SAN DIEGO HOUSING COMMISSION

SDHC

Moving Forward
Moving To Work Program
Annual Report for Fiscal Year 2011

San Diego Housing Commission
Rental Assistance Department
1122 Broadway, Suite 300
San Diego, CA 92101
www.sdhc.org

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SECTION I: INTRODUCTION AND OVERVIEW

A. Introduction

For more than thirty years, the San Diego Housing Commission (SDHC), with funding from the U.S. Department of Housing and Urban Development (HUD), has helped provide low-income San Diegans with more affordable housing.

In 2009, HUD reinstated the Housing Commission as one of only 35 Moving to Work (MTW) agencies. Through MTW, HUD seeks to:

- Reduce costs and allocate federal funds more efficiently;
- Provide incentives for low-income families with children to become self-sufficient; and
- Increase housing choices for low-income families.

Known as “Moving Forward” in San Diego, MTW allows the Housing Commission to use public housing operating and capital funds and Housing Choice Voucher funds interchangeably. This provides the Housing Commission flexibility to create and test innovative programs that address San Diego’s unique housing needs and help us serve our 14,000 rental assistance clients more efficiently.

In June 2011, the Housing Commission successfully completed our second full year of the program. During this time, several MTW initiatives were successfully implemented or continued:

- Changing the annual review process for disabled and elderly tenants to every three years reduced our program costs.
- Streamlining the income and asset verification process improved the Rental Assistance Program’s efficiency, enhanced customer service and freed resources for other programs.
- A Housing Choice Voucher homeownership program, Home of Your Own, was implemented, allowing families with sufficient incomes to use rental assistance towards purchasing homes.
- Fifty-four participants, including minors and families moving to Choice Communities, established individual development accounts.
- Special matched savings accounts that help clients achieve greater financial self-sufficiency.
- A number of the Housing Commission’s affordable units were converted into project-based housing and an additional 39 public housing units were acquired and renovated.

In our Fiscal Year 2012 MTW Annual Plan, the Housing Commission introduces Path to Success, which will improve our rental assistance program by streamlining administration and helping families become more self-reliant.

B. Goals

In the Fiscal Year 2011 Annual Plan, SDHC delineated a series of goals attainable through the implementation of nine new initiatives which also serve to compliment the initiatives incorporated into daily operations and business practices from previous MTW Plans. SDHC seeks to accomplish the three statutory objectives of the MTW demonstration program by striving towards the following goals:

- Address the issue of homelessness in San Diego by creating solutions recognizing the need for a supportive services component and considering the unique conditions of being homeless in 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
- Offer solutions to families seeking to move toward self-sufficiency

A principal focus of SDHC concerns serving more families by expanding program capacity and affordable housing options within the San Diego community, accomplished through efficient administration of rental assistance programs. Participation in the MTW demonstration program enables SDHC to realize the goal of increasing affordable housing choices for low-income San Diego residents, critically important considering the historically high-cost housing market within the City. SDHC uses MTW flexibility to create initiatives, influenced by internal goals, to shape the agency's approach to addressing the needs of low-income San Diegans in need of affordable housing while garnering the ability to serve a greater portion of the population. Overall, each initiative plays a pivotal role in furthering local housing goals and objectives by serving as an inclusive mechanism supporting agency endeavors.

Following is a brief summarization of each Fiscal Year 2011 initiative as a quick point of reference:

1. *Allow lower rents for non-assisted units in SDHC-owned developments*. SDHC received authorization to use a revised rent reasonableness protocol to determine rent reasonableness for assisted units in SDHC-owned developments. Rent reasonableness for the voucher assisted units is determined by comparisons to similar units in the surrounding neighborhoods rather than within the development. The initiative increased the number of unassisted affordable units in San Diego for low-income families who cannot afford higher rents.

2. *Authorize commitment of PBV to SDHC-owned units*. SDHC requested that the process of committing PBV to agency-owned units be streamlined. The acquisition and improvement of some of SDHC-owned units was augmented by the commitment of PBV.

3. *Two year occupancy term for PBV tenants*. The initiative requires project-based voucher holders to complete two years of occupancy before becoming eligible to receive a tenant-based voucher. Current regulations require a one-year waiting period. The initiative increases the mandatory waiting period to two years in order to reduce costs, promote self-sufficiency, and increase housing choices for those families on the HCV waiting list.

4. *Acquisition of additional affordable units*. SDHC used broader uses of funds authority under the MTW program to acquire and preserve affordable housing units in San Diego using MTW funds. The initiative offers enhanced housing choices for low-income residents of San Diego and is not limited to Housing Choice Voucher program participants.

5. *Disregard retirement accounts*. The Fiscal Year 2010 MTW annual plan outlined efforts designed to streamline the methods required to verify program participant's income and assets with the goal of achieving greater cost effectiveness of Federal expenditures. This initiative further streamlines internal processes as well as encourages self-sufficiency through asset building by authorizing SDHC to disregard retirement accounts when verifying an applicant or participant's assets.

6. *Modify EIV income review schedule*. Effective January 31, 2010 HUD required the use of the EIV Income Information Report with all mandatory certifications. SDHC received permission to utilize the EIV report once per year during the annual recertification cycle. The EIV used for the purposes of the annual certification is used during any subsequent certifications occurring prior to the next scheduled annual certification.

7. *Development of public housing units using a combination of funds*. SDHC received HUD approval to use MTW funds in conjunction with Replacement Housing Factor Funds (RHF) to develop public housing units during Fiscal Year 2011.

8. *Sponsor-based vouchers for the homeless*. In an effort to help address the problem of homelessness within the City of San Diego, SDHC designed a sponsor-based voucher program geared toward reducing instances of homelessness. While the program did not begin its leasing processes until Fiscal Year 2011, approximately 100 vouchers will be used to provide sponsor-based housing to individuals identified as homeless beginning in early Fiscal Year 2012. Program participants will receive housing and supportive services from a designated service provider.

9. *Enhance family self-sufficiency program*. Family Self Sufficiency (FSS) services are offered to Housing Choice Voucher participants as a means for achieving economic self-sufficiency during the course of program participation. Current regulations require the family's head of household to participate in the FSS program in order for other adult household members to be eligible to participate in FSS activities. SDHC was granted the authority to permit any adult household members to enroll in the FSS program regardless of familial status. The initiative promotes self-sufficiency by extending program benefits and opportunities to a broader population of households.

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%: **75** with a change over 10 percent. SDHC purchased the Vista Verde development during the first quarter of Fiscal Year 2011. The development contains 39 public housing units, advancing the public housing portfolio to a total of 75 units. Please note: Since acquisition, the Vista Verde units have been undergoing rehabilitation on a rotating basis. As a result, 15 units are vacant at any given time. The rehabilitation is expected to conclude in early Fiscal Year 2012 wherein all units will be available for lease.

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

   In the Fiscal Year 2010 MTW Annual Plan, SDHC received HUD approval to use MTW fungibility and regulatory waivers to acquire additional public housing units using a modified process. The Vista Verde development (containing 39 public housing units and one manager's unit) was purchased in July 2010 using these MTW flexibilities. This property entered escrow at the end of Fiscal Year 2010 and closed escrow in early Fiscal Year 2011. Approximately $1 million in capital funds and approximately $600,000 in RHF capital funds was expended in Fiscal Year 2011 toward the acquisition and rehabilitation of the 39 unit public housing development Vista Verde when escrow closed, thus exceeding 30 percent of all budgeted capital expenditures. Additional capital expenditures for rehabilitation activities on the property are continuing in the second quarter of Fiscal Year 2012. Rehabilitation activities include exterior site upgrades such as sidewalk repairs and re-paving the parking lot, replacing 40 air conditioning/heating systems units to achieve greater energy efficiency, and repairing/repainting the exterior of the building. Should these expenditures exceed 30 percent of the Fiscal Year 2012 budget for capital expenditures, it will be reported in the Fiscal Year 2012 MTW Report.

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

Development Name	Number of Units	Unit Type	Number of Bedrooms					Accessibility Features	Number of Accessible Units
			1	2	3	4	5+		
Vista Verde	39	Low-Rise Apartment		8	31			Wheelchair Accessible	19

   Vista Verde was acquired and rehabilitated using MTW, ARRA and RHF funds. Other non-public housing affordable housing developments acquired using non-MTW funds were the Courtyard, Sanford Hotel, and Mariner's Cove. Please see Section III for more information on these developments.

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

5. Number of MTW HCV authorized at the end of the Plan year; discuss any changes over 10%: **13,718** 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%: **795** with the following changes over 10 percent: The non-MTW vouchers include Enhanced/Protection vouchers, TBRA, VASH, FUP, and PBV that have contracts yet to have converted to MTW. All PBV contract renewals will include provisions for MTW.

