SAN DIEGO HOUSING COMMISSION

San Diego Housing Commission Moving Forward Moving To Work Program

Annual Report for Fiscal Year 2010
Resubmitted December 2, 2010

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SECTION I - INTRODUCTION AND OVERVIEW

A. Introduction

The San Diego Housing Commission (SDHC) is proud to report on the successes achieved during the first year of reinstatement as a Moving to Work (MTW) agency. This MTW Annual Report contains the quantitative measurements for the corresponding Fiscal Year 2009 and 2010 MTW Annual Plan activities according to the format set forth by HUD. As one of 33 designated MTW participants, SDHC is confident our agency can continue to effectively contribute to the goals of the MTW demonstration program and advance the statutory objectives put forth by the Department of Housing and Urban Development (HUD).

MTW flexibility has enabled SDHC to initiate changes to its programs and practices necessary to address local housing needs and the challenges intrinsic to San Diego communities. Eight of the ten activities proposed in the Fiscal Year 2010 MTW Annual Plan had been implemented as of the close of the Fiscal Year, with a ninth activity, the close of escrow on new Public Housing units, closely following.

Streamlining regulatory requirements and internal procedures allowed SDHC to reduce costs and expend Federal monies consistent with HUD's statutory objectives. Our agency continues to concentrate efforts towards reforming program administration, eliminating inefficiencies, and improving business systems.

The Fiscal Year 2010 Annual Report provides a detailed summary of all MTW initiatives proposed by SDHC and approved for adoption by HUD. Through the MTW Annual Report, SDHC will not only ascertain the successes of the initiatives, but expects to use the knowledge to further identify programmatic needs and additional areas for improvement. SDHC will also look to other MTW agencies for inspiration and guidance when constructing and implementing future initiatives.

B. Goals

SDHC seeks to accomplish the three statutory goals of the MTW demonstration program through the following activities:

- ✓ Address the issue of homelessness in San Diego by creating solutions that recognize the unique conditions of being homeless in the City of San Diego;
- ✓ Further streamline processes in the Rental Assistance Department to increase cost effectiveness;
- ✓ Increase affordable housing options in the City of San Diego;
- ✓ Maintain affordable rent levels in both assisted and non-assisted units;
- ✓ Integrate MTW flexibility with applicable agency-wide administrative processes; and
- ✓ Offer solutions to families seeking to move toward self-sufficiency.

Following is a brief summarization of each Fiscal Year 2010 initiative as a quick point of reference:

1. *Reduce the number of required inspections and allow owners to self-certify HQS for minor fail items.* SDHC uses a revised inspections protocol to reduce the number of HQS inspections conducted annually. The initiative allows responsible property owners to self-certify the repair of minor fail items, and well-maintained units are placed on a biennial inspection cycle. Quality Control inspections ensure HQS standards are consistently observed and applied at all assisted properties.

2. *Inspect and determine rent reasonableness for SDHC-owned properties.* Authorization was received to allow SDHC to inspect and determine rent reasonableness for SDHC-owned properties. Quality Control inspections are conducted on randomly selected units to ensure HQS standards are consistently upheld at all SDHC-owned properties and contract rents conform to rent reasonableness requirements.

3. *Conduct triennial income and family composition recertifications for fixed-income elderly and disabled households*. Elderly and/or disabled families with a fixed income (excluding TANF) were placed on a triennial certification cycle. Cost of living adjustment (COLA) certifications are conducted during the two years the family was not required to complete a thorough annual certification.

4. *Choice Communities*. The initiative is a four-pronged approach to enable families to move from areas of high-poverty to areas of low-poverty.

   a. *Eliminate the 40% affordability cap for participants moving to low-poverty areas*. Participants are allowed to pay up to 50% of their monthly adjusted income towards their rent portion.

   b. *Create a Moving for Opportunity program*. SDHC developed resources (brochures and a designated staff member) to disseminate information to participants interested in relocating to areas of low-poverty.

   c. *Create a revolving security deposit loan program*. A revolving security deposit loan program was developed to assist participants with security deposit payments when relocating to a unit located in a low-poverty neighborhood. Each participant receiving security deposit assistance is required to repay the loan within a prescribed timeframe.

   d. *Increase payment standards in low-poverty neighborhoods*. Participants moving into a zip code designated as low-poverty receive a higher payment standard than otherwise authorized for HCV holders.

5. *Standardize utility allowances by unit size*. A revised utility allowance schedule was created to simplify the process of assigning utility allowances to units. The simplified chart contains standard utility allowances based on unit bedroom size and whether or not the tenant is responsible for sewer/water.

6. *Simplify income, asset, and allowance verification requirements*. Program participants with assets totaling less than $10,000 are only required to self-certify their combined assets have a cash surrender value below the prescribed threshold. Participants with assets equaling $10,000 or greater are required to submit verification of each asset. SDHC revised the verification hierarchy to confirm income and asset values.

7. *Adopt a local interim recertification policy*. The interim policy was designed to reduce and limit the number of interims required when a participant requests a rent adjustment due to loss of income. Interim adjustments for rent reductions are only granted once between regularly scheduled annual certifications. The initiative encourages participants to remain employed, therefore promoting self-sufficiency.

8. *Establish a homeownership voucher program and use block grant funds to assist Housing Choice Voucher (HCV) participants*. A homeownership program was created to assist income-eligible HCV participants with purchasing a home. Housing assistance payments are utilized to assist with a mortgage payment rather than as a rental payment. Incentives to purchase a foreclosed home are also program components.

9. *Expand the use of the project-based voucher (PBV) program*. SDHC set aside 400 vouchers for the purpose of creating PBV units for low-income families and the chronically homeless. 200 vouchers were designated to each category of PBV participants.

10. *Undertake public housing development with public housing or voucher funds*. SDHC proposed using MTW single fund flexibility to purchase 33 public housing units by the end of Fiscal Year 2010.

SECTION II - GENERAL SDHC OPERATING INFORMATION

A. Housing Stock Information

1. Number of public housing units at the end of the plan year, discuss any changes over 10%: **36** with no changes over 10 percent.

2. Description of any significant capital expenditures by development (>30% of the Agency's total budgeted capital expenditures for the fiscal year): **N/A**

3. Description of any new public housing units added during the year by development (specifying bedroom size, type, accessible features, if applicable): **0**

4. Number of public housing units removed from the inventory during the year by development specifying the justification for the removal: **0**

5. Number of MTW HCV authorized at the end of the Plan year; discuss any changes over 10%: **13,562** with no changes over 10 percent.

6. Number of non-MTW HCV authorized at the end of the Plan year, discuss any changes over 10%: **403** with the following changes over 10 percent: The non-MTW vouchers include Enhanced/Protection vouchers, TBRA, VASH, and PBV that have contracts yet to be converted to MTW. All PBV contract renewals will include provisions for MTW. This number is more than 10 percent higher than in the Fiscal Year 2010 MTW Plan due to an increase in VASH lease ups as well as an error in reporting the Enhanced/Protection vouchers.

7. Number of HCV units project based during the Plan year, including description of each separate project: A total of **85** were project based during Fiscal Year 2010. These units are in addition to the existing **39** units project based prior to MTW designation. Please see Leasing Information-Actual in Section II below for a full description of the developments containing the **124** units designated as both MTW and non-MTW PBV. The matrix below provides a description of all developments and authorized PBV units added as MTW PBV during the Plan year.

Development Name	PBV Start Date	Total No. of Units in Development	Total No. Project Based Units Authorized in Development	Total No. Project Based Units Leased Up in Development	Population
Townspeople	9/1/2009	24	9	9	Homeless
Stepping Stone	1/1/2010	8	6	6	Homeless
Potiker	2/1/2010	200	36	31	Low-Income
Alabama Manor	4/1/2010	67	15	14	Low-Income
Santa Margarita (SDHC-Owned)	5/1/2010	32	10	7	Low-Income
Meade (SDHC-Owned)	6/1/2010	29	9	6	Low-Income
Total		360	85	73	

8. Overview of other housing managed by the Agency, eg., tax credit, state-funded, market rate. The properties contained in the table below do not include any tax credit units or partnership properties:

SDHC Property Management	
Property	**Units**
SDHC Former Public Housing	1366
SDHC Local Units	5
Via Las Cumbres Local Units	84
Via Las Cumbres Public Housing	36
Maya Linda Units	132
State Housing Units (Otay Villa)	78
State Housing Units (Scattered Sites)	35
City Units	4
Front St (Del Mar Apartments)	34
Sanford Hotel (SRO)*	130
Cuvier St* (La Jolla Marine)	8
Total Units:	**1912**

*Owned but not managed by SDHC

Please note: The public housing tenants living in the former public housing units were given tenant-based vouchers. At the time, some of the families chose to utilize the tenant-based voucher in the unit. Others chose to move to other non-SDHC-owned units with the tenant-based voucher. The units that were left empty were leased to either non-assisted low-income families (at or below 80 percent AMI) or to tenant-based voucher families that were not former public housing tenants. Currently, 86% or 1171 of the 1366 units are rented to voucher families. Of the 1366, 19 of these units are in the process of being project-based (Meade and Santa Margarita developments, included in the PBV chart below). The local affordable housing units are rented by either non-assisted low-income families or tenant-based voucher families. These five units are not formerly public housing units.

B. Leasing Information-Actual

1. Total number of MTW PH units leased in Plan year: **36**

2. Total number of non-MTW PH units leased in Plan year: **0**

3. Total number of MTW HCV units leased in plan year: **13,483**

4. Total number of non-MTW HCV units leased in Plan year: **403**

5. Description of any issues related to leasing of PH or HCVs: **N/A**

6. Number of project-based vouchers committed or in use at the end of the Plan year, describe project where any new vouchers are placed (include only vouchers where agency has issued a letter of commitment in the Plan year): **124**

Development Name	PBV Start Date	Total No. of Units in Development	Total No. Project Based Units Authorized in Development	Total No. Project Based Units Leased Up in Development	Population
Becky's House	2/1/2002	9	2	2	Homeless DV
Take Wing	7/1/2002	33	8	3	Homeless Youth
Hollywood Palms	12/23/2002	94	23	22	Low-Income
Leah Residence	7/1/2005	24	6	6	Homeless Women
Townspeople	9/1/2009	24	9	9	Homeless
Stepping Stone	1/1/2010	8	6	6	Homeless
Potiker	2/1/2010	200	36	31	Low-Income
Alabama Manor	4/28/2010	67	15	14	Low-Income
Meade (SDHC-Owned)	4/28/2010	29	9	6	Low-Income
Santa Margarita (SDHC-Owned)	5/1/2010	32	10	7	Low-Income
Total		520	124	106	

C. Waiting List Information

1. Number and characteristics of households on the waiting lists at the end of the plan year are as follows:

WAITING LIST INFORMATION*		
Applicant Information	HCV	Public Housing
	FY 2010 Total	FY 2010 Total
Composition		
Single	4541	1405
Family	24699	8076
Disabled	14729	5063
Elderly	4669	1434
Total Households	48638	15978
Race		
White	30430	9630
Native Hawaiian	1109	402
American Indian	775	241
Asian	4480	1324
Black	11728	4379
Other	116	2
Total Households	48638	15978
Ethnicity		
Hispanic	18678	6063
Non-Hispanic	29844	9913
Other	116	2
Total Households	48638	15978
Income		
<30% AMI	40225	13138
30%-50% AMI	6912	2334
50%-80% AMI	1306	448
>80% AMI	195	58
Total Households	48638	15978

*As of 6/30/2010

2. Description of waiting lists (site based, community-wide, HCV, merged) and any changes that were made in the past fiscal year:

SDHC will continue to have community-wide wait lists for the HCV and public housing programs. Project based developments designated as supportive service providers will maintain their own individual wait lists to match their target population.

