURAL DWELLINGS

§ 74. Purpose (25 CCR § 74)

The purpose of this article is to provide minimum requirements for the protection of life, limb, health, property, safety, and welfare of the general public and the owners and occupants of limited density owner-built rural dwellings and appurtenant structures. It is also the expressed purpose of this article to conform the regulations regarding the construction and use of limited density, rural owner-built dwellings and appurtenant structures to the requirements of Article 1, Section 1, of the California State Constitution, and the statutes of the State of California which require the department to consider the uniform model codes and amendments thereto; and local conditions, among which are conditions of topography, geography and general development; and to provide for the health, safety and general welfare of the public in adopting building standards. Any section, subsection, sentence, clause, or phrase of this article if, for any reason, held to be unconstitutional, or contrary to California statutes, such ruling shall not affect the validity of the remaining portions of this article.

§ 76. Intent and Application (25 CCR § 76)

The provisions of this article shall apply to the construction, enlargement, conversion, alteration, repair, use, maintenance, and occupancy of limited density owner-built rural dwellings and appurtenant

structures.

It is the intent of this article that the requirements contained herein shall apply to seasonally or permanently occupied dwellings, hunting shelters, guest cottages, vacation homes, recreational shelters and detached bedrooms located in rural areas.

§ 78. Definitions (25 CCR § 78)

For the purposes of this article the following definitions shall apply:

- "Limited density, rural dwelling." A "limited density, rural dwelling" is any structure consisting of one or more habitable rooms intended or designed to be occupied by one family with facilities for living and sleeping, with use restricted to rural areas that fulfill the requirements of this article.
- "Owner built."
  - (a) "Owner built" shall mean constructed by any person or family who acts as the general contractor for, or the provider of, part or all of the labor necessary to build housing to be occupied as the principal residence of that person or family, and not intended for sale, lease, rent or employee occupancy.
  - (b) For the purposes of this article the sale, lease, renting (see local authority Section 82(b)) or employee occupancy of owner-built structures in one year of issuance of a Certificate of Occupancy shall be presumptive evidence that the structure was erected for the purpose of sale, lease, or renting.
- "Rural." For the purpose of this article only, "rural" shall mean those unincorporated areas of counties designated and zoned by the appropriate local agency for the application of this article. In defining "rural," the agency shall consider local geographical or topographical conditions, conditions of general development as evidenced by population densities and availability of utilities or services, and such other conditions that the agency deems relevant to its determination.

Suitable areas may include those wherein the predominate land usage is forestry, timber production, agriculture, grazing, recreation, or conservation.

§ 80. Local Standards (25 CCR § 80)

Pursuant to Sections 17958, 17958.5, and 17958.7 of the Health and Safety Code, the governing body of every jurisdiction in which there exist rural areas displaying conditions appropriate for the application of this article and designated as such by the appropriate local agency shall adopt regulations imposing the same requirements as are contained in this article.

§ 82. Regulation of Use (25 CCR § 82)

(a) For the purposes of this article the sale, lease, renting or employee occupancy of owner-built structures within one year of the issuance of a Certificate of Occupancy shall be presumptive evidence that the structure was erected for the purpose of sale, lease or renting.

(b) The restrictions of this article on the sale, lease, renting, or employee occupancy of these dwellings may be reasonably amended to be more restrictive if the governing body determines that such an amendment is necessary to ensure compliance with the intent of this article.

§ 84. Abatement of Substandard Buildings (25 CCR § 84)

All structures or portions thereof which are determined by the enforcing agency to constitute a

substandard building shall be declared to be a public nuisance and shall be abated by repair, rehabilitation, or removal in accordance with Health and Safety Code Sections 17980 through 17995. In cases of extreme hardship to owner-occupants of the dwellings, the appropriate local body should provide for deferral of the effective date of orders of abatement.

§ 86. Petitions for Interpretations (25 CCR § 86)
Any person or local agency may petition the Department for an interpretation of any provision of this article. Petitions shall be submitted in writing, after which the Department may consider such requests and the Department may make a determination as to the meaning or intent of any provision of this article with respect to the petition in question. The consideration of petitions for interpretation shall be discretionary with the Department.

§ 88. Interpretation (25 CCR § 88)
Interpretations by the Department as to the meaning, intent, or application of the provisions of this article are not intended to preempt the exercising of building or housing appeals processes established by Sections 17930-17932 of the Health and Safety Code, but are intended to facilitate public understanding and the effective enforcement of this article.