Authorized Non-MTW Vouchers	
Program	**Number of Units**
Enhanced/Protection	353
TBRA	18
VASH	285
FUP	100
Non-MTW PBV	39
Total:	**795**

7. Number of HCV units project-based during the Plan year, including a description of each separate project: A total of **88** units were project-based during Fiscal Year 2011. These units are in addition to the **39** units project-based prior to MTW designation as well as the **85** units project-based during Fiscal Year 2010. The matrix below provides a description of all developments and authorized PBV units added as 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	Total No. Project Based Units Added in Plan Year	Population
Meade (SDHC-Owned)	4/28/2010	30	29	9	20	Low-Income
Santa Margarita (SDHC-Owned)	5/1/2010	32	32	15	22	Low-Income
Courtyard (SDHC-Owned)	10/1/2010	37	7	7	7	Low-Income
Hotel Sanford (SDHC-Owned)	11/1/2010	130	39	25	39	Low-Income
Total		**229**	**107**	**56**	**88**	

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 partnership properties:

SDHC Property Management	
Property	**Units**
SDHC Former Public Housing	1,356
SDHC Local Units	5
Via Las Cumbres Local Units	83
Via Las Cumbres Public Housing	36
Vista Verde Public Housing (Tax Credit)	39
Maya Linda Units	131
State Housing Units (Otay Villa)	77
State Housing Units (Scattered Sites)	35
City Units	4
Front St (Del Mar Apartments)	34
Sanford Hotel (SRO Tax Credits)*	129
The Courtyard	37
Cuvier Street (La Jolla Marine)	8
Mariners Village*	171
Total Units:	**2,145**

*Owned but not managed by SDHC

The Fiscal Year 2010 Annual Report, fourteen manager's units were erroneously included in the overall total of 1,912. The accurate amount was 1,898. A total of 247 units (Vista Verde, The Courtyard, and Mariners Village) were added during Fiscal Year 2011 to generate the current quantity of 2,145. The manager's units are not included in this chart.

B. Leasing Information-Actual

1. Total number of MTW public housing units leased in Plan year: **59** out of 75 public housing units were leased in Fiscal Year 2011 as 21% of the units are undergoing rehabilitation on a rotating basis.

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

3. Total number of MTW HCV units leased in plan year: **13,556**

4. Total number of non-MTW HCV units leased in Plan year: **666** and includes Enhanced/Protection vouchers, TBRA, VASH, FUP, and PBV that have contracts yet to have converted to MTW.

Leased Non-MTW Vouchers	
Program	**Number of Units**
Enhanced/Protection	353
TBRA	16
VASH	214
FUP	50
Non-MTW PBV	33
Total:	**666**

5. Description of any issues related to leasing of public housing or HCVs: During Fiscal Year 2011, the Veteran's Administration (VA) began targeting chronically homeless veterans as the primary population receiving VASH voucher referrals. Referrals from the VA to SDHC temporarily decreased

as a result of the shift in outreach processes, yet are steadily increasing as outreach processes are fine-tuned. In order to increase voucher utilization rates, SDHC has committed to scheduling eligibility appointments within ten working days of receiving a referral as well as conducting briefings within ten working days of eligibility determination. Additionally, there is an atypically high turnover rate with the VASH vouchers due to participants skipping from units. The turnover rate contributes to the low voucher utilization rates since program terminations perpetuate an increased need for applicants. Continuously replacing participants inhibits the ability to utilize voucher allocations at or near 100%. The expedited eligibility determinations and briefing sessions alleviated this issue as well. Recent trends indicate an acceptable increase in VASH voucher utilization rates.

SDHC was still in the process of determining eligibility and leasing the full allocation of 100 FUP vouchers authorized in Fiscal Year 2011. Based on current leasing rates, full utilization of the FUP vouchers is expected during Fiscal Year 2012.

There are no leasing issues related to the utilization of TBRA and the non-MTW PBV units. The units not leased are a result of turnover rather than leasing issues.

6. Number of project-based vouchers committed or in use at the end of the Plan year, describe projects where any new vouchers are placed (include only vouchers where agency has issued a letter of commitment in 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
Becky's House	2/1/2002	9	2	2	Homeless DV
Take Wing	7/1/2002	33	8	6	Homeless Youth
Hollywood Palms	12/23/2002	94	23	23	Low-Income
Leah Residence	7/1/2005	24	6	6	Homeless Women
Townspeople	9/1/2009	24	9	7	Homeless
Stepping Stone	1/1/2010	8	6	6	Homeless
Potiker	2/1/2010	200	36	32	Low-Income
Alabama Manor	4/28/2010	67	15	14	Low-Income
Meade (SDHC-Owned)	4/28/2010	30	29	9	Low-Income
Santa Margarita (SDHC-Owned)	5/1/2010	32	32	15	Low-Income
Courtyard (SDHC-Owned)	10/1/2010	37	7	7	Low-Income
Hotel Sanford (SDHC-Owned)	11/1/2010	130	39	26	Low-Income
Total		**688**	**212**	**153**	

Please note: The Fiscal Year 2010 Annual Report stated a total of 67 units in The Courtyard development. The correct number of units is 37. The change does not affect the number PBV units authorized in the development, only the percentage of units project-based in the development.

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 2011 Total	FY 2011 Total
Composition		
Single	1,894	1,165
Family	10,003	5,616
Disabled	7,328	4,378
Elderly	2,759	1,187
Total Households	21,984	12,346
Race		
White	13,894	7,816
Native Hawaiian	398	232
American Indian	313	184
Asian	2,243	1,021
Black	5,135	3,093
Other	1	0
Total Households	21,984	12,346
Ethnicity		
Hispanic	8,344	4,682
Non-Hispanic	13,639	7,664
Other	1	0
Total Households	21,984	12,346
Income		
<30% AMI	18,223	10,334
30%-50% AMI	3,172	1,670
50%-80% AMI	565	329
>80% AMI	24	13
Total Households	21,984	12,346

*As of 7/12/2011

2. 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.

   The HCV and Public Housing wait lists were purged at the end of Fiscal Year 2012. As of the close of June 30, 2011 the HCV wait list has a current total of 21,984 families. The Public Housing wait list remained closed and after the purge has a total of 12,346 families. Due to the date of the purge, there may be a slight change in the wait list numbers as all the final data is imported into the system. The most current information will be contained in the Fiscal Year 2013 MTW Annual Plan and Fiscal Year 2012 MTW Annual Report as required.

SECTION III: NON-MTW SDHC INFORMATION (OPTIONAL)

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

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

During Fiscal Year 2011, SDHC participated in the development of 741 units of additional affordable housing within the City of San Diego. Part of SDHC's contribution included purchasing three properties containing affordable housing:

Development	Units
Mariners Village	171
The Courtyard	37
Hotel Sanford	129
Total	**337**

SDHC purchased Mariners Village, an existing market rate apartment community, and recorded a restrictive covenant thereby restricting rents to no higher than 80% AMI. The Courtyard was a recently constructed community originally intended as condominiums. The units were never occupied due to bank foreclosure. The Hotel Sanford is a historical building built at the turn of the century and occupied by a senior population. SDHC purchased the Sanford to preserve the units which otherwise would have become market rate. SDHC also provided funding (along with the downtown Redevelopment Agency) to perform necessary rehabilitation of the units, thus marking the first joint effort between SDHC and the downtown Redevelopment Agency to preserve and create quality affordable housing.

In addition to the three purchases, SDHC created public/private ventures with affordable housing developers, yielding 404 affordable housing units in six separate projects. The ventures provided gap financing to developers. In return, SDHC became the owner of the fee simple interest in the land and secured an option to purchase the affordable housing improvements in 15 years. Of the six projects, one was completed during Fiscal Year 2011, four are presently under construction, and one is anticipated to begin construction in fall 2011.

SECTION IV: LONG-TERM PLAN (OPTIONAL)

The San Diego Housing Commission has developed a long-term vision for MTW to:

- Create more affordable units in the City of San Diego;
- Enhance and further streamline the Housing Choice Voucher and public housing programs; and
- Provide new housing solutions for San Diego's homeless.

As the Federal fiscal situation unfolds, the Housing Commission will continue to find ways to do more with less. We are creating initiatives to help the agency run more efficiently, while providing housing assistance for those who need it most. In these difficult economic times, the Housing Commission sees an even greater need to help families become more self-reliant.

As proposed in the Fiscal Year 2012 MTW Annual Plan, the Rental Assistance Program will implement Path to Success, a major rent reform to:

- Help families increase their income and complete their education;
- Enhance customer service;
- Streamline rent calculation and other administrative processes;
- Use Federal dollars more efficiently and leverage the savings to assist more low-income families; and
- Improve participants' understanding of the Rental Assistance Program.

Also in Fiscal Year 2012, the Housing Commission will continue its efforts to address homelessness. We are creating a new initiative to assist the underserved homeless population with a new MTW project-based subsidy.

Moving to Work allows the Housing Commission to design and restructure programs to target local needs. Through these efforts, we improve the lives of San Diego's low-income families.

SECTION V: PROPOSED MTW ACTIVITIES: HUD APPROVAL REQUESTED

Since reinstatement as an MTW agency, SDHC has proposed and received approval of 19 MTW initiatives. At the conclusion of Fiscal Year 2011, the "Local Interim Recertification Policy" and "Sponsor-Based Vouchers for the Homeless" initiatives were not yet implemented.

Local Interim Recertification Policy
In the Fiscal Year 2010 Annual Report, SDHC provided an explanation explaining the rationale supporting delayed implementation of the aforementioned initiative. The Report stated the following:

"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."

Implementation of the initiative was further delayed until the start of Fiscal Year 2012, but was completely implemented on July 1, 2011. The Fiscal Year 2012 Annual Report will contain a full analysis of the Local Interim Recertification Policy initiative.

Sponsor-Based Vouchers for the Homeless
SDHC utilized Fiscal Year 2011 to commence and finalize the planning and implementation processes for the program. The next stage involved issuing request for proposals to locate potential sponsors, the resulting partner selection, and execution of contracts with selected partnering sponsors. The lease up process for program participants is anticipated to begin in early Fiscal Year 2012. Initiation of the formal lease up process will designate the actual implementation date of the program.

Section VI of the report contains a narration of all progress through the close of Fiscal Year 2011. The Fiscal Year 2012 Annual Report will contain a full analysis of the Sponsor-Based Voucher Program initiative as data is not yet available for this initiative.