As anticipated, the HCV waiting list significantly grew this year from 39,795 in 2009 to a current total of 46,463. The public housing waiting list remained closed; the list was approximately 16,200 last year and has not significantly changed in the past 12 months.

SECTION III - NON-MTW SDHC INFORMATION (OPTIONAL)

A. List planned vs. actual sources and used of other HUD or others Federal Funds (excluding HOPE VI): **N/A**

B. Description of non-MTW activities implemented by the agency:

SDHC sent a request to the Housing Voucher Management and Operations Division of HUD on March 29, 2010 requesting regulatory and statutory waivers for the HUD-VASH Voucher Program in order to administer HUD-VASH Vouchers in congruence with MTW vouchers. This request was approved on May 27, 2010 with one minor stipulation. SDHC began transitioning current VASH Voucher Program participants July 1, 2010. All new program participants as of July 1, 2010 and forward will benefit from MTW flexibility.

Section IV - Long-Term Plan (Optional)

In its Fiscal Year 2011 Annual Plan, SDHC outlined a long-term vision for MTW describing its planned focus on the following objectives:

- Attain new affordable units within the city;
- Enhance and further streamline the HCV and public housing programs; and
- Provide new housing solutions for the City's homeless population.

New initiatives created in support of these objectives were contained in that plan, and the detailed design and implementation of those activities has begun. These objectives will be carried through to future plans and initiatives as these issues are of the utmost importance to SDHC and to the city of San Diego. In this community, affordable housing units are in high demand but short supply, and SDHC intends to continue to add family units to its affordable housing portfolio over the next several years, drawing on MTW funds along with other funding sources to use the current market conditions to its advantage.

The City's homeless population needs attention, more housing solutions, and services to support the transition from homeless to "at home". The Sponsor Based Homeless Voucher initiative will, at the conclusion of its development and implementation, provide 100 homeless persons with a stable, safe living space, and access to many supportive services to facilitate successful outcomes. Utilizing MTW flexibility over the next several years SDHC will work in conjunction with organizations, government entities, and other service providers in the community to create comprehensive solutions for San Diego's homeless population.

Over the last two years, SDHC has begun to examine its rental assistance programs and generate changes to streamline processes and make better use of Federal funds. After extensive research, two Annual MTW Conferences, and listening to rental assistance participants and staff, SDHC has realized that in order to take full advantage of its flexibilities as an MTW Demonstration Agency and accomplish the three MTW objectives of reducing cost and achieving greater cost effectiveness in Federal expenditures, giving incentives to families with children where the head of household is working, seeking work, or is preparing for work by participating in job training, educational programs, or programs that assist people in obtaining employment and becoming economically self-sufficient, and increasing housing choices for low-income families, a major innovation is needed.

Therefore, over the next several years SDHC will embark on a journey of change. The rental assistance programs will undertake a major rent reform initiative designed to encourage families to attain the goals of increasing income, completing education, and becoming more economically self-sufficient. This program renovation will also streamline the rent calculation and program administration processes. The goal of this endeavor is to use Federal dollars more efficiently and sensibly while using the cost savings to provide assistance to additional low-income families, increase understanding of the rental assistance program among participants, enhance customer service, fund aspects of the program that will increase services to those families to put them on the track to self-sufficiency, and other activities related to MTW and SDHC's long-term objectives.

It is both with anticipation and an acknowledgement of the considerable efforts ahead that SDHC looks forward to the next eight years of its MTW Demonstration participation. The authority provided under MTW allows this agency to restructure and design programs specifically targeted toward our local community needs, and we move forward with the intent to use this authority to improve the lives of our low-income families.

SECTION V - PROPOSED MTW ACTIVITIES: HUD APPROVAL REQUESTED

Fiscal Year 2009 marked SDHC's first year of reinstatement as an MTW agency. In the corresponding MTW Annual Plan, SDHC proposed ten initiatives for implementation over the course of the fiscal year. All initiatives were successfully implemented with the exception of the "Local Interim Recertification Policy" and "Undertake Public Housing Development" initiatives.

Due to the many changes in procedures facilitated by the introduction of MTW initiatives, SDHC determined it was in the best interest of Rental Assistance Department personnel to postpone the implementation of the revised interim policy until all other streamlining initiatives were applied to HCV processes and staff successfully navigated through the adjustment period. The initiative is expected to be fully implemented during the winter of 2011.

A 39 unit development was identified for acquisition and conversion to public housing units during Fiscal Year 2010. Due to unanticipated delays, the escrow period did not close before the end the Fiscal Year, but shortly thereafter. Therefore, this activity will be considered as implemented in Fiscal Year 2011, and the information will be detailed in the Fiscal Year 2011 MTW Annual Report.

Detailed information concerning each initiative is fully discussed in Section VI of this report. Please note that due to restructuring, public housing tenants did not participate in MTW activities in Fiscal Year 2010. SDHC plans to introduce the applicable initiatives to public housing developments within the upcoming fiscal year.

SECTION VI - ONGOING MTW ACTIVITIES: HUD APPROVAL PREVIOUSLY GRANTED

#	**Initiative Description**	**Statutory Objective**	**Plan Year**	**Implementation Date**
1	Implement a revised inspection protocol	Reduce costs and achieve greater cost effectiveness	2010	Implemented October 1, 2009 and June 1, 2010
2	Authorize the SDHC to inspect and determine rent reasonableness for SDHC owned properties	Reduce costs and achieve greater cost effectiveness	2010	Implemented July 13, 2009
3	Implement triennial income certifications for elderly and disabled clients	Reduce costs and achieve greater cost effectiveness	2010	Implemented October 1, 2009
4	Choice Communities Components ▪ Eliminate 40% Affordability Cap ▪ Moving for Opportunity Program ▪ Revolving Security Deposit Loan fund ▪ Increase payment standards in low-poverty areas	Increase housing choices	2010	▪ Implemented January 1, 2010 ▪ Implemented January 1, 2010 ▪ Implemented January 1, 2010 ▪ Implemented June 1, 2010
5	Standardize utility allowances by unit size	Reduce costs and achieve greater cost effectiveness	2010	Implemented April 1, 2010
6	Simplify income and asset verification systems to reduce administrative costs	Reduce costs and achieve greater cost effectiveness	2010	Implemented October 1, 2009
7	Adopt a local interim certification policy	Increase housing choices; encourage self-sufficiency	2010	Implementation postponed to Winter 2011
8	Establish an HCV homeownership program	Increase housing choices; encourage self-sufficiency	2010	Implemented October 1, 2009
9	Expand the PBV program	Increase housing choices	2010	Implemented September 1, 2009
10	Undertake Public Housing development	Increase housing choices	2010	Acquisition of 39 public housing units escrow closed in Fiscal Year 2011
11	Economic Development Academy (Achievement Academy)	Encourage self- sufficiency	2009	Opening October 1, 2010

1. Implement a Revised Inspection Protocol

Impact of Activity: The San Diego Housing Commission (SDHC) received authorization from HUD to revise inspection requirements by waiving mandatory annual inspections and allowing property owners and tenants to self-certify the repair of minor fail items identified during annual inspections.

Units passing two consecutive initial and/or annual inspections on the first attempt qualify for placement on the Biennial Inspection Cycle. The unit remains on the biennial cycle as long as the unit continues to pass inspection on the first attempt in subsequent years. Upon a failed inspection, the unit reverts back to the annual inspection cycle until meeting the eligibility requirements for placement back onto the Biennial Inspection Cycle. (In the event of a move-out, the unit will temporarily revert to the annual cycle. If a new MTW participant seeks to move into the unit and the initial inspection is conducted with a pass result on the first attempt, the unit will regain biennial status.)

In turn, inspectors conducting an annual inspection where only a minor fail item prohibits the unit from receiving a "Pass" result have the discretion to allow the tenant and owner the opportunity to complete a Self-Certification of Repair form in lieu of scheduling a second inspection. When the option is available, the tenant and property owner remedy the minor fail item and return the signed Self-Certification of Repair form to SDHC. The unit is issued a "Pass" status upon receipt of the form. However, the issuance of a Self-Certification of Repair form is considered a "Fail" result with regard to qualifying for placement on the biennial cycle.

Using a revised inspection protocol, SDHC predicted saving 1.5 FTE due to the overall reduction of mandatory Housing Quality Standards (HQS) inspections utilizing the capacity of the Self-Certification of Repair process and the Biennial Inspection Cycle system. The total number of inspections was also anticipated to reduce by approximately 18 percent due to the streamlined processes. Moreover, the number of failed inspections was expected to reduce while the number of inspections passing the first time would increase. These factors would also contribute to the reduction in staff time related to conducting inspections.

Since the approach to reducing mandatory inspections was completed in two phases, the full impact of the initiative was not realized during Fiscal Year 2010. The ability for tenants and property owners to self-certify the repair of minor fail items and placement of units on the Biennial Inspection Cycle were both implemented effective October 1, 2009 and June 1, 2010 respectively.

With respect to the Fiscal Year 2010 Annual Plan: The baseline data was derived using a standard report integrated into the housing management software system. While generating data to track the monthly statistics, SDHC identified areas for improvement in the software reports. Thus, the report was modified to capture additional applicable information when generating data, therefore increasing accuracy and contributing to the overall integrity of the data. Due to the adjustments in the report, the baseline numbers were revised to the following:

Metric	Original Baseline	Revised Baseline
Total number of inspections	22,169	20,177
Total number of annuals	18,532	16,890
Total number of passing annual inspections	13,778	12,630
Total number of units passing inspection the first time	N/A	11,416
Total number of failed annual inspections	4,755	4,260

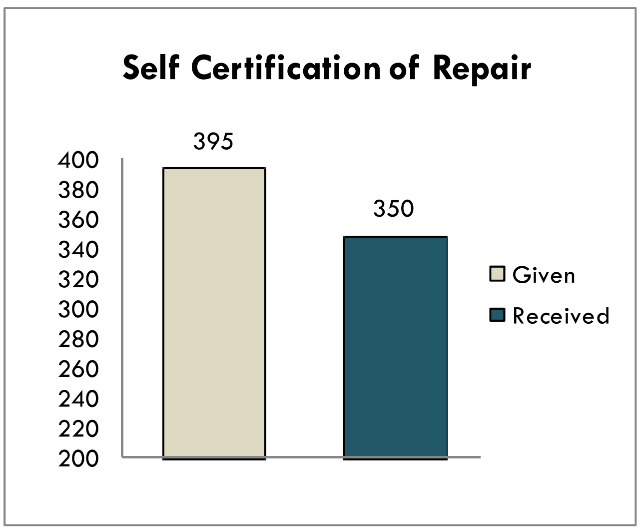
Although not a metric, the Fiscal Year 2010 Annual Plan identified 6,682 units as having at least two passed inspections and zero failed inspections, which is the criteria used for determining eligibility for the Biennial Inspection Cycle. Using the modified report, the number was revised to 6,028 units.