§ 108. Inspections (25 CCR § 108)
All construction or work for which a permit is required may be subject to inspection by the designated enforcement agency. If an inspection is required, the inspection of the building or structure(s) shall be conducted after the structure(s) is completed and ready for occupancy, in order to determine compliance with the provisions of this article. Structures of conventional or simple construction shall be inspected at a single inspection.

§ 116. Certificate of Occupancy (25 CCR § 116)
After the structure(s) is completed for occupancy and any inspections which have been required by the enforcing agency have been conducted, and work approved, the enforcement agency shall issue a Certificate of Occupancy for such dwelling(s) and appurtenant structure(s) which comply with the provisions of this article.

§ 118. Temporary Occupancy (25 CCR § 118)
The use and occupancy of a portion or portions of a dwelling or appurtenant structure prior to the completion of the entire structure shall be allowed, provided that approved sanitary facilities are available at the site and that the work completed does not create any condition to an extent that endangers life, health or safety of the public or occupants. The occupants of any such uncompleted structure shall assume sole responsibility for the occupancy of the structure or portion thereof.

§ 122. General Requirements (25 CCR § 122)
(a) Each structure shall be constructed in accordance with applicable requirements contained in Subchapter 2-12, Title 24, California Code of Regulations.
(b) Each structure shall be maintained in a sound structural condition to be safe, sanitary, and to shelter the occupants from the elements.

§ 124. Intent of General Requirements (25 CCR § 124)
It shall be the purpose and intent of this article to permit the use of ingenuity and preferences of the

builder, and to allow and facilitate the use of alternatives to the specifications prescribed by the uniform technical codes to the extent that a reasonable degree of health and safety is provided by such alternatives, and that the materials, methods of construction, and structural integrity of the structure shall perform in application for the purpose intended. To provide for the application of this article, it shall be necessary for the enforcement agency to exercise reasonable judgment in determining the compliance of appropriate structures with the general and specific requirements of this article.

§ 126. Technical Codes to Be a Basis of Approval (25 CCR § 126)
Except as otherwise required by this article, dwellings and appurtenant structures constructed pursuant to this part need not conform with the construction requirements prescribed by the latest applicable editions of the Uniform Building, Plumbing, and Mechanical Codes, the National Electrical Code, or other applicable technical codes; however, it is not the intent of this section to disregard nationally accepted technical and scientific principles relating to design, materials, methods of construction, and structural requirements for the erection and construction of dwelling and appurtenant structures as are contained in the uniform technical codes. Such codes shall be a basis for approval.

§ 128. Mechanical Requirements (25 CCR § 128)
Fireplaces, heating and cooking appliances, and gas piping installed in buildings constructed pursuant to this article, shall be installed and vented in accordance with the applicable requirements contained in the California Mechanical Code, Part 4, Title 24, California Code of Regulations.

§ 130. Electrical Requirements (25 CCR § 130)
No dwelling or appurtenant structure constructed pursuant to this article shall be required to be connected to a source of electrical power, or wired, or otherwise fitted for electrification, except as set forth in Section 132.

§ 132. Installation Requirements (25 CCR § 132)
Where electrical wiring or appliances are installed, the installation shall be in accordance with the applicable requirements contained in the California Electrical Code, Part 3, Title 24, California Code of Regulations.

Exceptions to Installation Requirements. In structures where electrical usage is confined to one or more rooms of a structure, the remainder of the structure shall not be required to be wired or otherwise fitted for electrification unless the enforcement agency determines the electrical demands are expected to exceed the confinement and capacity of that room(s). In these instances, the enforcement agency may require further electrification of the structure.

It is the intent of this subsection to apply to buildings in which there exists a workshop, kitchen, or other single room which may require electrification, and where there is no expectation of further electrical demand. The enforcement agency shall, at the time of a permit application or other appropriate point, advise the applicant of the potential hazards of violating this section.

§ 134. Plumbing Requirements (25 CCR § 134)
Plumbing equipment and installation shall be in accordance with the applicable requirements contained in the California Plumbing Code, Part 5, Title 24, California Code of Regulations applicable to the construction of limited density owner-built rural dwellings.

Editor's Note: This document contains the substantive provisions of the California State Housing Law and regulations related to healthy housing.