Detailed information concerning each initiative implemented during Fiscal Year 2011 is fully discussed in Section VI of this report.

As clarification, two activities ("Achievement Academy" and "Broader Uses of Funds for Individual Development Accounts") previously proposed as initiatives only require MTW single fund flexibility. Since the activities operate under current regulations and do not require regulatory waivers, the activities have been removed as initiatives and are now reported in Section VII of the Report.

SECTION VI: ONGOING MTW ACTIVITIES: HUD APPROVAL PREVIOUSLY GRANTED

ONGOING MTW ACTIVITIES				
#	Initiative Description	Statutory Objective	Plan Year	Implementation Date
1	Allow lower rents for non-assisted units in SDHC-owned developments	Increase housing choices	2011	Implemented October 1, 2010
2	Authorize commitment of PBV to SDHC-owned units	Increase housing choices; reduce costs and achieve greater cost effectiveness	2011	Implemented October 1, 2010
3	Two year occupancy term for PBV tenants	Reduce costs and achieve greater cost effectiveness	2011	Implemented October 1, 2010
4	Acquisition of additional affordable units	Increase housing choices	2011	Implemented July 1, 2010
5	Disregard retirement accounts	Reduce costs and achieve greater cost effectiveness	2011	Implemented August 1, 2010
6	Modify EIV income review schedule	Reduce costs and achieve greater cost effectiveness	2011	Implemented August 1, 2010
7	Development of public housing units using a combination of funds	Increase housing choices	2011	Implemented July 1, 2010
8	Sponsor-based vouchers for the homeless	Increase housing choices; reduce costs and achieve greater cost effectiveness	2011	To be implemented Fiscal Year 2012
9	Enhance Family Self Sufficiency program	Increase housing choices; encourage self-sufficiency	2011	Implemented October 1, 2010
10	Implement a revised inspection protocol	Reduce costs and achieve greater cost effectiveness	2010	Implemented October 1, 2009 & June 1, 2010
11	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
12	Implement triennial income certifications for elderly and disabled clients	Reduce costs and achieve greater cost effectiveness	2010	Implemented October 1, 2009
13	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
14	Standardize utility allowances by unit size	Reduce costs and achieve greater cost effectiveness	2010	Implemented April 1, 2010
15	Simplify income and asset verification systems to reduce administrative costs	Reduce costs and achieve greater cost effectiveness	2010	Implemented October 1, 2009
16	Adopt a local interim certification policy	Increase housing choices; encourage self-sufficiency	2010	To be implemented July 1, 2011
17	Establish an HCV homeownership program	Increase housing choices; encourage self-sufficiency	2010	Implemented October 1, 2009
18	Expand the PBV program	Increase housing choices	2010	Implemented September 1, 2009
19	Undertake Public Housing development	Increase housing choices	2010	Implemented July 1, 2010

1. Allow Lower Rents for Non-Assisted Units in SDHC-Owned Developments

Impact of Activity: SDHC received authorization to charge lower rents in non-assisted units than for units assisted by tenant-based or project-based vouchers within the same complex. The authority to waive the rent reasonableness regulations only extends to developments owned by SDHC. Rent reasonableness is determined by comparing assisted units with similar non-assisted units outside of the development, yet within an acceptable radius of the SDHC development. The initiative further preserves and creates affordable units for low-income families by offering non-assisted units at below-market rents. Additionally, multiple rent levels allow SDHC to operate a development with a stable cash flow, therefore ensuring the property remains solvent.

The development utilizing the flexibility of the initiative is the Hotel Sanford, the development identified in the respective Plan where the benefits of allowing lower rents for non-assisted units enabled the preservation and solvency of the historic building. Preserving the development ensured 58 tenants residing in the Hotel Sanford at the time of acquisition were not displaced and maintained affordable housing. All tenants currently residing in the unassisted units are very low-income families at 50 to 60 percent of the Area Median Income (AMI). In total, the development provides 129 units of affordable housing in San Diego, 39 of which were designated as PBV units.

Metric	Baseline 2010	YTD	Benchmark
Annual No. of SDHC-owned non-assisted units with rents below assisted unit rents	0	69	76
Annual No. of developments participating in initiative	0	1	1

Discussion of Benchmarks: The Hotel Sanford is the sole SDHC-owned development participating in the initiative. Out of the 129 units of affordable housing contained in the Hotel Sanford, 40 units are assisted (39 PBV and 1 HCV) and 89 units are unassisted. Likewise, of the 89 unassisted units, 13 units remained vacant due to rehabilitation activities for a net of 76 unassisted affordable housing units. At the close of Fiscal Year 2011, 69 of the unassisted units provided affordable housing to very low-income residents. The seven vacant, unassisted units currently available for lease are projected to be leased by the close of Fiscal Year 2012.

After further consideration, SDHC does not anticipate applying the flexibilities of the initiative to other developments currently owned by SDHC. However, as opportunities to utilize the initiative may arise in the future, SDHC requests to retain the authorizations and flexibilities offered under the initiative. Any future activity related to the initiative (including the lease up activity associated with the 13 units in Hotel Sanford currently undergoing rehabilitation) will be reported as updates within the MTW Reports corresponding to the fiscal year in which the activity was further extended.

Revisions to Benchmarks or Metrics: Since SDHC does not anticipate using the initiative on any additional SDHC-owned developments in Fiscal Year 2012, the corresponding benchmarks measuring the number of unassisted units with rents below assisted units have been revised. Based on HUD's comments during the regularly scheduled annual site visit, the metrics measuring the economic composition of families inhabiting the Hotel Sanford were deleted since the metrics do not measure outcomes and are not critical to measuring the success of the initiative.

Original benchmarks and metrics included the following:

Benchmarks:

- Number of non-assisted SDHC-owned units with rents below assisted unit rents will be 150 by June 30, 2011

- Number of developments participating in this initiative will be 3 by June 30, 2011

Metrics:
- Annual number of SDHC-owned non-assisted units with rents below assisted unit rents.
- Annual number of developments participating in this initiative
- Annual number and percentage of extremely low-income families moving into SDHC-owned non-assisted units, out of all new families
- Annual number and percentage of very low-income families moving into SDHC-owned non-assisted units, out of all new families
- Annual number and percentage of low-income families moving into SDHC-owned non-assisted units, out of all new families

Revised benchmarks and metrics are as follows:

Benchmarks:
- Annual number of SDHC-owned non-assisted units with rents below assisted unit rents will be 76 by June 30, 2012
- Annual number of developments participating in the initiative will be 1 by June 30, 2011

Metrics:
- Annual number of SDHC-owned non-assisted units with rents below assisted unit rents
- Annual number of developments participating in 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)(a) containing waivers of Section 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. 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(7)(b) containing waivers of 24 CFR 983.51.

2. AUTHORIZE COMMITMENT OF PBV TO SDHC-OWNED UNITS

Impact of Activity: Affordable units within SDHC-owned developments are limited to either tenant-based voucher assisted households with incomes not exceeding 80 percent of the Area Median Income (AMI) at initial occupancy or non-assisted households with average incomes conducive to affording the full contract rent. To preserve and improve the affordable units, SDHC received authority to commit project-based vouchers to SDHC-owned properties with neither a competitive process nor HUD approval. The activity resulted in 88 additional project-based units in the City of San Diego.

Metric	Baseline 2010	YTD	Benchmark
No. of PBV units committed to SDHC-owned units	19	88	69
Annual financial savings realized by using in-house staff to inspect SDHC-owned units	$138	$480	$438

Discussion of Benchmarks: Benchmarks were achieved and superseded as 69 PBVs were committed to SDHC-owned units. Marginal financial savings also resulted from SDHC's ability to conduct inspections in SDHC-owned units. At the close of Fiscal Year 2011, 80 inspections and rent reasonableness determinations were conducted by SDHC for project-based units in SDHC-owned units for a total savings of $480.

The financial savings realized by using SDHC staff to inspect SDCH-owned units appears minimal since only 88 units are currently affected by the initiative. During Fiscal Year 2011, 80 inspections were conducted by in-house staff at a savings of $6 per inspection for a total savings of $480. (Contracted inspectors are still utilized to a degree when necessary, the reason the number of SDHC inspections is less than the number of SDHC-owned PBV units.) The Fiscal Year 2010 activity authorizing in-house staff to inspect SDHC-owned units has generated a significant amount of savings as a result of the flexibility. The savings reflected in this Fiscal Year 2011 activity was intended to supplement the savings rather than generate the majority of savings.

Revisions to Benchmarks or Metrics: The benchmark for the metric measuring the number of PBV units committed to SDHC-owned units was revised from 50 to 69 to correspond with the revision of the baseline number from 0 to 19. The net gain remained 50 PBV units committed to the SDHC-owned properties of Santa Margarita, Meade, The Courtyard, and the Hotel Sanford. Based on HUD's comments during the regularly scheduled annual site visit, the metric measuring "the annual number of inspections and rent reasonableness determinations performed by SDHC for PBV in SDHC-owned units" was deleted since the metric did not measure outcomes and is not critical to measuring the success of the initiative.

Revisions to Baselines
A baseline statistic was added to the metric measuring the number of PBV units committed to SDHC-owned units. At the time the Fiscal Year 2011 Plan was drafted and subsequently submitted to HUD for final approval, zero SDHC-owned units had PBV commitments. At the close of Fiscal Year 2010, there were 19 agency owned units with active PBV contracts. Therefore, the baseline for the metric has been revised from zero to 19 units to accommodate the change.