SDHC would also like to note a revision of a statistic contained within the Fiscal Year 2010 MTW Plan. The initiative description noted a 74 percent pass rate of first time initial and annual inspections conducted during calendar year 2008. Upon further review of the baselines, SDHC is revising the statistic to 68 percent.

Analysis of inspections data revealed a 10 percent decrease in the first time pass rate of first time initial and annual inspections; the statistic decreased to an overall first time pass rate of 58 percent for the months of October 2009 to June 2010. The reason for the decrease is unknown, but SDHC intends to examine the issue thoroughly.

Self-Certification of Repairs Update

The Fiscal Year 2010 MTW Plan stated 337 units failed inspection due to minor fail items. At the close of the fiscal year, 355 units submitted the Self-Certification of Repair form indicating the correction of minor fail items occurred rather than scheduling a secondary inspection. Since the issuance of the form is tied directly to the presence of minor fail items, the data does not indicate significant fluctuations with regard to an increase or decrease in minor fail items.



Biennial Inspection Cycle Update

At implementation, approximately 6,229 units were identified as eligible for the Biennial Inspection Cycle, an increase of 201 units since the approval of the Fiscal Year 2010 MTW Plan. The increase of eligible units indicates a reduction in both minor and major fail items since a unit does not qualify for the cycle unless the inspection receives a "Pass" result at the conclusion of the first inspection. Note: A unit receiving the Self-Certification of Repair form is still considered a "Fail" for the purposes of the initiative. Under regular HCV regulations, the minor fail item would have caused the inspection to fail, therefore, SDHC still considers this a failed inspection. In accordance with this rationale, a unit is not eligible for the Biennial Inspection Cycle if receiving the Self-Certification of Repair form at the close of the inspection.

Undesirable Outcomes Update

SDHC acknowledged the possibility of an increase in the number of fails with regard to the first annual or initial inspection conducted on a unit due to the less frequent inspections. The potential undesirable outcome was measured by calculating the number of units passing the annual or initial inspection on the first time attempt in comparison to the total number of inspections conducted in a given month. As previously noted in the report, SDHC determined the comprehensive pass rate for all first time inspections conducted on a unit decreased from 68 percent to 58 percent during Fiscal Year 2010. SDHC believes the biennial inspection schedule will improve the first time pass rate percentage and anticipates the percentage will increase in Fiscal Year 2010.

Discussion of Benchmarks: Due to the implementation schedule of the initiative, a complete series of data could not be generated to definitively measure the initiative. A full analysis of the Revised Inspection Protocol initiative will be provided in the Fiscal Year 2011 MTW Report upon a full year of implementation.

The scorecard below provides an update on the progress of the initiative.

Metric	Baseline 2009	YTD	Benchmark
Total No. of inspections	20,177	14,614	<16,545
Total No. of annuals	16,890	12,232	
Total No. of passing annual inspections	12,630	9,273	
Total No. of units passing inspection the first time	10,391	8,055	11,430
Total No. of failed annual inspections	4,260	2,959	<3,834
Total number of self-certifications received	0	355	
Full-time equivalent to complete all inspections	10	9.65	8.5
Total No. of units on biennial cycle	0	6,028	
Potential Undesirable Outcomes		**YTD**	**Acceptable Levels**
Pass rate for first time inspections conducted on a unit		58%	68%

Revisions to Benchmarks or Metrics: The metric measuring the annual number of new property owners entering the program was removed because SDHC determined the initiative was solely centered on reducing expenditures rather than encouraging new property owners to rent units to HCV tenants. Additionally, although SDHC has the ability to measure increases and decreases in the number of property owners on an annual basis, the reasons for the fluctuations in the number of property owners cannot be tied specifically to the initiative. Local economic conditions may impact the ability of potential and existing landlords to participate in the HCV program.

SDHC also made the decision to remove the subset of secondary metrics measuring the number of minor and major fail items when a unit fails an inspection. The metrics overall proved dynamic with the ability to relate the data directly to the primary metric and indirectly to the secondary metrics, thus serving as indicators of the presence of minor and major fail items. The issuance of the Self-Certification of Repairs form signifies the number of minor fail items while placement of units onto the Biennial Inspection Cycle indicates a reduction in both minor and major fail items. Since a comparable number of units were placed on the biennial cycle when correlated to the baseline, no major changes can be supposed in relation to the number of fail items. Since the numbers contained in the scorecard are consistent with the baselines, SDHC further determined the metrics obsolete and of no intrinsic value.

Furthermore, SDHC is measuring the number of units passing inspection on the first attempt which also serves as an indicator of the initiative's influence on tenants and property owners to qualify for the Biennial Inspection Cycle. The metric would further indicate a reduction in minor and major fail items.

Original Benchmarks and Metrics included the following:

Benchmarks
- ✓ Reduce total number of inspections by 3,948 (18%) by June, 30, 2011
- ✓ Save 1.5 full-time equivalents to complete inspections June 30, 2011
- ✓ Increase the number of units passing the first inspection by 10% by June 30, 2011
- ✓ Reduce number of failed inspections by 10% by June 30, 2011

Metrics
- ✓ Annual number of inspections
- ✓ Annual number of annual inspections
- ✓ Annual number of passing annual inspections
- ✓ Annual number of failed annual inspections
- ✓ Annual number of minor fail items of failed annual inspections
- ✓ Annual number of major fail items of failed annual inspections
- ✓ Annual number of new property owners entering the program
- ✓ Annual number of self-certifications completed
- ✓ Full-time equivalent (FTE) savings to complete all inspections
- ✓ Total number of units on the Biennial Inspection Cycle

Revised Benchmarks and Metrics are as follows:

Benchmarks
- ✓ Reduce total number of inspections by 3,632 (18%) by June, 30, 2011
- ✓ Save 1.5 full-time equivalents to complete inspections June 30, 2011
- ✓ Increase the number of units passing the first inspection by 10% by June 30, 2011
- ✓ Reduce number of failed inspections by 10% by June 30, 2011

Metrics
- ✓ Total number of inspections
- ✓ Total number of annual inspections
- ✓ Total number of passing annual inspections
- ✓ Total number of units passing inspection the first time
- ✓ Total number of failed annual inspections
- ✓ Total number of self-certifications completed
- ✓ Full-time equivalents (FTE) savings to complete all inspections
- ✓ Total number of units on the Biennial Inspection Cycle

SDHC will continue to measure the initiative during Fiscal Year 2011 to ensure the overall success of the initiative.

Changes to Data Collection Methodology: No changes were made to the data collection methodology with the exception that data for the initiative will be measured on a quarterly basis rather than a monthly basis during Fiscal Year 2011.

Changes to Authorization Used: No changes were made to the authorizations used to implement the initiative.

Description of Authorization or Regulation Waived: MTW Agreement Attachment C, Section D(5) containing waivers of Section 8(o)(8) of the 1937 Act and 24 CFR 982 Subpart I. MTW Agreement Attachment D containing waivers of 24 CFR 941.202, 941.203, and 983.57.

2. Authorize SDHC to Inspect and Determine Rent Reasonableness for SDHC-Owned Properties

Impact of Activity: Federal regulations require an outside inspection contractor to perform HQS inspections and rent reasonableness determinations on Public Housing Authority-owned units receiving Federal subsidies for housing programs. SDHC owns 1,543 affordable housing units in which the regulations under standard HQS requirements apply. In order to reduce cost and achieve greater cost effectiveness in Federal expenditures, SDHC received permission from HUD to conduct inspections and determine rent reasonableness for SDHC-owned units using MTW waivers.

Since contracted inspections and rent reasonableness determinations cost more per unit, eliminating the requirement to contract with a third party inspection company reduces the overall cost of conducting annual, initial, and special inspections. At the end of calendar year 2008, a third party inspection service conducted 4,597 HQS inspections at an annual cost of $128,000. An annual cost savings of approximately $19,200 was anticipated as a result of the initiative. In Fiscal Year 2010, SDHC realized an annual cost savings of $117,888 due to conducting in-house inspections on SDHC-owned units. Only 358 inspections were conducted by a third party inspection company on SDHC-owned units.

During the course of data analysis, SDHC identified the need for revisions to the benchmarks and metrics in order to capture the full impact of the initiative. The revisions and supporting rationale are discussed more thoroughly in the narrative. The scorecard below provides a detailed quantitative analysis of the initiative using the revised benchmarks and metrics.

Metric	Baseline 2009	YTD		Benchmark
	No.	No.	%	
Annual number and percentage of inspections conducted in-house on SDHC-owned properties	0	1,553	81%	>1,500
Annual cost and percentage of total cost for inspections conducted in-house on SDHC-owned properties	$0	$35,719	78%	>$34,500
Annual number and percentage of inspections conducted by a 3rd party company on SDHC-owned properties	4,597	358	19%	<500
Annual cost and percentage of total cost for inspections conducted by a 3rd party company on SDHC-owned properties	$128,000	$10,112	22%	<$19,200

Potential Undesirable Outcomes	YTD		Acceptable Levels
	No.	%	
Annual number and percentage of total in-house inspections conducted on SDHC-owned units requiring special inspections	57	3%	10%
Annual number and percentage of tenant complaints related to in-house inspections on SDHC-owned units	0	0%	1%

SDHC would like to recognize the success of the initiative to date; all benchmarks were realized in the first year of implementation. The continued utilization of this measure will ensure the statutory objective of reducing costs and achieving greater cost effectiveness in Federal expenditures is accomplished in the future.

Discussion of Benchmarks: In order to measure the success of the initiative, SDHC tracked both the annual number and percentage of inspections conducted in-house and by a third party contractor on SDHC-owned properties. The anticipated result was SDHC would conduct 4,597 inspections of SDHC-owned units, or 100% of all inspections on SDHC properties. Review of the baselines concerning the number of inspections conducted by a third party inspection service and the related costs indicated the baseline numbers were inflated due to the Public Housing Disposition occurring in December 2007. Former public housing units were inspected twice in one year: Once for an initial inspection before the new lease and HCV HAP contract were signed by the tenant/property owner and for a second inspection scheduled to coincide with the tenant's annual certification date. Therefore, the baseline included an elevated number of third party contract inspections due to the disposition.

Other factors affecting the progression towards attaining the benchmarks include the reduction of the overall number of inspections conducted as a direct result of the Revised Inspection Protocol initiative and that third party inspectors are still used when the number of scheduled inspections exceeded the capacity of available in-house staff. The benchmark as stated in the Fiscal Year 2010 MTW Plan cannot be reached for these reasons. Additionally, the benchmark may not be achievable as long as the services of a third party inspection company are utilized to inspect both SDHC-owned and non-SDHC-owned properties. Since a contract inspection company may be used for some inspections on SDHC-owned units due to the above named reason, the Revised Inspection Protocol initiative is reducing the overall number of required inspections, and the baseline number of third party inspections was inflated, the benchmark most likely will not be reached and required revision. Please note: Since SDHC is actively acquiring additional affordable housing units, some of which may be subject to HQS inspections using MTW flexibility, future cost savings and the number of inspections may increase.

SDHC also tracked the annual cost to inspect SDHC-owned units; costs were tracked related to in-house inspections and third party inspections. The anticipated benchmark is to save $19,200 (15% of the $128,000 baseline) by June 30, 2011. As aforementioned, since the number of inspections was reduced due to the Revised Inspection Protocol initiative and third party inspectors still conduct a limited number of inspections on SDHC-owned units, the total cost savings cannot be accurately measured using this metric.

Revisions to the benchmarks and metrics were necessary for the above reasons.

Potential Undesirable Outcomes included a potential increase in special inspections on SDHC-owned units and the possibility of tenant complaints related to inspections on SDHC-owned units. Baseline data does not exist concerning the number of special inspections and tenant complaints prior to implementation of the initiative when all inspections were conducted by a third party entity. However, SDHC designated Acceptable Levels of tenant complaints and special inspections related to in-house HQS inspections. At the close of Fiscal Year 2011, zero tenant complaints were received concerning SDHC staff conducting inspections on SDHC properties, and 4 percent (meeting the acceptable level of less than 10 percent) of the total inspections conducted on SDCH-owned units were special inspections. Please note: Special inspections are anticipated for all units as a matter of practice and is an inherent part of rental assistance programs. SDHC conducted a total of approximately 602 special inspections program wide, or 4% of all inspections program wide. The percent of special inspections relative to the number of inspections conducted on units are consistent regardless of whether or not the property is owned by SDHC or an independent entity.

Revisions to Benchmarks or Metrics: SDHC determined two additional metrics and benchmarks were required in order to measure the effectiveness of the initiative. The metrics measuring the annual number and percentage of inspections conducted in-house for SDHC-owned properties and the cost to conduct in-house inspections were not sufficient to measure the total impact of the initiative. While the metrics did isolate information related directly to SDHC conducting inspections on SDHC-owned property, the metrics did not capture all relevant data. The two primary reasons for the discrepancy in data are as follows:

1. The baseline and the metric stated 100 percent of the 4,597 inspections completed by a third party inspection service for SDHC-owned properties would be completed in-house by SDHC. Since

SDHC anticipated decreasing inspections overall through MTW initiatives (self-certifying minor fail items and using a biennial inspection cycle for qualifying units), the number of total inspections for SDHC-owned properties also decreased. The benchmark of conducting an additional 4,597 inspections in-house is not attainable.

2. The metric assumes SDHC will not be utilizing the services of a third party inspection service. SDHC has continued to contract with a third party inspections company as a mechanism to fill in when in-house staff is on vacation, ill, or temporarily reassigned.

Two additional metrics and corresponding benchmarks were added to fully illustrate each facet of the inspections process and monitor the initiative's success accordingly. Metrics measuring (1) the annual number and percentage of inspections conducted by a third party company on SDHC-owned property and (2) the annual cost and percentage of total costs for inspections using a third party company to conduct inspections on SDHC-owned property were added to capture additional data. Benchmarks were applied in a format allowing SDHC to use a third party company to a minor degree, but not to exceed a designated amount which corresponds to the original benchmarks.

The revisions to the metrics and benchmarks enabled SDHC to calculate the total costs savings due to the initiative whereas the original benchmarks and metrics did not capture the full spectrum of information. By also measuring the number of inspections conducted on SDHC-owned units by the third party inspection company and applying the cost per unit charged for the inspections, SDHC calculated the total cost of conducting inspections on SDHC properties by tallying total expenditures for inspections completed by both SDHC and the third party inspection company. When the data was compared, SDHC determined a third party contractor conducts approximately 23 percent of inspections on agency owned units, or 358 inspections. The result was within the parameters set forth in the benchmarks. The cost of the inspections totaled $10,112 annually, a significant reduction when compared to the original baseline of $128,000.

Benchmark reach dates were modified to June 30, 2011 as SDHC will continue to measure the initiative throughout the course of Fiscal Year 2011.

Original Benchmarks and Metrics included the following:

Benchmarks
- ✓ Move 100% of inspections in-house for SDHC-owned properties by June 30, 2010
- ✓ Reduce annual inspection costs related to SDHC-owned units by 15% (approximately $20,000) by June 30, 2010

Metrics
- ✓ Annual number and percentage of inspections being conducted in-house for SDHC-owned properties
- ✓ Annual cost to inspect SDHC-owned units

Revised Benchmarks and Metrics are as follows:

Benchmarks
- ✓ Annual number of inspections conducted in-house on SDHC-owned properties will be >1,500 by June 30, 2011
- ✓ Annual cost for inspections conducted in-house on SDHC-owned properties will be >$34,500 by June 30, 2011
- ✓ Annual number of inspections conducted by a 3rd party company on SDHC-owned properties will be <500 by June 30, 2011
- ✓ Annual cost for inspections conducted by a 3rd party company on SDHC-owned properties will be <$19,800 by June 30, 2011

Metrics

- ✓ Annual number and percentage of inspections conducted in-house on SDHC-owned properties
- ✓ Annual cost and percentage of total cost for inspections conducted in-house on SDHC-owned properties
- ✓ Annual number and percentage of inspections conducted by a 3rd party company on SDHC-owned properties
- ✓ Annual cost and percentage of total cost for inspections conducted by a 3rd party company on SDHC-owned properties

SDHC will continue to measure the initiative during Fiscal Year 2011 to ensure the overall success of the initiative.

Changes to Data Collection Methodology: No changes were made to the data collection methodology.

Changes to Authorization Used: No changes were made to the authorizations used to implement the initiative.

Description of Authorization or Regulation Waived: MTW Agreement Attachment C, Section D(2)(c) containing waivers of Section 8(o)(10) of the 1937 Act and 24 CFR 982.507. MTW Agreement Attachment C, Section D(5) containing waivers of Section 8(o)(8) of the 1937 Act and 24 CFR 982 Subpart I. Attachment D containing waivers of Section 8(o)(11) of the 1937 Act and 24 CFR 941.202, 941.203, 982.352(b), 982 Subpart K, and 983.57.

3. IMPLEMENT TRIENNIAL INCOME RECERTIFICATIONS FOR ELDERLY AND DISABLED CLIENTS

Impact of Activity: The Triennial Recertification Cycle was implemented to reduce the number of annual certifications for elderly and/or disabled households with a fixed income. The initiative targeted reducing staff time and thereby achieving greater cost effectiveness in Federal expenditures by decreasing the number of annual certifications required for the Triennial households.

Upon implementation of the initiative, SDHC opted to place each Triennial household on a three year certification schedule to include one full annual certification and two cost of living adjustment annual certifications where the fixed income was updated to reflect an increase or decrease in the cost of living. Note: Triennial households are still able to request an interim certification for a decrease in income at anytime.

Approximately 4,607 households were placed on the Triennial Recertification Cycle during implementation. (The number of household on the Triennial cycle fluctuates as households become eligible/ineligible to participate on the cycle.) The Triennial caseloads were divided among four staff members thereby eliminating five caseloads. The five respective staff members were reassigned to existing positions in the department to assist in various capacities or due to staff turnover/promotions, including the creation of positions for an HCV Homeownership Assistant and Choice Communities Assistant.

In June 2010, a decision was made to add a fifth Triennial caseload. An unanticipated effect of consolidating the elderly and/or disabled households has been the large amount of additional customer service that is required for the Triennial population. In order to provide excellent customer service to these participants, it was determined a fifth caseload would be beneficial.

At the close of Fiscal Year 2010, 4,053 families were participating in the Triennial Recertification Cycle. We anticipate this number will expand with the eventual broadening of the allowable fixed income definition. SDHC anticipated cost savings related to copying, printing, and mailing documents corresponding to the annual recertification process. Since only one-third of monthly certifications require a full recertification, SDHC has expended approximately $3,068 on the cost of paper, ink, and postage since implementation of the initiative on October 1, 2009. The total cost of copying, printing, and mailing documents would have been about $4,536 if the participants underwent a full recertification instead of a COLA recertification.

Metric	Baseline 2009 No.	YTD No.	Benchmark
Annual staff time in hours required to process full recertifications and off-year adjustments for Triennial households	9,500	2,559	< 4,750
Occupancy/Leasing staffing requirements	30	26	
Annual costs for printing, copying, and mailing recertification packets and off-year adjustment documents to Triennial households	$10,000	$3,068	< $5,000
Potential Undesirable Outcomes		**YTD No.**	**Acceptable Levels**
Annual number of interims being completed for Triennial households		206	2,800

Discussion of Benchmarks: The initiative was implemented effective October 1, 2009 with the expectation all benchmarks will be achieved by June 30, 2011. Thus far, preliminary data indicates SDHC is on track to attain each benchmark. Although numerical figures from Quarter 1 do not reflect a full set of data since the transition into the Triennial Cycle only represented one full month of annual certifications processed, Quarters 2 and 3 demonstrate SDHC is making progress towards each objective.

Revisions to Benchmarks or Metrics: The benchmark reach dates were revised from December 31, 2010 to June 30, 2011. Since the initiative was implemented effective October 1, 2009 not enough time elapsed to accurately measure the success of the initiative by the close of Fiscal Year 2010. An additional twelve months to measure the initiative rather than six months allows SDHC to more thoroughly analyze the impact of the initiative and address any concerns which may arise over the course of the next year.

Benchmarks were also revised to provide the ability to attain and supersede a central goal. The original wording of the benchmarks limited success to the achievement of a minimum value: Reducing staff time and other related costs by 50 percent. Rephrasing the benchmark rendered the capacity to attain and surpass the minimum requirement: Reducing staff time and other related costs by 50 percent or more.

Original Benchmarks are as follows:

- ✓ Reduce annual staff time used to process elderly/disabled recertifications by 50 percent (4,750) by December 31, 2010
- ✓ Reduce annual printing, copying, and postage costs required to process elderly/disabled recertifications and off-year rent adjustments by 50 percent ($5,000) by December 31, 2010

Revised Benchmarks are as follows:

- ✓ Annual staff time in hours required to process full recertifications and off-year adjustments for Triennial households will be less than 4,750 by June 30, 2011
- ✓ Annual costs for printing, copying, and mailing recertification packets and off-year adjustment documents to Triennial households will by less than $5,000 by June 30, 2011

Changes to Data Collection Methodology: No changes were made to the data collection methodology.

Changes to Authorization Used: No changes were made to the authorizations used to implement the initiative.

Description of Authorization or Regulation Waived: MTW Agreement Attachment C, Section C(4) containing waivers of Sections 3(a)(1) and 3(a)(2) of the 1937 Act and 24 CFR 966.4 and 960.257. MTW Agreement Attachment C, Section D(1)(c) containing waivers of Section 8(o)(5) of the 1937 Act and 24 CFR 982.516.