Following the revision to the aforementioned baseline measurement, updated baselines for the "average income of households served by PBV in SDHC-owned units" and the "number of inspections and rent reasonableness determinations performed by SDHC for PBV in SDHC-owned units" were revised from $0 to $12,472 and 0 to 23 respectively.

Original baselines, benchmarks, and metrics included the following:

Baselines:
- Number of PBV committed to SDHC-owned units is 0
- Average income of households served by PBV in SDHC-owned units is $0, as there are currently no PBV in SDHC-owned units
- Average cost of inspection and rent reasonableness performed by a contractor is $29
- Average cost of inspection and rent reasonableness performed by SDHC is $23
- Number of inspections and rent reasonableness performed by SDHC for PBV in SDHC-owned units is 0

Benchmarks:
- Number of PBV units committed to SDHC-owned units will be 50 by June 30, 2011
- Annual cost savings for inspections and rent reasonableness performed by SDHC versus a contractor for PBV in SDHC-owned units is at least $300 by June 30, 2011

Metrics:
- Number of PBV units committed to SDHC-owned units
- Annual number of inspections and rent reasonableness performed by the SDHC for PBV in SDHC-owned units

- Annual financial savings realized by using in-house staff to conduct rent reasonableness and inspections on SDHC-owned units

Revised baselines, benchmarks, and metrics are as follows:

Baselines:
- Number of PBV committed to SDHC-owned units is 19
- Average income of households served by PBV in SDHC-owned units is $12,472
- Average cost of inspection and rent reasonableness performed by a contractor is $29
- Average cost of inspection and rent reasonableness performed by SDHC is $23

Benchmarks:
- Number of PBV units committed to SDHC-owned units will be 69 by June 30, 2011
- Annual cost savings for inspections and rent reasonableness performed by SDHC versus a contractor for PBV in SDHC-owned units is at least $438 by June 30, 2011

Metrics:
- Number of PBV units committed to SDHC-owned units
- Annual cost savings realized by using in-house staff to conduct inspections and rent reasonableness on SDHC-owned units

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(7)(a) containing waivers of Section 8(o)(13)(B and D) of the 1937 Act and 24 CFR 982.1, 982.102, and Part 983. MTW Agreement Attachment D, authorization to conduct inspections and rent reasonableness determinations for Agency-owned units directly, without engaging an independent third party.

3. Two Year Occupancy Term for PBV Tenants

Impact of Activity: The activity adopted by SDHC requires a minimum occupancy requirement of two years in project-based developments before households are eligible to available tenant-based vouchers, thus waiving the one year occupancy requirement. The anticipated impact of the initiative concerns stabilizing the occupancy of project-based developments by reducing tenancy turnover and the corresponding administrative costs.

As anticipated, SDHC experienced a decrease in the annual turnover rate from MTW PBV units, thus decreasing the amount of administrative time spent processing tenancy changes. Only nine tenants vacated PBV units since implementation of the initiative on October 1, 2010. The five percent turnover rate during Fiscal Year 2011 is an overall decrease of 25 percent with regard to the baseline turnover rate of 30 percent. Approximately .04 full-time equivalents (FTEs) were required to process the tenancy changes, a notable decrease when compared with the baseline number of .4 FTEs.

Metric	Baseline 2010	YTD	Benchmark
Annual percent of families who vacate MTW PBV units before eligible for a voucher	22%	7%	< 5%
Annual percent of MTW PBV families who move with a tenant-based voucher	17%	0%	< 17%
Percent of MTW PBV developments with contracts beginning July 1, 2010 and after with this contractual requirement	0%	100%	100%
Average annual turnover rate for MTW PBV units	30%	5%	< 15.%
FTE required to handle turnover of MTW PBV units	.4 FTE	.04 FTE	< .2 FTE

Discussion of Benchmarks: By the close of Fiscal Year 2011, nine project-based developments executed contracts (effective on or after July 1, 2010) containing the two year occupancy term requirement, thus becoming MTW PBV developments. Three project-based developments (Becky's House, Take Wing, and Hollywood Palms) are still under the terms of contracts executed before July 1, 2010 and are not eligible for conversion to the new two year occupancy term until the current contracts expire in February 2012, June 2012, and December 2012 respectively. The remaining three developments will transition to the requirement when the contracts are renewed. All benchmarks within the metrics were reached by the close of Fiscal Year 2011 with the exception of the percent of families vacating the project-based unit before eligible for a voucher. Of the nine tenants vacating without a voucher, one tenant voluntarily surrendered the voucher, two tenants violated lease requirements, and six tenants opted to move before eligible for a voucher.

Revisions to Benchmarks or Metrics: SDHC removed the metric measuring the "administration time required to administer project-based vouchers" during the course of Fiscal Year 2011. The metric and benchmark were based on a staff member's salary and job description at the time the initiative was constructed. The benchmark is no longer valid due to changes in the job description and compensation associated with the position. The metric measuring the "FTE required to handle turnover of MTW PBV units" provides a more meaningful interpretation of the impact the initiative has on reducing the administrative burden of processing tenant turnover since it is not dependent on fluctuating compensation levels, employee classifications, and internal shifting of staff.

Benchmarks were added for the metrics measuring the "annual percent of families who vacate MTW PBV units before eligible for a voucher" and the "annual percent of MTW PBV families who move with a tenant-based voucher" to quantify the desired outcomes of the initiative.

Original Benchmarks and Metrics included the following:

Benchmarks:

- 100% of MTW PBV developments with contracts beginning July 1, 2010 and after will include this requirement in the contracts
- 50% reduction in annual turnover rate in MTW PBV units by June 30, 2012
- FTE required to handle turnover of MTW PBV units will be .2 FTE by June 30, 2012
- Annual administrative savings due to reduction in processing tenancy changes in MTW PBV units will be $9,152 by June 30, 2012

Metrics:

- Annual percentage of families who vacate MTW PBV units before eligible for a voucher
- Annual percentage of MTW PBV families who move with a tenant-based voucher
- Percent of MTW PBV developments with contracts beginning July 1, 2010 and after with this contractual requirement

- Average annual turnover rate for MTW PBV units
- FTE required to handle turnover of MTW PBV units
- Annual administrative savings due to reduction in processing tenancy changes in MTW PBV units

Revised Benchmarks and Metrics are as follows:

Benchmarks:

- Annual percentage of families who vacate MTW PBV units before eligible for a voucher will be less than 5 % by June 30, 2012
- Annual percentage of MTW PBV families who move with a tenant-based voucher will be less than 17% by June 30, 2012
- 100% of MTW PBV developments with contracts beginning July 1, 2010 and after will include this requirement in the contracts by June 30, 2012
- 50% reduction in annual turnover rate in MTW PBV units by June 30, 2012
- FTE required to handle turnover of MTW PBV units will be <.2 FTE by June 30, 2012

Metrics:

- Annual percentage of families who vacate MTW PBV units before eligible for a voucher
- Annual percentage of MTW PBV families who move with a tenant-based voucher
- Percentage of MTW PBV developments with contracts beginning July 1, 2010 and after with this contractual requirement
- Average annual turnover rate for MTW PBV units
- FTE required to handle turnover of MTW PBV units

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(4) containing waivers of Sections 8(o)(6), 8(o)(13)(J) and 8(o)(16) of the 1937 Act and 24 CFR 982 Subpart E, 982.305, and 983 Subpart F. MTW Agreement Attachment C, Section D(7)(a) containing waivers of Section 8(o)(13)(B and D) of the 1937 Act and 24 CFR 982.1, 982.102, and Part 983.

4. Acquisition of Additional Affordable Units

Impact of Activity: Utilizing broader uses of funds authority, SDHC is authorized to preserve and acquire affordable housing units to serve low-income families. The affordable housing units serve both voucher assisted households as well as households at or below 80 percent AMI and are funded either entirely or in-part using MTW funds.

Metric	Baseline 2010	YTD	Benchmark
Total No. of affordable housing units created by SDHC using MTW funds	0	0	200
Total No. of affordable housing units preserved by SDHC using MTW funds	0	0	131

Discussion of Benchmarks: SDHC did not achieve the benchmark of increasing the number of affordable housing units owned by the agency (using broader uses of funds authority) since other affordable housing development projects within the real estate department deferred activities related to the initiative.

The projects include the acquisition of two developments containing a total of 201 affordable housing units which were added to SDHC's housing stock during Fiscal Year 2011. Mariners Village and The Courtyard contain 171 and 30 affordable units respectively. The units are affordable to families with income amounts 80% of the Area Median Income (AMI). The Courtyard also contains seven MTW PBV units as referenced in the table within Section II.A.7 of the Report. MTW funds were not used in the acquisition of these developments because funding was in place before the initiative was approved, therefore block grant funding was not required as financial leverage for the acquisitions. Please see Section III of the Report for a full description of real estate activities during Fiscal Year 2011.

The agency expects to begin the process of both acquiring additional units and preserving approximately 131 units during the course of Fiscal Year 2012.

Revisions to Benchmarks or Metrics: The benchmark measuring the number of affordable housing units owned by the agency is revised to June 30, 2012 for the reason discussed in the preceding paragraph. SDHC also added a metric measuring the number of low-income housing units preserved as a result of the initiative. During post evaluation of the activity, SDHC realized the metric was important to assessing the overall impact of the initiative since preserving affordable housing is as critical to serving low-income families as creating additional affordable housing. Without preservation, any new affordable housing created would in essence become replacement housing for the disposed low-income units; progression towards increasing affordable housing within the City is contingent on the preservation of affordable housing stock. For these reasons, the baselines, benchmarks, and metrics are revised to the following:

Baselines:

- Total number of affordable housing units created by SDHC using MTW funds is 0
- Total number of affordable housing units preserved by SDHC using MTW funds is 0

Benchmarks:

- The number of affordable housing units created by SDHC using MTW funds will be 200 by June 30, 2012
- The number of affordable housing units preserved by SDHC using MTW funds will be 131 by June 30, 2012

Metrics:

- Total number of affordable housing units created by SDHC using MTW funds
- Total number of affordable housing units preserved by SDHC using MTW funds

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 D, Broader Uses of Funds.