4. CHOICE COMMUNITIES

Impact of Activity: The Choice Communities initiative focused on providing incentives and assistance to MTW program participants aspiring to move out of high poverty areas into low poverty areas. SDHC used a four-pronged approach containing the following elements:

1. Eliminating the 40% affordability cap on family share at the time of initial lease up in low-poverty neighborhoods.

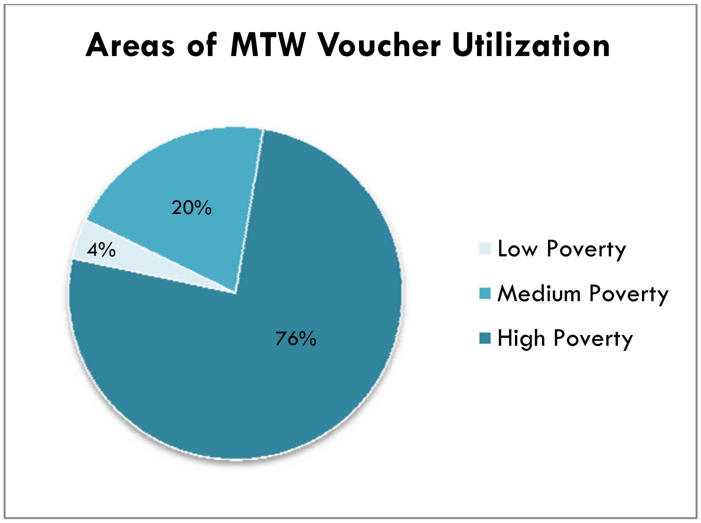
2. Creating a security deposit loan program for families moving from high-poverty areas to low-poverty areas.

3. Providing resources, information, and guidance to families expressing interest in moving to low-poverty neighborhoods.

4. Increasing the payment standards in low-poverty areas.

Nine low-poverty zip codes were identified as target areas for participants seeking to relocate to an area of low-poverty. Informational flyers concerning the Choice Communities program was disseminated via move packets with instructions to contact the assigned Choice Communities Housing Assistant (CCHA) for further details. Occupancy staff members also educated clients about the opportunities under the Choice Communities initiative when receiving telephone calls and made referrals to the CCHA.

Three elements of the initiative were implemented in January 2010, with the higher payment standards taking effect June 2010. Client interest in the opportunities afforded by the Choice Communities initiative was almost immediate as telephone calls concerning the program began in January 2010. Clients continue to apply for the Security Deposit Loan Program and the ability to exceed the 40% affordability cap. Packets containing information about Choice Communities areas are distributed, per the request of interested clients, on a weekly basis. Additionally, SDHC is currently considering different methods of marketing the initiative with the objective of increasing interest in the program over the next fiscal year. Benchmarks are not expected to be achieved until June 30, 2011 but SDHC is optimistic the targets are achievable since client interest continues to grow over the course of time.



Discussion of Benchmarks: The initiative was implemented in two phases effective January 1, 2010 and June 1, 2010 with the intent to fully measure and quantify all benchmarks by June 30, 2011. A complete analysis of the initiative will be contained in the Fiscal Year 2011 Annual Report. The scorecard below summarizes the progress of the initiative since implementation and the benchmarks and metrics currently measured:

Metric	Baseline 2009		YTD		Benchmark
	No.	%	No.	%	
Total No. and percentage of participants moving from high/medium to low areas of poverty	33	3%	43	4%	10%
Total No. and percentage of participants moving from high to medium areas of poverty	96	7%	14	8%	20%
No. and percentage of participants moving to Choice Communities participating in Security Deposit program	0	0	6	14%	
No. and percentage of participants moving to Choice Communities receiving increased payment standards	0	0	1	2%	
No. and percentage of participants moving to a new unit received Moving for Opportunities counseling	0	0	71	7%	
No. and percentage of Choice Communities tenants exceeding the 40% affordability cap at move-in	0	0%	3	7%	
No. of loans			6		
Dollars loaned			$6,450		
Average dollars loaned			$1,075		At least $700
Average HAP cost per unit in low poverty areas	$854		$864		
Average HAP cost per unit in high poverty areas	$824		$829		
Percent of participants moving into Choice Communities who remain in unit at least 1 year by 6/30/2011				0%	80%

Revisions to Benchmarks or Metrics: The metric measuring the total number and percentage of participants moving from high to low-poverty areas participating in the security deposit loan program, receiving an increased payment standard, and/or participating in the Moving for Opportunity program has been revised to include participants moving from medium to low-poverty areas as well. The intent of the initiative is to encourage participants to move into low-poverty areas from higher poverty areas. The metrics as stated in the Fiscal Year 2010 plan limit participation to only residents originating from high-poverty areas with no consideration for residents originating from medium-poverty areas. The metrics were changed to reflect the intent as stated in the narrative and maintain consistency between the narrative and the metrics. The metric was further separated into four individual metrics in order to easily identify the concepts being measured. Any other changes made to the metrics were to further clarify the metrics, not to change the content requiring measurement.

For the reasons stated above, the metric measuring the total number and percentage of participants moving from high to medium areas of poverty was removed. The initiative concentrates on moves into low-poverty areas only. While SDHC also supports moves out of high poverty areas into medium poverty areas, the Choice Communities suite of incentives focus on moving participants into low-poverty areas. The initiative does not specifically encourage moves into medium-poverty areas, therefore, a metric measuring these moves is neither necessary or applicable to the initiative.

The benchmark measuring the average dollars loaned for the Security Deposit Loan program has been revised to better reflect the requirements and substance of the initiative. The original benchmark stated the average dollars loaned to tenants requiring assistance with the security deposit would not exceed $1,450. Stated as such, the benchmark does not provide a standard in which to aspire. Thus, even an average number of dollars loaned through the program could hypothetically be $0 and the benchmark would be satisfied. The revision to the benchmark provides a minimum threshold in which to measure success by stating the average dollars loaned will be at least $700, therefore, providing an achievable target. Since the maximum loan is $1,450 as outlined in the administrative plan and procedures, an average loan amount above $1,450 will never be realized and is therefore unnecessary to measure.

Original Benchmarks and Metrics included the following:

Benchmarks

- ✓ 10% of moving participants will move from a high-poverty area to a low-poverty area by June 30, 2011
- ✓ Average dollars loaned is not to exceed $1,450 per participant by June 30, 2011 which is the average security deposit in low-poverty areas
- ✓ 80% of moving participants will stay in the new unit at least one year by June 30, 2011

Metrics

- ✓ Total number and percentage of participants who move from a high-poverty area to a low-poverty area and participate in the security deposit loan program, receive an increase in payment standards, or participate in the Moving for Opportunity program
- ✓ Total number and percentage of participants who move from high-poverty areas and low-poverty areas
- ✓ Total dollars security deposits loaned and average dollars loaned
- ✓ Total number and percentage of participants who move from high-poverty areas to low-poverty areas and whose rent as a percentage of adjusted income exceeds 40% (up to a new cap of 50%)
- ✓ Total number and percentage of participants who move from high-poverty areas to low-poverty areas, whose rent at move-in exceeds 40% of adjusted income (up to a new cap of 50%) and who stay in the unit one year
- ✓ Track the number of moves from high-poverty areas to medium-poverty areas
- ✓ Average HAP cost per unit for both designated high and low-poverty areas

Revised Benchmarks and Metrics are as follows:

Benchmarks
- ✓ 10% of moving participants will move from a high-poverty area to a low-poverty area by June 30, 2011
- ✓ Average dollars loaned will be at least $700 per participant by June 30, 2011
- ✓ 80% of moving participants will stay in the new unit at least on year by June 30, 2011

Metrics
- ✓ Total number and percentage of participants moving from high/medium to low areas of poverty
- ✓ Number and percentage of participants moving to Choice Communities participating in Security Deposit program
- ✓ Number and percentage of participants moving to Choice Communities receiving increased payment standards
- ✓ Number and percentage of participants moving to a new unit received Moving for Opportunities counseling
- ✓ Number and percentage of Choice Communities tenants exceeding the 40% affordability cap at move-in
- ✓ Total number of security deposit loans, total dollars loaned, and average dollars loaned
- ✓ Average HAP cost per unit in low-poverty areas
- ✓ Average HAP cost per unit in high-poverty areas
- ✓ Percent of participants moving into Choice Communities who remain in unit at least 1 year by 6/30/2011

Changes to Data Collection Methodology: Data containing the average HAP cost per unit in low-poverty areas and high-poverty areas will be collected on an annual basis rather than a monthly basis. All other data will be collected on a quarterly basis rather than a monthly basis.

Changes to Authorization Used: No changes were made to the authorizations used to implement the initiative.

Description of Authorization or Regulation Waived: MTW Agreement Attachment C, Section D(2)(a) containing waivers 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 982.508, 982.503 and 982.518.

5. STANDARDIZE UTILITY ALLOWANCE BY UNIT SIZE

Impact of Activity: The Utility Allowance calculation was simplified in order to streamline certification and leasing processes as well as reduce the complexity of the Utility Allowance for ease of administration, especially as related to landlords and tenants. The streamlined Utility Allowance is only offered to tenants currently responsible for utilities as prescribed in the lease and HAP contract.

The Utility Allowance initiative was implemented effective April 1, 2010 using the utility allowance chart as presented in the Fiscal Year 2010 MTW Plan. The original chart was generated using current utility allowance data by bedroom size at the time the Plan was in the draft process. To produce the numbers, the utility allowances were categorized depending upon whether or not the household was responsible for sewer/water and then averaged according to the number of bedrooms in the assisted unit. The utility allowances used for the purposes of averaging were the amounts effective July 1, 2008. An initial impact analysis conducted by SDHC identified approximately 25 families anticipated to experience an increase of $50 or more per month in their family share due to the revised utility allowance structure.

The utility allowances used for the HCV program subsequently decreased effective July 1, 2009 in accordance with Federal regulations. Preceding the implementation of the initiative on April 1, 2010, SDHC conducted a second impact analysis to determine whether or not the utility allowance chart as proposed in the Fiscal Year 2010 Annual Plan should be used in lieu of the current utility allowance schedule. SDHC discovered using the current decreased utility allowance schedule would impact participants to a greater degree in terms of family share increasing $50 or more per month. Therefore, a benefit of using the utility allowances as published in the MTW Plan was that the number of participants negatively impacted by the initiative would not increase. In fact, since a portion of participants had already experienced an increase in rent when the decreased utility allowance schedule was applied to annual certifications prior to MTW participation, there were even fewer families experiencing increases in family share of $50 or more per month when compared with the numbers reported in the initial impact analysis. According to the secondary impact analysis, four families instead of 25 are expected to realize increases in family share greater than $50 per month.

See the charts below for a review of the utility allowance amounts used for the purposes of the initiative and a summary of the secondary impact analysis:

Bedrooms	MTW Standard Utility Allowance – Sewer/Water Included	MTW Standard Utility Allowance – Sewer/Water Not Included
0	$49	$18
1	$49	$25
2	$83	$36
3	$113	$49
4	$154	$68
5	$176	$72
6	$192	$94

*Excluding $0 Utility Allowance Households

Impact Analysis	
# of households with a UA decrease >$50	6
# of households with a rent increase of >$50	4
Year 1 HAP impact (no hardship)	$554,160
Year 1 hardship cost	$1,332
Total year 1 HAP change	**$555,492**

*Rent increases capped at $50 in year 1 for approved hardship requests

The secondary impact analysis conducted upon implementation of the initiative revealed an increase in annual HAP when compared to the model used for the Fiscal Year 2010 MTW Plan. The overall increase is due to the current circumstances of households as contained in the point-in-time data generated in early 2010, which was used to perform the analysis. Since the initial impact analysis was modeled using Fiscal Year 2009 data, and given the existing economic conditions present in Fiscal Year 2010, the increase in HAP was anticipated by SDHC. As stated in the Plan, the hardship policy will be available to all households requesting a hardship and experiencing an increase in rent greater than $50 due to the new schedule.

The scorecard below provides a summary of the progress of the Utility Allowance initiative since implementation:

Metric	Baseline 2009	YTD	Benchmark
Annual staff time in hours to determine utility allowances in recertifications	1,057	41	<211
Utility allowance calculation error rate	11%	N/A	5.5%
Potential Undesirable Outcomes		**YTD**	**Acceptable Levels**
Annual number of households approved for hardship exemption for monthly rent increases >$50 due to changes in utility allowance structure		0	25

Discussion of Benchmarks: Since the initiative was implemented during the final two months of Fiscal Year 2010, SDHC is unable to provide a thorough analysis of the progress of the initiative. A complete analysis will be contained in the Fiscal Year 2011 MTW Report.

Preliminary data indicates the initiative is on track to meet benchmarks relating to the reduction in annual staff time. One of the goals of the initiative is to reduce annual staff time in hours by 80% when determining utility allowances in recertifications, or from five minutes per file to one minute per file. Interviews conducted with a sample of affected staff members revealed the average minutes per file to determine utility allowances reduced to 1.15 minutes, or 0.019 hours. The benchmark of one minute per file was not reached due to the late implementation of the initiative which also delayed the transition of participant records to the new method of calculating the utility allowance. Staff indicated the one time transition initially added extra time onto the verification process. Based on staff feedback, SDHC expects a further decrease in the amount of time when determining utility allowances once all files have been converted to the standardized utility allowance calculation.

Additionally, file audit data was not available to track the utility allowance calculation error rate due to administrative changes occurring at the time of implementation. File audit data will be collected for the duration of Fiscal Year 2011 to comprehensively assess the success of the initiative.

Revisions to Benchmarks or Metrics: No revisions were made to benchmarks or metrics.

Changes to Data Collection Methodology: No changes were made to the data collection methodology.

Changes to Authorization Used: No changes were made to the authorizations used to implement the initiative.

Description of Authorization or Regulation Waived: MTW Agreement Attachment C, Section C(11) containing waivers of Sections 3(a)(2), 3(a)(3)(A), and Section 6(l) of the 1937 Act and 24 CFR 5.603, 5.611, 5.628, 5.630, 5.632, 5.634, 960.255, and 966 Subpart A. MTW Agreement Attachment C, Section D(2)(a) containing waivers 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 982.508, 982.503, and 982.518.

6. Simplify Income and Asset Verification Systems to Reduce Administrative Costs

Impact of Activity: The income and asset verification policy was simplified in order to streamline verification processes related to conducting annual and interim certifications. The revised verification policy contained two main components: Allowing program participants to self-certify the total cash surrender value of all assets when less than $10,000 and restructuring the order of the verification hierarchy. Using the new verification system, staff was not required to issue third party verifications to verify income and assets and was able to rely on review of documents and UIV as the preferred method of verification. The effect of the initiative was a significant reduction in the number of third party verifications sent on behalf of the participant. Also, since staff no longer was required to verify assets totaling less than $10,000 (97% of all MTW households have assets with a cash surrender value less than $10,000), significant staff savings resulted from the initiative.

Thus far, this initiative is one of the most successful initiatives implemented under MTW authority. Responses from staff utilizing the simplified income and asset verification systems indicate the resulting time savings has contributed to higher productivity levels while streamlining processes. SDHC intends to continue this activity for the duration of MTW participation.

Metric	Baseline 2009		YTD		Benchmark
	No.	%	No.	%	
Annual number of income-related third party verifications conducted during recertification	5,993		318		<500
Annual staff time in hours required to conduct third party verification of income during recertification	481		25		<105
Annual number and percentage of third party verification of assets conducted during recertification	695		28	17%	<50
Annual staff time in hours required to conduct third party verification of assets during recertification	87		4		<7
Asset income calculation error rate		13%		10%	7%

Potential Undesirable Outcomes	YTD	Acceptable Levels
	No.	
Annual staff time in hours required to conduct income review of documents in recertifications	2,196	3,061

Discussion of Benchmarks: The initiative was implemented effective October 1, 2010 with the expectation all benchmarks will be achieved by June 30, 2011. Thus far, preliminary data indicates SDHC is on track to attain each benchmark. A full analysis of the Simplified Income and Asset Verification System initiative will be provided in the Fiscal Year 2011 MTW Annual Report upon an entire year of implementation.

Revisions to Benchmarks or Metrics: During data collection processes, SDHC noted staff was still issuing third party verifications for income and assets at a low level. Two focus groups with staff were conducted to ascertain the reasons for continued issuance of third party verifications. Staff stated sometimes documents are difficult to obtain from clients if the paperwork is not easily available from providers of the income or asset source. In the event the client is unable to obtain review of documents and UIV is unavailable, third party verifications are issued to the appropriate source. Based on this information, SDHC realized the acquisition of third party verifications is still relevant under certain circumstances. Due to the necessity of obtaining third party verifications in particular instances, changes were made to the benchmarks for the following metrics:

Original Benchmarks and Metrics included the following:

Benchmarks:

- ✓ Reduce number of annual income-related (excluding assets) third party verifications by 100% by June 30, 2011
- ✓ Reduce annual staff time required to conduct third party income (excluding assets) verifications by 100% (481 hours, equating to approximately .25 FTE) by June 30, 2011

Metrics:

- ✓ Annual number of income related (non-assets) third party verifications conducted during recertifications
- ✓ Annual staff time required to conduct income (non-asset) third party verifications in recertifications
- ✓ Annual number of recertifications requiring asset review of documents
- ✓ Annual number of recertifications requiring third party verification of assets
- ✓ Annual staff time required to conduct asset review of documents in recertifications
- ✓ Annual asset income calculation error rate

Revised Benchmarks and Metrics are as follows:

Benchmarks

- ✓ Annual number of income-related (non-asset) third party verifications conducted during recertification will not exceed 500 verifications by June 30, 2011
- ✓ Annual staff time in hours required to conduct third party verification of income during recertification will not exceed 105 hours by June 30, 2011
- ✓ Annual staff time in hours required to conduct third party verification of assets during recertification will not exceed 7 hours by June 30, 2011

  Note: This benchmark was originally categorized as an undesirable outcome, but has been reclassified as a metric since SDHC determined a certain level of verification of assets is allowable under the initiative.

Metrics

- ✓ Annual number of income related (non-assets) third party verifications conducted during recertifications
- ✓ Annual staff time in hours to conduct income (non-asset) third party verifications during recertifications
- ✓ Annual number and percent of third party verification of assets conducted during recertifications
- ✓ Annual staff time in hours to conduct asset third party verification of assets during recertifications
- ✓ Annual asset income calculation error rate

The benchmark and metric measuring the number of recertifications requiring asset review of documents was removed since the true focus of the initiative is to encourage the use of review of documents rather than requiring third party verifications. It makes more sense to measure the instances where review of documents is not used since it is assumed review of documents will be the method of verification used unless a staff member determines the third party verification is necessary to secure the asset information. Therefore, measuring only the instances wherein the third party verification is utilized is a more effective measurement. The metric will also be reported as the percentage of total assets valued at $10,000 or greater requiring a third party verification to ascertain the ratio of the use of third party verifications versus review of documents. Additionally, since the value of assets and the number of households with assets totaling $10,000 or more is not a fixed number and varies from year to year, measuring the number of recertifications requiring review of documents for assets and the related staff time is not meaningful to the overall intent of the initiative. The number of families reporting assets of $10,000 or more where the third party verification of assets is used as the primary verification is a better indicator of whether or not the initiative is successful.

Concerning undesirable outcomes:
SDHC did note one typo upon a post-approval review of the Plan. The undesirable outcome measuring the annual staff time required to conduct third party verification of income (non-assets) in recertifications should state: Annual staff time required to conduct review of documents of income (non-assets) in recertifications. The report reflects the correction.

SDHC stated certain income sources may require additional review of documents when third party verifications were eliminated, hence the inclusion of the potential undesirable outcome measuring the annual staff time required to conduct income (non-assets) review of documents in recertifications. A full analysis of the potential undesirable outcome did not reflect any significant additional expenditures of staff time using review of documents as the primary verification level. Therefore, this undesirable outcome will be removed and will not be measured in future years since no negative impact was encountered.

Changes to Data Collection Methodology: Data will be collected on a quarterly basis rather than a monthly basis.

Changes to Authorization Used: No changes were made to the authorizations used to implement the initiative.

Description of Authorization or Regulation Waived: MTW Agreement Attachment C, Section C(4) containing waivers of Sections 3(a)(1) and 3(a)(2) of the 1937 Act and 24 CFR 966.4 and 960.257. MTW Agreement Attachment C, Section D(3)(b) containing waivers of 24 CFR 982.516 and 982 Subpart E.

7. Adopt a Local Interim Recertification Policy

Impact of Activity: SDHC staff implemented a series of other initiatives and changes during Fiscal Year 2010, including the HUD-mandated EIV process revisions. Due to the complexity of the Revised Interim Recertification activity, the decision was made to postpone implementation. It is anticipated it will be implemented toward the end of Fiscal Year 2011. A full analysis of the initiative will be conducted throughout the remainder of Fiscal Year 2011 and Fiscal Year 2012 and will be included in the subsequent MTW Annual Reports.

Discussion of Benchmarks: Per the Fiscal Year 2010 MTW Plan, benchmarks are expected to be achieved by June 30, 2011.

Revisions to Benchmarks or Metrics: No revisions were made to benchmarks or metrics.

Changes to Data Collection Methodology: No changes were made to the data collection methodology.

Changes to Authorization Used: No changes were made to the authorizations used to implement the initiative.

Description of Authorization or Regulation Waived: MTW Agreement Attachment C, Section C(4) containing waivers of Sections 3(a)(1) and 3(a)(2) of the 1937 Act and 24 CFR 966.4 and 960.257. MTW Agreement Attachment C, Section D(1)(c) containing waivers of Sections 8(o)(5) of the 1937 Act and 24 CFR 982.516.