5. Disregard Retirement Accounts

Impact of Activity: In the Fiscal Year 2010 MTW Annual Plan, SDHC received authorization to streamline the asset verification process by excluding household assets with a combined cash surrender value of less than $10,000. This initiative compliments the previous activity by allowing SDHC to disregard retirement accounts when determining a participant's income from assets. The initiative not only encourages participants to open retirement accounts since the asset income no longer effects the rent portion, but saves .14 FTEs (or 291 staff hours) since 784 asset sources no longer require verification.

Metric	Baseline 2010 No.	YTD No.	Benchmark
Annual FTE required to verify retirement accounts	0.14	0	0

Discussion of Benchmarks: All benchmarks were achieved during Fiscal Year 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 Section 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.

6. Modify EIV Income Report Review Schedule

Impact of Activity: HUD regulations mandate the use of the EIV income report as a third party source to verify participant employment and income information during the annual reexamination of income and household composition. Reinterpretation of the regulations concerning the use of the EIV changed the requirement such that review of the EIV income report became a required component of all certification processes, including interim certifications. SDHC received permission to only use the EIV income report for annual reexaminations, thus retaining the status quo related to usage of the EIV report. As a result, interim certifications are exempt from the EIV requirement.

Metric	Baseline 2010	YTD	Benchmark
Annual hours expended utilizing EIV for interim certifications	2,050	46	< 1,025
Annual cost savings in dollars using the modifed EIV review schedule	$0	$22,377	> $21,207

Discussion of Benchmarks: Approximately 3,369 interim recertifications were processed by staff resulting in a cost savings of $22,377 at the close of the fiscal year due to eliminating the requirement to utilize the EIV income report at interim recertifications. All benchmarks were achieved during Fiscal Year 2011.

Revisions to Benchmarks or Metrics: Based on HUD's comments during the regularly scheduled annual site visit, the metric measuring the annual number of interim certifications was deleted since the metric did not measure an outcome and is not critical to measuring the 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 C(4) containing waivers of Section 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. Development of Public Housing Units Using a Combination of Funds

Impact of Activity: SDHC received approval to develop additional public housing units using a combination of funds. The creation of additional affordable housing units for low-income households increases the availability of affordable housing within San Diego while balancing SDHC's affordable housing portfolio. The methods of development proposed under the initiative included both acquisition and rehabilitation. As indicated in the narrative for activity number 19, that initiative has been closed out and all Public Housing development will be reported under this activity. MTW, ARRA and RHF funds were used in the acquisition and rehabilitation of the Vista Verde public housing development.

Metric	Baseline 2009	YTD	Benchmark
Total number of public housing units owned by SDHC	36	75	105

Discussion of Benchmarks: Due to unforeseen agency activities, SDHC did not acquire 30 of the 69 additional public housing units referenced within the benchmark. However, 113 units in scattered sites have been identified and permissions are being requested to develop these units as public housing. If approved, the development is anticipated to occur during Fiscal Year 2013. Future MTW Plans and Reports will contain updates as required concerning the activities related to the initiative.

Revisions to Benchmarks or Metrics: The baselines, benchmarks, and metrics have been revised to correspond to the change in the baseline number; the benchmark reach date is extended to accommodate the process involved in HUD approval and with acquiring the 113 scattered sites.

Revision to Baseline
Since the acquisition of Vista Verde (a development containing 39 public housing units) occurred during Fiscal Year 2011, the baseline number for 2009 is revised to 36 units. The year to date number reflects the baseline number plus the Vista Verde units for a total of 75 public housing units.

Original Baselines, Benchmarks, and Metrics are as follow:

Baselines:
- Current inventory of 75 public housing units.

Benchmarks:
- Add 30 public housing units during Fiscal Year 2011 for a total of 105 public housing units.

Metrics:
- Total number of public housing units owned by the SDHC.

Revised Baselines, Benchmarks, and Metrics are as follows:

Baselines:
- Current inventory of 36 public housing units

Benchmarks:
- Add 69 public housing units (including the 39 Vista Verde units) by June 30, 2013

Metrics:

- Total number of public housing units owned by SDHC

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

Changes to Authorization Used: Upon review of the waivers used to conduct the activity, SDHC ascertained the waivers cited in the Fiscal Year 2011 Plan were incorrect. The intent of the current initiative was to build on a previous initiative from the Fiscal Year 2010 Plan requesting the ability to develop and/or acquire public housing units utilizing single fund flexibility as well as acquire public housing sites without prior HUD approval. The objective was to carry forward the flexibilities granted in Fiscal Year 2010 and request to use Broader Uses of Funds Authority as an additional waiver for the public housing development/acquisition initiative of 2011. Thus the Fiscal Year 2011 initiative would replace the 2010 initiative while providing increased flexibility. Instead, SDHC inadvertently transferred incorrect waivers into the final 2011 Plan narrative. Due to the error, the following waivers have been removed: MTW Agreement Attachment C, Section C(4) containing waivers of Section 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. The Broader Uses of Funder waiver contained in the MTW Agreement Attachment D has also been removed since the authority is not required for Section 9 activities. The correct waivers are referenced in the ensuing paragraph.

Description of Authorization or Regulation Waived: MTW Agreement Attachment C, Section B(1)(b)(ii), B(1)(b)(vii)and B(1)(b)(viii) containing waivers of Sections 8 and 9(g)(3) of the 1937 Act and 24 CFR 982 and 990. MTW Agreement Attachment C, Section C(13) containing waivers of 24 CFR 941.40.

8. Sponsor-Based Vouchers for the Homeless

Impact of Activity: The objective of the Sponsor-Based Voucher Program for the Homeless is to work in partnership with non-profit sponsors to combine comprehensive supportive services with permanent housing using MTW flexibility. In the initiative, SDHC committed to providing up to 100 zero-bedroom vouchers to house homeless persons while sponsor organizations provide the necessary supportive services. The program targets the homeless of San Diego who lack an adequate nighttime residence, live on the street, cannot afford market-rate housing, and have disabilities and/or substance abuse issues.

The first group of 25 vouchers from the program allocation was provided to a partnership between SDHC, United Way of San Diego, and the County of San Diego. This contract went through a competitive solicitation and was awarded to Saint Vincent de Paul Village, Inc., an agency that will conduct a pilot program called Project 25. This program serves and collects usage data from 25 of the most costly homeless persons in San Diego, with SDHC providing the housing subsidies, and the supportive services provided by the other two partnering agencies.

SDHC competitively awarded the next 2 groups of 25 vouchers to two partnering non-profit agencies, Community Research Foundation and Mental Health Systems, in January 2011. The two service agencies will pair the vouchers with their existing mental health and substance abuse services for homeless individuals. Formal implementation of this Sponsor-Based Voucher Program for the Homeless is expected to begin in the first quarter of Fiscal Year 2012.

A third RFP was issued for the remaining 25 vouchers and is set to be awarded to a fourth sponsor in early Fiscal Year 2012. Program development will ensue immediately thereafter.

The first phase of implementation involved the creation of contracts and Program Plans for each partnering agency to ensure the respective sponsor-based voucher programs comply with the requirements of the initiative and are administered consistently from within each partnering agency. (Each partnering agency constructed the Program Plan to conform with SDHC requirements and the agency's approach to serving the homeless population and available internal/external resources.) Upon formal approval of the contracts and Program Plans, the agencies conducted outreach to potential participants and initiated the process of connecting participants to housing. Supportive services commenced during the outreach process and continue for the duration of program participation.

In addition to the provision of sponsor-based vouchers from SDHC and supportive services from the partnering agencies, internal HPRP funds were leveraged to provide assistance in the form of funding security deposits, disbursing monies to subsidize utility hookups, and allocating motel vouchers while program participants identified housing. The program will be considered fully implemented when the lease up process initiates for programmatically eligible applicants.

Upon full implementation, subsidies will be paid to the sponsor on behalf of each participant, who in turn ensures the landlord receives appropriate payment. The subsidy will be based on a computation of income (performed by the sponsor) mirroring the HCV program rent calculation. For monitoring purposes, SDHC conducts external file audits and programmatic reviews to ensure accurate and acceptable utilization of Federal expenditures.

The chart below will be used to summarize the progress of the initiative after full implementation:

Metric	Baseline 2010		YTD		Benchmark
	No.	%	No.	%	
Annual No. of program participants	0		0		100
Annual percentage of participants who remained housed after 3 months		0%		0%	80%
Annual percentage of participants who remained housed after 6 months		0%		0%	70%
Annual percentage of participants who remained housed after 9 months		0%		0%	60%
Annual percentage of participants who remained housed after 12 months		0%		0%	50%
Average length of program participation	0 Months		0 Months		12 Months

Discussion of Benchmarks: Benchmarks are not expected to be achieved until June 30, 2012 and June 30, 2013 due to the implementation schedule. SDHC will provide a full analysis and discussion of the program in the Fiscal Year 2012 Annual Report.

Revisions to Benchmarks or Metrics: Revisions to the benchmarks were made to coincide with the actual implementation date of the program.

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(1)(c) containing waivers of Section 8(o)(5) of the 1937 Act and 24 CFR 982.516. MTW Agreement Attachment D, Broader Uses of Funds.

9. ENHANCE FAMILY SELF SUFFICIENCY PROGRAM

Impact of Activity: HUD regulations restrict SDHC from executing Family Self Sufficiency (FSS) Contracts of Participation (COP) with any family member other than a head of household. In order for other adult family members to participate in the program, the head of household must actively participate in FSS. Further, in order for an FSS family to successfully complete the program, the head of household is solely responsible for completing his/her Individual Training and Services Plan (ITSP) and must be employed by COP expiration.

SDHC received MTW authority to provide the opportunity for FSS enrollment to non-head of household adults when the head of household is unable to join the program. Non-head of households entering into a COP are responsible for the completion of the ITSP and must be employed by the end of participation in order for the FSS family to successfully complete the program.

SDHC conducted substantial outreach to households appearing eligible for FSS participation under the terms of the initiative. The resulting outreach efforts yielded 5,905 invitations sent to the households encouraging the family member to attend an FSS orientation or seek out additional information concerning the program. Although a substantial number of selected households received the correspondence, the response was minimal. A possible reason for the response level may surround the need for more informative marketing materials to pique the interest of potential FSS candidates. As the population was carefully selected after intensive analysis of potentially eligible households, SDHC is inclined to think more intensive outreach in the next fiscal year will elevate interest and generate more responses from rental assistance participants.

The chart below summarizes the progress of the initiative:

Metric	Baseline 2010		YTD		Benchmark
	No.	%	No.	%	
No. of adult non-head of households invited to join FSS	0		5,905		1,440
No. of adult non-head of households who attended an FSS orientation	0		6		50
No. of adult non-head of households who enroll in FSS	0		1		10
Percent of adult non-head of households enrolled in FSS		0%		0.23%	2%
No. of adult non-head of households who enrolled in a training or education program	0		0		8
No. of adult non-head of households who obtained employment	0		0		2
No. of families with a COP executed by an adult non-head of household who earned an income increase	0		0		2

Discussion of Benchmarks: After further reflection, SDHC recognized the benchmarks pertaining to the individual metrics of the initiative were ambitious given historic FSS enrollment trends, thus making the benchmarks difficult to achieve. Additionally, since non-head of household FSS candidates are only considered viable if the reason for their proposed FSS participation surrounds the inability of the head of household to enroll in the program, the population of viable candidates narrows and decreases the opportunity to enroll non-head of household participants. Therefore, SDHC recognized a strong marketing campaign is required to reach all viable non-head of household FSS candidates and create the opportunity for success utilizing the flexibilities of the initiative.

SDHC plans to conduct extensive marketing of the activity in the upcoming fiscal year to increase enrollment of non-head of household participants. Outreach materials specific to the population will be created so targeted outreach can be conducted throughout Fiscal Year 2012 and onward.

Revisions to Benchmarks or Metrics: SDHC plans to continue the initiative since the flexibility provided by the activity is valuable regardless of whether or not benchmarks are achieved. However, benchmarks and metrics have been revised to more realistically reflect the anticipated results and aspirations of the activity.
SDHC removed the metric measuring the number of overall increased enrollment in FSS since the goal of the initiative is to provide the opportunity for non-head of household program participants to enroll in FSS

and engage in FSS activities, not to increase the overall enrollment within the FSS program. The benchmark and the metric measuring the total HAP dollars placed in escrow accounts was also removed due to the aforementioned reason: Success of the initiative is not measured in terms of an increase in escrow account totals. SDHC does not anticipate an overall increase of FSS participants as a result of the initiative, but rather just increasing opportunities to participate in FSS.

Revisions to the benchmarks measuring the number of non-head of households attending orientation and the resulting participants enrolling in the FSS program have been adjusted to a more realistic level. In accordance with the changes, the total percent of non-head of household FSS enrollees when compared to the total population is set at 2 percent rather than 20 percent. Finally, SDHC is combining the metrics measuring the number of non-head of household participants obtaining employment rather than differentiating between part-time and full-time employment.
Original benchmarks and metrics included the following:

Benchmarks:

- Total of 1,440 adult non-head of households invited to join FSS by June 30, 2011
- Total of 200 adult non-head of households attended a FSS orientation by June 30, 2011
- Total of 100 adult non-head of households enrolled in FSS by June 30, 2011
- Percentage of adult non-head of households enrolled in FSS will be 20% by June 30, 2011
- The total overall increase in FSS enrollment will be 60 by June 30, 2011
- $480,662 HAP dollars deposited into all FSS escrow accounts by June 30, 2011
- Total of 10 adult non-head of households enrolled in a training or education program by June 30, 2011
- Total of 10 adult non-head of households obtained full time employment by June 30, 2011
- Total of 10 adult non-head of households obtained part time employment by June 30, 2011
- Total of 10 FSS Families with COP executed by adult non-head of household had an earned income increase by June 30, 2011

Metrics:

- Number of adult non-head of households invited to join FSS
- Number of adult non-head of households who attended an FSS orientation
- Number of adult non-head of households who enroll in FSS
- Percentage of adult non-head of households enrolled in FSS
- Number of overall increased enrollment in FSS
- Total annual HAP dollars provided by HUD for escrow accounts
- Number of adult non-head of households who enrolled in a training or education
- Number of adult non-head of households who obtained full-time employment
- Number of adult non-head of households who obtained part-time employment
- Number of families with COP executed by adult non-head of household who had an earned income increase

Revised benchmarks and metrics are as follows:

Benchmarks:

- Total of 1,440 adult non-head of households invited to join FSS by June 30, 2012
- Total of 50 adult non-head of households attended a FSS orientation by June 30, 2012
- Total of 10 adult non-head of households enrolled in FSS by June 30, 2012
- Percentage of adult non-head of households enrolled in FSS will be 2% by June 30, 2012
- Total of 8 adult non-head of households enrolled in a training or education program by June 30, 2013
- Total of 2 adult non-head of households obtained employment by June 30, 2013
- Total of 2 FSS families with COP executed by adult non-head of household who had an earned income increase by June 30, 2013

Metrics:

- Number of adult non-head of households invited to join FSS
- Number of adult non-head of households who attended an FSS orientation
- Number of adult non-head of households who enroll in FSS
- Percentage of adult non-head of households enrolled in FSS
- Number of adult non-head of households who enrolled in a training or education
- Number of adult non-head of households who obtained employment
- Number of families with COP executed by adult non-head of household who had an earned income increase

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 E containing waivers of Section 23 of the 1937 Act and 24 CFR 984.

10. IMPLEMENT A REVISED INSPECTION PROTOCOL

Impact of Activity: 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.)

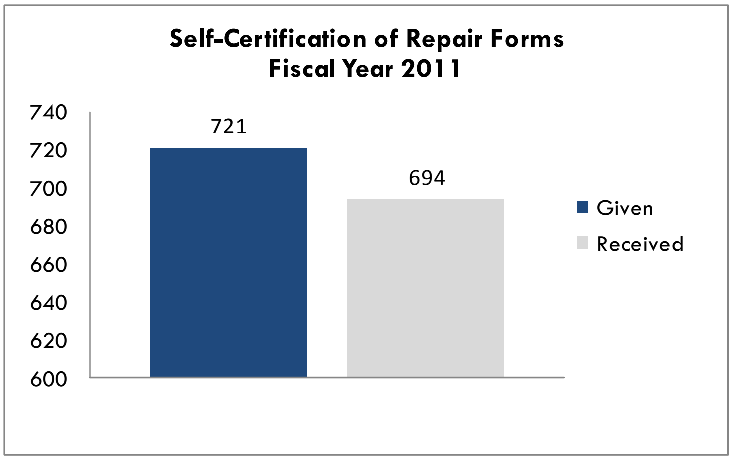
Moreover, inspectors conducting an annual inspection where only a minor fail item prohibits the unit from receiving a "Pass" result have the discretion to allow the tenant and owner the opportunity to complete a Self-Certification of Repair form in lieu of scheduling a second inspection. When the option 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.

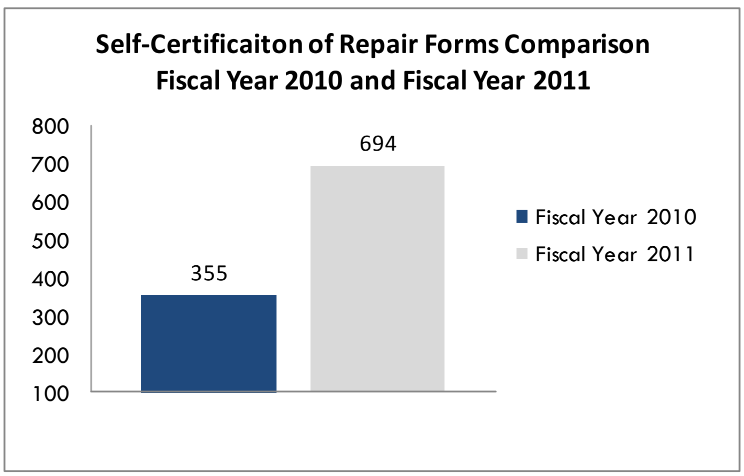
Using a revised inspection protocol, SDHC predicted saving 1.5 FTE due to the overall reduction of mandatory Housing Quality Standards (HQS) inspections utilizing the capacity of the Self-Certification of Repair process and the Biennial Inspection Cycle system. The total number of inspections was also anticipated to reduce by approximately 18 percent due to the streamlined processes. In turn, 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.