8. ESTABLISH HOUSING CHOICE VOUCHER (HCV) HOMEOWNERSHIP PROGRAM AND USE BLOCK GRANT FUNDS TO ASSIST HCV HOMEOWNERSHIP PARTICIPANTS

Impact of Activity: The HCV Homeownership Program, known locally as Home of Your Own, was constructed to promote the utilization of a two-mortgage model to assist qualifying HCV participants with purchasing a home using a voucher. This model is most advantageous to non-elderly/non-disabled participants as their assistance contains a 15-year time limit per Federal Regulations. Elderly/disabled households have a lower income requirement than non-elderly/non-disabled households in order to increase program accessibility. Participants purchasing a home under the HCV Homeownership Program continue to receive Housing Assistance Payments to assist with a portion of the mortgage payment. SDHC also provided for a down payment assistance grant of an amount equal to 24 months of Housing Assistance Payments if the non-elderly/non-disabled participant purchases a foreclosed unit, as an incentive to purchase such units. Other programs offered by SDHC may be used in conjunction with the HCV Homeownership Program for qualifying households, such as another down payment assistance grant and soft-second mortgages.

Home of Your Own was implemented effective October 1, 2009. SDHC divided MTW clients into three income tiers and mailed letters to the first and second tiers in October 2009 and January 2010 respectively. Although several clients responded to the opportunity to purchase a home, SDHC was unable to approve numerous applications for a variety of reasons. The most common reasons for a denial of the application were due to bad credit and/or lack of a minimum balance of $3,000 in combined household bank accounts. These applicants are given referrals to SDHC's FSS program as well as various partner organizations to assist the families in correcting any identified barriers to homeownership. At the end of Fiscal Year 2010, one family was proceeding through the program with the expectation of a home purchase in early Fiscal Year 2011.

Metric	Baseline 2009	YTD No.	YTD %	Benchmark
Annual No. purchased foreclosed homes	0	0	0%	7
Annual No. purchased regular market homes	0	0		3
Total purchased homes		0		10
Current HAP expenditures for Homeownership Program participants	$0	$0		
HAP expenditures before participation in Homeownership Program	$0	$0		
% Difference in HAP expenditures	0%		0%	
Annual No. ineligible due to becoming economically self-sufficient	0	0		No benchmark for 1st year
Annual No. deferred second loan	0	0		5
Annual No. down payment assistance grant	0	0		5
Annual total (some participate in both programs)	0	0		10
Annual dollars deferred second loan	$0	$0		
Annual Avg. deferred second loan in dollars	$0	$0		
Dollars down payment assistance grant	$0	$0		
Annual Avg. down payment assistance grant in dollars	$0	$0		
Potential Undesirable Outcomes		**YTD No.**	**YTD %**	**Acceptable Levels**
Annual No. participants unable to maintain mortgage payments		0		1

Discussion of Benchmarks: Benchmarks were initially scheduled for achievement on June 30, 2010. Since there were not any homes purchased under the MTW initiative, SDHC is extending the benchmarks until June 30, 2011. The initiative will be reviewed at the close of Fiscal Year 2011for a determination on the viability and effectiveness of the initiative.

Revisions to Benchmarks or Metrics: No revisions were made to benchmarks or metrics.

Changes to Data Collection Methodology: Data will be collected on a quarterly basis rather than a monthly basis.

Changes to Authorization Used: No changes were made to the authorizations used to implement the initiative.

Description of Authorization or Regulation Waived: MTW Agreement Attachment C, Section D(8)(a) containing waivers of Sections 8(o)(15) and 8(y) of the 1937 Act and 24 CFR 982.625 through 982.643 inclusive as necessary.

9. Expand the Project-Based Voucher Program

Impact of Activity: Expanding the Project-Based Voucher Program allowed SDHC to allocate an additional 400 vouchers to provide housing to homeless and low-income families. The vouchers would supplement the existing 39 project-based vouchers of which 33 served low-income families and 6 served the homeless. Of the PBV vouchers dedicated to the initiative, an additional 200 vouchers would serve each population respectively, or a total of 233 dedicated to low-income families and 206 dedicated to the homeless. Designating additional vouchers increased the range of housing options and housing opportunities to underserved families in San Diego.

Additionally, the Fiscal Year 2010 MTW Plan outlined seven objectives of the PBV initiative. Each objective is included below with a description of the result:

1. Collaborate with local developers and non-profit housing providers by creating long-term subsidies by means of project-based vouchers, in exchange for the creation of affordable housing for low-income families/individuals and transitional housing for homeless families/individuals.

   - SDHC was not yet able to achieve this objective, but looks forward to creating affordable housing in future years through collaborative efforts with local developers and non-profit housing providers.

2. Increase the range of options available to low-income households living in high-poverty areas.

   - Two of the developments (Alabama Manor and Potiker) in which project-based vouchers were dedicated serve only low-income families. A total of 51 families were served through this initiative: 36 and 15 vouchers utilized respectively by low-income families.

3. Designate up to 3% of vouchers to project-based developments.

   - Since SDHC did not attain the benchmarks specified in the Fiscal Year 2010 Annual Plan, the 3% designation threshold was not yet realized. It is expected to be reached over the next few years.

4. Expand the use of project-based vouchers by increasing the permissible percentage of subsidized units in a single development.

   - SDHC allowed more than 25% of the units in a single development to be project-based. Developments in which this objective was achieved include Townspeople, Stepping Stone, Meade, and Santa Margarita: 38 percent, 75 percent, 31 percent, and 31 percent respectively.

5. Utilize project-based vouchers within SDHC-owned properties.

   - Project-based vouchers were used within SDHC-owned properties beginning September 2009. At the close of Fiscal Year 2010, seven vouchers were used within Santa Margarita and six vouchers were used within Meade.

6. In conjunction with HUD's Neighborhood Stabilization Program, SDHC may apply creative measures utilizing project-based vouchers to increase housing opportunities in vacant and foreclosed properties in impacted areas of the community.

   - SDHC is researching the feasibility of purchasing vacant and foreclosed properties for the purposes of creating low-income housing where project-based vouchers comprise a significant percentage of the units comprising the development.

7. Allow for project-specific waiting lists maintained by the owners or non-profit providers in compliance with agency standards.

   - The developments of Townspeople and Stepping Stone maintain project-specific waiting lists which SDHC monitors for compliance with current standards.

The scorecard below provides a summary of benchmarks achieved under the Expanded PBV Program initiative.

Metric	Baseline 2009	YTD		Benchmark	
	No.	No.	%	No.	%
No. of project based units authorized in developments serving the chronically homeless and percent of benchmark	16	31	14%	216	100%
No. of project based units authorized in developments serving low-income families and percent of benchmark	23	93	42%	223	100%
Total No. of authorized project based units and percent of benchmark	39	124	218%	439	1026%
Administration time required to administer project based vouchers	.3 FTE	1 FTE			2 FTE
No. and percent of project based vouchers used in former vacant/foreclosed properties	0	0	0%		
No. and percent of project based vouchers used in regular market properties	39	105	85%		
No. and percent of project based vouchers used within SDHC-owned properties	0	19	15%		

In order to demonstrate SDHC is effectively utilizing the project-based vouchers authorized by MTW authority, the lease up rate for all PBV units was calculated at the conclusion of Fiscal Year 2010. The chart provides an overview of all developments with PBV units, including both baseline units and units acquired as MTW PBV units. Relevant statistics and demographics are depicted in the chart as well.

Effective Date	Development Name	Total No. of Units in Development	Total No. Project Based Units Authorized in Development	Total No. Project Based Units Leased Up in Development	% of Project Based Units Authorized in Development	% of Project Based Units Leased Up in Development	Population
2/1/2002	Becky's House*	9	2	2	22%	100%	Homeless DV
7/1/2002	Take Wing*	33	8	3	24%	38%	Homeless Youth
12/23/2002	Hollywood Palms*	94	23	22	24%	96%	Low-Income
7/1/2005	Leah Residence	24	6	6	25%	100%	Homeless
9/1/2009	Townspeople	24	9	9	38%	100%	Homeless
1/1/2010	Stepping Stone	8	6	6	75%	100%	Homeless
2/1/2010	Potiker	200	36	31	18%	86%	Low-Income
4/28/2010	Alabama Manor	67	15	14	22%	93%	Low-Income
4/28/2010	Meade (SDHC-Owned)	29	9	6	31%	67%	Low-Income
5/1/2010	Santa Margarita (SDHC-Owned)	32	10	7	31%	70%	Low-Income
	Total	520	124	106	24%	85%	

*Baseline PBV units

Discussion of Benchmarks: Due to the unavailability of additional vouchers and decreased funding levels, SDHC was unable to achieve the benchmarks as prescribed in the Fiscal Year 2010 MTW Plan. The initiative will continue into Fiscal Year 2011 as an ongoing activity in order to continue progressing toward obtaining the benchmark.

Revisions to Benchmarks or Metrics: Minor revisions were made to both the benchmarks and the metrics of the initiative. Benchmarks have been applied to the number of units authorized as PBV in order to measure the progress towards achieving the objective of administering 439 project-based vouchers. The metrics measuring the lease up rate of the chronically homeless and low-income families are now included in the chart detailing the list of developments containing pertinent statistics and characteristics. The chart was also expanded to include a larger array of information pertaining to the PBV developments. A metric was created to measure the number and percent of project-based vouchers used in regular market properties since SDHC also intended to measure the number and percent of project-based vouchers used in vacant/foreclosed properties and SDHC-owned properties; adding this metric provides all subsets of information necessary to measure the percentages of the entire property portfolio and completes the overall picture concerning properties in which PBV is concentrated. Reformatting and revising the benchmarks and metrics clarifies the intent of the initiative and captures more meaningful data, therefore reporting on the success of the initiative more accurately. Further, the benchmark reach dates were revised from June 30, 2010 to June 30, 2011 as 400 additional vouchers were not immediately available for use.

SDHC also discovered the percentage for the benchmark measuring the increase of project-based vouchers was incorrectly calculated. The percent states the targeted increase as 926 percent (from 39 to 439). Rather, the correct calculation is 1026 percent. The benchmark has been revised to reflect the correction.

Original benchmarks and metrics included the following:

Benchmarks
- ✓ Increase project-based vouchers by 926 percent (from 39 to 439) by June 30, 2010
- ✓ Administer 200 additional vouchers to chronically homeless by June 30, 2010
- ✓ Administer 200 additional vouchers low-income families by June 30, 2010
- ✓ Increase FTE to administer 439 project-based vouchers to 2 FTE by June 30, 2010

Metrics
- ✓ Number and percentage of the 200 vouchers designated for low-income PBV units allocated to formerly vacant/foreclosed properties
- ✓ Number and percentage of the 200 vouchers designated for low-income PBV units allocated to SDHC-owned properties
- ✓ Number of chronically homeless leased up
- ✓ Number of low-income families leased up
- ✓ FTE to administer 439 project-based vouchers
- ✓ List of developments detailing the total number of units, total number of project-based units, and percentage of project-based units

Revised benchmarks and metrics are as follows:

Benchmarks
- ✓ Increase project-based vouchers by 1026 percent (from 39 to 439) by June 30, 2011
- ✓ Number of project-based units authorized in developments serving the chronically homeless will be 216 (includes baseline of 16) by June 30, 2011
- ✓ Number of project-based units authorized in developments serving low-income families will be 223 (includes baseline of 23) by June 30, 2011
- ✓ Total number of authorized project-based units will be 439 by June 30, 2011
- ✓ FTE to administer 439 project-based vouchers will be increased to 2 FTE by June 30, 2011

Metrics
- ✓ Number and percent of project-based vouchers used in former vacant/foreclosed properties
- ✓ Number and percent of project-based vouchers used in regular market properties

- ✓ Number and percent of project-based vouchers used in SDHC-owned properties
- ✓ Number of project-based units authorized in developments serving the chronically homeless and the percent of benchmark (216)
- ✓ Number of project-based units authorized in developments serving low-income families and the percent of benchmark (223)
- ✓ Total number of authorized project-based units and percent of benchmark (439)
- ✓ FTE to administer 439 project-based vouchers
- ✓ List of developments detailing the PBV contract effective date, total number of units, total number of project-based units, total number of project-based units leased up, percent of project-based units authorized, percent of project-based units leased up, and the population served

Changes to Data Collection Methodology: The initiative will be measured on a quarterly basis rather than a monthly basis.