At the conclusion of Fiscal Year 2011, SDHC reduced the total number of inspections by 3,624 which translated into saving the 1.8 FTEs, or 0.3 more than predicted. Saving the inspection FTEs enabled reassignment of the inspectors to process rent increase requests from owners as needed.

<u>Self-Certification of Repairs Update</u>

During Fiscal Year 2011, inspectors issued 721 Self-Certification of Repair forms for units with minor fail items, and 694 Self-Certification of Repair forms were returned. When comparing the number of Self-Certification of Repair forms received in Fiscal Year 2010 and Fiscal Year 2011, there was a 95 percent increase of forms returned. This is mostly due to an increase in the number of Self-Certification of Forms issued for minor fail items, which indicates a decline of units failing for major fail items.





<u>Biennial Inspection Cycle Update</u>

Based on monthly data generated during Fiscal Year 2011, the number of units placed on the Biennial Inspection Cycle averaged approximately 6,215. When comparing the number of units on the biennial schedule in July 2010 with the number of units on the biennial schedule in June 2011, SDHC calculated an increase of 5.46 percent, or a positive difference of 180 units. The result indicates landlords and tenants are responding positively to the Biennial Inspection Cycle.

<u>Undesirable Outcomes Update</u>

To monitor any potential undesirable outcomes resulting from the Revised Inspection Protocol Initiative, SDHC measured the first time pass rate of inspections occurring in a given month. The percentage was derived by dividing the number of units passing inspection the first time by the total number of units inspected in the same target month. The pass rate percentage calculated at the close of Fiscal Year 2011 indicated a decrease of units passing inspection the first time when compared to the baseline rate of 68 percent.

SDHC researched possible causes for the persistent decrease of the first time pass rate over the course of Fiscal Year 2011. Analysis and comparison of the initiative's metrics indicated a parallel between the implementation of the Biennial Inspection Cycle in April 2010 and the pass rates of first time inspections occurring thereafter. Based on quarterly trends, an inverse relationship exists where the first time pass rate percentage decreases as the total number of biennial units increase. Theoretically, the quality units placed onto the Biennial Inspection Cycle and the subsequent skip of the annual inspection reduces the number of passing inspections normally offsetting the number of failed inspections in a specified month. Therefore, the dual inspections cycles and the reduced diversity of units in terms of quality manifests as an overall decrease in first time pass rates.

Metric	Baseline 2009	YTD	Benchmark
Total No. of inspections	20,177	16,553	<16,731
Total No. of annuals	16,890	12,735	< 14,000
Total No. of passing annual inspections	12,630	8,472	> 7,500
Total No. of units passing inspection the first time	10,391	7,887	8,430
Total No. of failed annual inspections	4,260	4,263	<3,834
Total No. of self-certifications received	0	694	> 500
Full-time equivalent to complete all inspections	10	8.2	8.5
Total No. of units on biennial cycle	0	6,386	> 6,200
Potential Undesirable Outcomes		**YTD**	**Acceptable Levels**
Pass rate for first inspections conducted on a unit		51%	68%

Discussion of Benchmarks: SDHC reached the benchmark regarding decreasing the overall number of inspections conducted on units, a 17.86 percent overall reduction of inspections. The largest contributor to the overall decrease of inspections is attributed to the Biennial Inspection Cycle. Over 3,000 inspections were not conducted during Fiscal Year 2011 as a direct result of this component of the initiative. Also, 694 Self-Certification of Repair forms were returned to SDHC equating to almost 700 re-inspections negated by the ability to utilize the form.

Benchmarks indicate the following results:

- SDHC decreased the total number of annual inspections conducted by 25 percent due to the biennial inspection cycle.
- The total number of units on the biennial inspections cycle averaged around 6,200 annually.
- When comparing the total number of annual inspections conducted with the number of annuals passing and the number of annuals failing, ratios contrasting baseline numbers with Fiscal Year 2011 numbers indicated SDHC maintained comparable percentages. In the baseline years, 75 percent of annuals conducted passed inspection while 25 percent failed inspections. Fiscal Year 2011 percentages indicate 67 percent and 33 percent respectively. Although comparable, the decrease of passing annual inspections coincides with implementation of the biennial inspections cycle and further supports the assertion that the reduction in quality units impacts the overall pass rates for inspections conducted on a unit.

Revisions to Benchmarks or Metrics: SDHC realized two benchmarks required revisions due to previously unobserved variables. Additional MTW eligible units were added over the course of Fiscal Year 2011: 353 additional units due to converting 107 project-based vouchers to MTW, 215 opt out vouchers eligible for MTW administration, and 50 FUP vouchers. At minimum, this represents at least an additional 372 inspections per year. As a conservative measure when recalculating benchmarks, the amount was divided in half in the event any of the units are eligible for the Biennial Inspection Cycle. SDHC added 186 inspections to the benchmark to account for the additional inspections created by the increased number of MTW eligible vouchers.

Concerning the number of failed inspections: When constructing the benchmark related to increasing the number of units passing the first inspection, SDHC did not consider inspecting 3,000 fewer quality units per year due to the placement of over 6,000 units on the Biennial Inspection Cycle. SDHC reduced the benchmark from 11,430 to 8,430 to account for the inspections waived during Fiscal Year 2011. Even with the decreased benchmark, SDHC fell short of the target number. Thus, SDHC didn't attain the benchmark for decreasing the number of failed inspections.

Four additional benchmarks were added to existing metrics to more comprehensively capture the impact of the initiative.

Original Benchmarks included the following:

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

Revised Benchmarks are as follows:

- Reduce total number of inspections by 3,446 (approximately 17%) by June 30, 2011
- Reduce total number of annual inspections by 2,890 (approximately 17%) by June 30, 2011
- Total number of passing annual inspections will be greater than 7,500 by June 30, 2011
- The number of units passing the first inspection will be 8,430 by June 30, 2011
- Reduce the number of failed inspections by 10% by June 30, 2011
- Total number of self-certifications received will be greater than 500 by June 30, 2011
- Save 1.5 full-time equivalents to complete inspections by June 30, 2011
- Total number of units on the biennial inspection cycle will be greater than 6,200 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 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.

11. AUTHORIZE SDHC TO INSPECT AND DETERMINE RENT REASONABLENESS FOR SDHC-OWNED UNITS

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 1,720 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.

Metric	Baseline 2009		YTD		Benchmark
	No.	%	No.	%	
Annual number and percentage of inspections conducted in-house on SDHC-owned properties	0	0%	1,309	89%	> 1,500
Annual cost and percentage of total cost for inspections conducted in-house on SDHC-owned properties	$0	0%	$30,107	87%	> $34,500
Annual number and percentage of inspections conducted by a 3rd party company on SDHC-owned properties	4,597	100%	165	11%	< 500
Annual cost and percentage of total cost for inspections conducted by a 3rd party company on SDHC-owned properties	$128,000		$4,622	13%	< $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	17	1%	10%
Annual number and percentage of tenant complaints related to in-house inspections on SDHC-owned units	0	0%	1%

Discussion of Benchmarks: Analysis of data collected to measure the initiative indicates an annual decrease in the use of a 3rd party inspections company when conducting inspections on SDHC-owned units. To coincide with the decrease of 3rd party inspections, SDHC expected an increase of inspections conducted by staff on the agency's units. Despite the complimentary relationship of the metrics, the data collected to measure the metrics reveal the benchmark to conduct at least 1,500 inspections on agency units using SDHC staff was not quite achieved. In fact, overall inspections on SDHC-owned units decreased collectively.

To derive a hypothesis for the reduced number of overall inspections on SDHC-owned units, the results of this initiative were compared with the results of the Revised Inspection Protocol initiative, particularly the Biennial Inspection Cycle. The number of SDHC-owned units on the Biennial Inspection Cycle was calculated, and the result indicated approximately 575 SDHC-owned units were placed on the Biennial Inspection Cycle at any given time. As the units were positioned on alternating biennial schedules, around 25 fewer SDHC-owned units were inspected each month. For this reason, the benchmark was not reached because there were about 300 fewer annual inspections conducted on SDHC-owned units. A comparison of the number of inspections conducted on SDHC-owned units in Fiscal Year 2010 and Fiscal Year 2011 reasonably support this conclusion as the numbers are 1,911 and 1,474 respectively, a difference of 437. Additional fluctuations in the tenancy may also account for the reduction as HQS inspections are not required if the unit is leased to an unassisted family, which is supported by the overall decrease in inspections, both inspections conducted by SDHC and a 3rd party company.

The initiative is determined a success based on a significant reduction in the number and cost of inspections conducted by a 3rd party company, the overall intent 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 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.

12. 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.

At the close of Fiscal Year 2011, approximately 4,280 households were participants on the Triennial cycle. Five staff are designated as Triennial case workers and perform both the full and COLA annual recertifcations as well as all other responsibilities association with managing a case load. Creation of the Triennial Recertification Cycle enabled SDHC to save four full-time equivalents, thus meeting the statutory objective of reducing cost and utilizing Federal expenditures more efficiently and effectively. The Triennial activity remains one of SDHC's most successful initiatives implemented under the MTW demonstration program.

<u>Potential Undesirable Outcomes Update</u>
A potential unintended consequence of the initiative foreseen by SDHC was an increase in interim requests for rent portion adjustments since full reexaminations are not processed on an annual basis. SDHC tracked the number of interims processed to quickly mitigate any surfacing undesirable outcomes and explore viable options to alleviate hardship. At the close of Fiscal Year 2011, only 421 interim recertifcations were processed for Triennial households, considerably below the acceptable levels established for the purposes of the initiative especially in light of the state cuts to Supplemental Security Income (SSI) resulting in an increase of interim requests during the fourth quarter of Fiscal Year 2011.