Changes to Authorization Used: No changes were made to the authorizations used to implement the initiative.

Description of Authorization or Regulation Waived: MTW Agreement Attachment C, Section B(1)(b)(vi) containing waivers of certain provisions of Sections 8 and 9 of the 1937 Act and 24 CFR 982 and 990. MTW Agreement Attachment C, Section D(2)(d) containing waivers of Sections 8(o)(7) and 8(o)(13)(F)-(G) of the 1937 Act and 24 CFR 982 Subpart L and 983 Subpart E. MTW Agreement Attachment C, Section D(7) containing waivers of Section 8 of the 1937 Act and 24 CFR 982 and 983.

10. Undertake Public Housing Development with Public Housing or Voucher Funds

Impact of Activity: In the Fiscal Year 2010 MTW Plan, SDHC proposed the acquisition and rehabilitation of 33 public housing units using MTW flexibility. A development containing 39 units was identified, and the funds were committed in Fiscal year 2010 to purchase the property. However, as of June 30, 2010 escrow had not yet closed, and thus the acquisition will officially take place in Fiscal Year 2011. The table below contains a summary of the status of the initiative:

Metric	Baseline	YTD	Benchmark
No. of new public housing units	36	36	69

Discussion of Benchmarks: SDHC anticipated exceeding the benchmark by acquiring 39 additional public housing units by the close of Fiscal Year 2010. Due to unforeseen delays, the Vista Verde development containing the new public housing units was still in the process of escrow on June 30, 2010. A full explanation detailing the impact of the initiative will be discussed in the Fiscal Year 2011 MTW Annual Report.

Revisions to Benchmarks or Metrics: The projected benchmark reach date was changed from June 30, 2010 to June 30, 2011.

Changes to Data Collection Methodology: Data will be collected on an annual basis rather than a monthly basis.

Changes to Authorization Used: No changes were made to the authorizations used to implement the initiative.

Description of Authorization or Regulation Waived: MTW Agreement Attachment C, Section B(1)(b)(ii) containing waivers of Sections 8 and 9 of the 1937 Act and 24 CFR 982 and 990. MTW Agreement

Attachment C, Section B(1)(b)(vii) containing waivers of Sections 8 and 9 of the 1937 Act and 24 CFR 982 and 990. MTW Agreement Attachment C, Section B(1)(b)(viii) containing waivers of Sections 8 and 9 of the 1937 Act and 24 CFR 982 and 990. MTW Agreement Attachment C, Section C(13) containing waivers of 24 CFR 941.401.

11. Update on the Achievement Academy, formerly known as the Economic Development Academy (EDA)

SDHC has finalized the design and pre-construction phase of the Achievement Academy, formerly known as the Economic Development Academy. The Achievement Academy is expected to open October 1, 2010. As a means to provide services to participants while construction takes place, SDHC has been sponsoring limited Achievement Academy activities in its central office as well as utilizing two off-site facilities for workshops on workforce preparation, computer skills, and financial skills education.

SECTION VII - SOURCES AND USES OF FUNDING

A. Below is a table detailing the planned versus actual sources and uses MTW funds:

MTW Estimated Revenues & Expenditures

		MTW FY10 Plan			MTW FY10 Actual Sources & Uses		
Comment	Planned Sources	Section 8	Public Housing	Total	Section 8	Public Housing	Total
1	HUD Grants		613,333	613,333		873,999	873,999
2	Other Revenue		443,207	443,207		452,492	452,492
3	Rental Revenue		139,738	139,738		168,171	168,171
4	Non-Dwelling Income		158,938	158,938		132,749	132,749
5	Operating Subsidy		28,256	28,256		14,851	14,851
6	Other Revenue - PH Reserves		7,601,103	7,601,103		6,615,213	6,615,213
7	Operating Subsidy - Repositioning Fees		4,305,966	4,305,966		6,603,625	6,603,625
8	Section 8 Subsidy	170,587,391		170,587,391	175,788,815		175,788,815
		170,587,391	13,290,541	183,877,932	175,788,815	14,861,100	190,649,915
	Planned Uses	Section 8	Public Housing	Total	Section 8	Public Housing	Total
9	Administration & Operations	11,388,941	115,091	11,504,032	11,799,562	74,682	11,874,244
10	Housing Assistance Payments	153,822,931		153,822,931	141,317,881		141,317,881
11	Housing Dev/Site Acquisition		10,040,506	10,040,506		1,013,524	1,013,524
12	MTW Choice Communities	50,000		50,000	2,535		2,535
13	MTW Economic Development Academy (Operations & Admin)	2,614,255		2,614,255	1,572,069		1,572,069
14	MTW Economic Development Academy (Tenant Improvements)	1,322,500		1,322,500	1,336,500		1,336,500
15	MTW Foreclosure Initiatives (Homeownership Program)	250,000		250,000	0		0
16	MTW Security Deposit Assistance Program	50,000		50,000	7,900		7,900
17	Property Mgmt & Routine Maintenance Expenses		78,884	78,884	0	89,578	89,578
18	Relocation	18,000	275,000	293,000	0	0	0
19	Site Improvement		39,950	39,950	0	0	0
20	Reserves	1,070,764	2,741,110	3,811,874	19,752,368	13,683,316	33,435,684
		170,587,391	13,290,541	183,877,932	175,788,815	14,861,100	190,649,915

		MTW FY10 Plan			MTW FY10 Actual Sources & Uses		
		Section 8	Public Housing	Total	Section 8	Public Housing	Total
21	Capital Fund FY10 501-09 ARRA (280) (Non-MTW)		2,173,051	2,173,051		2,173,051	2,173,051

Comments

1. Additional interest income and Captial Funds received; one award not received
2. Additional interest income, not in original plan
3. Higher rents received than anticipated in original plan
4. Less interest income than anticipated in original plan
5. Actual subsidy approved less than anticipated in original plan
6. Less than anticipated due to prior year adjustments
7. Higher repositioning fees received than anticipated
8. Received more HAP and admin fees than anticipated in the original plan
9. Expenses higher than anticipated in original plan
10. Carryover of prior years hap in original plan
11. Purchase & rehabilitation of public housing site will be completed in FY11
12. Program start-up costs were less than expected
13. Expenses less than expectated as staff prepares for EDA opening
14. Tenants improvements ongoing, anticipated completion in October 2010
15. No foreclosed homes were purchased in Homeownership program in FY10
16. Program began mid-year, expect to reach full capacity in FY11
17. Program expenses higher than anticipated
18. PH relocation set aside for deposition units ,if needed
19. Contracts will be let in FY11 on multi-year program
20. Reserves will be used to fund FY11 MTW plan
21. Funds were committed, escrow did not close in FY10. These funds are non-MTW, not included in the MTW Block Grant.

B. SDHC did not use any State or local funds for the MTW program.

C. If applicable, list planned vs actual sources and uses of the COCC. **N/A**

D. SDHC is using a cost allocation approach that meets HUD's requirements.

E. SDHC will use single-fund flexibility in support of MTW activities rather than creating numerous budgets. SDHC combines funds from public housing operating and capital fund assistance (authorized by section 9 of the United States Housing Act of 1937 (the Act) and voucher funds (authorized by section 8 (o) of the Act) to implement a block grant/single fund budget approach to budgeting and accounting. SDHC has consolidated public housing and housing choice voucher program funds to implement the approved Moving to Work initiatives described in the Fiscal Year 2010 MTW Plan and will continue to do so in future Plans.

F. Optional – List planned versus actual reserve balances at the end of the plan year. **N/A**

G. Optional – In plan appendix, provide planned versus actual sources and use by AMP. **N/A**

UPDATE ON RHF AND ARRA FUNDS

The use for the 2009 Replacement Housing Factor funds, which amount to $2,005,429, have been combined with ARRA Capital Funds in the amount of $2,173,051, along with prior year capital funds, to acquire 39 family housing units that the SDHC will operate as public housing (total estimated project budget of $5,183,037). The development consists of seven two-bedroom apartments, 32 three-bedroom apartments and one two-bedroom manager's unit (not included in total). The funds were expended in Fiscal Year 2010 and the escrow closed in July 2010, which is in Fiscal Year 2011. MTW block grant funds were not used to purchase these public housing units. Further, SDHC understands ARRA funds are not included in the MTW block grant fund.

SECTION - VIII ADMINISTRATIVE

A. Description of progress on the correction or elimination of observed deficiencies cited in monitoring visits, physical inspections, or other oversight and monitoring mechanisms, if applicable.

HUD staff visited SDHC for an annual MTW site visit in March 2010. During the site visit, SDHC and local HUD personnel discussed an observed deficiency occurring during a recent HUD audit, thus resulting in a Voluntary Compliance Agreement (VCA). SDHC was in negotiations with HUD at the time concerning the reporting requirements proposed within the VCA. The terms of the VCA have since been agreed upon by both HUD and SDHC, and the agreement was executed in August 2010. SDHC is currently in the process of drafting policies and procedures required to implement the VCA and address the issues detailed in the VCA.

B. Results of latest Agency-directed evaluations of the demonstration, as applicable. SDHC is using the MTW Annual Report to evaluate the demonstration.

C. Performance and Evaluation Report for Capital Fund activities not included in the MTW Block Grant, as an attachment to the Report. **N/A**

D. Certification that the Agency has met the three statutory requirements of:

   1) Assuring that at least 75 percent of the families assisted by the Agency are very low-income families.

   2) Continuing to assist substantially the same total number of eligible low-income families as would have been served had the amounts not been combines.

   3) Maintaining a comparable mix of families (by family size) are served, as would have been provided had the amounts not been used under the demonstration.

See Appendix A.

SAN DIEGO HOUSING COMMISSION

Certification of MTW Statutory Compliance

On behalf of the San Diego Housing Commission, I certify the Agency has met the three statutory requirements of the Moving to Work program during Fiscal Year 2010:

1. At least 75 percent of the families assisted by the Agency are very low-income families;

2. The Agency has continued to assist substantially the same total number of eligible low-income families as would have been served without MTW; and

3. The Agency has continued to serve a comparable mix of families (by family size) as would have been served without MTW.

for Richard C. Gentry
President & Chief Executive Officer

9.1.2010
Date