Metric	Baseline 2009	YTD	Benchmark
Annual staff time in hours required to process full recertifications and off-year adjustments for Triennial households	9,500	3,677	< 4,750
Annual costs for printing, copying, and mailing recertification packets and off-year rent adjustment documents to Triennial households	$10,000	$4,373	< $5,000
Potential Undesirable Outcomes		**YTD**	**Acceptable Levels**
Annual number of interims being completed for Triennial households		421	2,800

Discussion of Benchmarks: All benchmarks were achieved for 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(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.

13. 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 were 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.

Since the inception of the Choice Communities program, a Choice Communities assistant disseminated an informative booklet to participants expressing an interest in relocating to low-poverty areas. In January 2011, the Choice Communities booklet was posted online to serve as an accessible reference for participants interested in moving to areas of low-poverty.

All aspects of the Choice Communities program were implemented in Fiscal Year 2010.

Metric	Baseline 2009		YTD		Benchmark
	No.	%	No.	%	
Total No. and percentage of participants moving from high/medium to low areas of poverty	33	3%	44	3%	10%
No. and percentage of participants moving to Choice Communities participating in Security Deposit program	0	0%	52	118%	
No. of participants receiving Choice Communities payment standards	0	0%	368		
No. and percentage of participants moving to a new unit received Moving for Opportunities counseling	0	0%	224	15%	
No. and percentage of Choice Communities tenants exceeding the 40% affordability cap at move-in	0	0%	15	34%	
No. of Loans	0		52		
Dollars Loaned	$0		$63,315		
Average Dollars Loaned	$0		$1,218		$700
Average HAP cost per unit in low poverty areas	$854		$941		
Average HAP cost per unit in high poverty areas	$824		$832		
No. and percentage of participants moving into Choice Communities who remain in unit at least 1 year by 6/30/2011	0	0%	86	99%	80%

Discussion of Benchmarks: Although the number of participants moving into low-poverty areas continues to increase and supersede baseline numbers, the percent of overall moves into low-poverty areas holds at around 3 to 4 percent of total moves in any given fiscal year quarter. Even though the benchmark of 10 percent has not been reached since implementation of the initiative, SDHC considers the initiative a success because participants are not only choosing to move into Choice Communities due to the incentives provided, but existing and new tenants continue to reside in the low-poverty areas. The success of the incentives is captured in the statistics measuring the number of Security Deposit Loans issued, the number of Moving for Opportunities packets and counseling received by prospective Choice Communities tenants, the number of participants benefitting from increased payment standards, and the utilization of the 50 percent affordability cap. SDHC will continue to measure the Choice Communities initiative to further emphasize the successes of the activity.

Pertaining to the Security Deposit program: As clarification, the number of security deposits issued exceeds the moves into Choice Communities because the moves do not include new admissions and port-ins. New admissions and port-in are excluded since the poverty area of the originating address is unknown. Security deposits are also issued to tenants moving within low-poverty areas, thus the overall number of security deposits issued exceeds the number of moves from high- and medium-poverty areas to low-poverty areas.

Currently, 15 percent of families seeking to move into a new unit are contacting the Choice Communities Housing Assistant when initiating the move process. Moving for Opportunities counseling and packets are issued to the families. SDHC expects the percent to increase since the informational flyers contained in the move packets have been redesigned and additional marketing materials were created by SDHC's internal Communications department.

Concerning the percent of participants moving into Choice Communities who remain in the unit at least 1 year by June 30, 2011:

- Of the 87 households moving to a low-poverty area since implementation in January 2010, only one household moved out prior to the twelve months lease termination date. The reason for the move-out was due to receiving approval for a Live-In-Aide and a subsequent voucher change from one to two bedrooms. The household relocated to a larger unit outside of the Choice Communities area.

- Of the 44 households moving to a low-poverty area during Fiscal Year 2011, 100 percent of families remained in the Choice Communities units.
- Three families remained in Choice Communities at least 1 year, but moved out after twelve months. Of the three families, one family relocated to a high-poverty area, one sole member family passed away, and one family utilized the portability function of the program

The cumulative percentage of participants moving into Choice Communities and remaining in the unit at least one year totals 99 percent, far exceeding the benchmark of 80 percent.

Revisions to Benchmarks or Metrics: Upon implementation of the Choice Communities initiative, SDHC decided to extend the increased payment standards to all households residing in Choice Communities areas. For existing households, the larger payment standard would be applied at the next scheduled annual reexamination beginning September 1, 2010. Thus, the metric measuring the number and percentage of participants *moving* to Choice Communities receiving increased payment standards no longer appropriately captured the number of households benefitting from the initiative. For this reason, the metric has been modified to measure the number of participants *receiving* Choice Communities payment standards.

Benchmarks were added to six metrics to more comprehensively capture the progress of the activity. Additionally, based on HUD's comments during the regularly scheduled annual site visit, the metrics measuring the average HAP cost per unit in both low-poverty and high-poverty areas were deleted since the metrics do not measure outcomes and are not critical to measuring the success of the initiative.

All benchmark reach dates have been extended to June 30, 2012.

Modified Benchmarks and Metrics from the Fiscal Year 2010 Report 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 will be at least $700 per participant by June 30, 2011
- 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 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

Revised Benchmarks are as follows:

Benchmarks:

- 10% of moving participants will move from a high-poverty area to a low-poverty area by June 30, 2012
- Number and percentage of participants moving to Choice Communities participating in the Security Deposit program will be greater than 90% by June 30, 2012
- Number and percentage of participants receiving Choice Communities payment standards will be 100% by June 30, 2012
- Number and percentage of participants moving to a new unit receiving Moving for Opportunities counseling will be 25% by June 30, 2012
- Number and percentage of Choice Communities tenants exceeding the 40% affordability cap at move-in will be 25% by June 30, 2012
- Number of security deposit loans issued will be 50 by June 30, 2012
- Total dollars loaned under the Security Deposit program will be $50,000 by June 30, 2012
- Average dollars loaned will be at least $700 per participant by June 30, 2012
- 80% of moving participants will stay in the new unit at least one year by June 30, 2012

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 issued
- Total dollars loaned under the Security Deposit program
- Average dollars loaned under the Security Deposit program
- Number and percentage of participants moving into Choice Communities who remain in unit at least one year

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)(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.

14. Standardize Utility Allowances 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 activity has had a positive impact on program administration; calculation error rates were reduced and significant staff time savings were seen as a result of the implementation.

Hardship Policy:

The hardship policy for the standardized utility allowances allowed families experiencing a monthly increase of $50 or more in the family share due to the revised utility allowance structure to request and qualify for exemption from a monthly increase beyond $50. At the close of Fiscal Year 2011, zero families requested a hardship exemption due to the new policy.

Please see the chart below for a review of the utility allowance amounts used for the purposes of the initiative:

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

The chart below provides a summary of the progress of the Utility Allowance initiative during Fiscal Year 2011:

Metric	Baseline 2009	YTD	Benchmark
Annual staff time in hours to determine utility allowances in recertifications	1,057	198	< 211
Utility allowance calculation error rate	11%	5%	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: All benchmarks were achieved for 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.

15. Simplify Income and Asset Verification Systems

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. EIV reports are utilized according to HUD requirements while applying the flexibilities afforded SDHC via the MTW activity modifying EIV requirements related to the income report review schedule. 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.

The number of asset related 3rd party verifications decreased further due to the Fiscal Year 2011 activity removing retirement accounts as an asset. The initial number of households with assets $10,000 or greater was 410. With the introduction of the new initiative, the number of households reduced even further to 262.

Metric	Baseline 2009		YTD		Benchmark
	No.	%	No.	%	
Annual number of income-related third party verifications conducted during recertification	5,993		517		< 500
Annual staff time in hours required to conduct third party verification of income during recertification	481		41		< 105
Annual number and percentage of third party verification of assets conducted during recertification	695		16	0%	< 50
Annual staff time in hours required to conduct third party verification of assets in recertification	87		2		< 7
Asset income calculation error rate		13%		2%	7%

Discussion of Benchmarks: All benchmarks were achieved with the exception of the metric measuring the annual number of income related 3rd party verifications conducted during reexamination. The benchmark allowed for the issuance of up to 500 3rd party verifications during the fiscal year, and the benchmark was overstepped by 17. As staff is no longer required to issue a 3rd party verification and may use review of documents or UIV as the primary verification source, SDHC decided to conduct a focus group with staff to ascertain the reasons for utilization of the 3rd party verification.

Discussion surrounding the topic indicated staff opted to conduct a 3rd party verification as an enhanced customer service measure. In the event a program participant was unable to provide the requested document(s) and demonstrated a good faith effort to supply the requested information, staff preferred to transmit the 3rd party verification rather than risk a program compliance issue. Moreover, the ability to rely on a 3rd party verification also ensured staff remained on strict timelines, therefore avoiding overdue annual reexaminations.

SDHC has determined the initiative a success since fewer 3rd party verification documents were mailed to verify income and asset sources as well as the significant reduction of the asset income calculation error rate.

Revisions to Benchmarks or Metrics: The benchmarks and metrics were not revised during Fiscal Year 2011 as the revisions instituted in Fiscal Year 2010 corrected issues relevant to measuring and providing meaningful data to fully assess the progress 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 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.

16. Adopt a Local Interim Recertification Policy

Impact of Activity: Full implementation of the local interim recertification policy initiative was further delayed until July 1, 2011. Under the local interim policy, interim requests due to reported decreases of income are only processed if the family's rent portion increases 10 percent or more. Additionally, the decrease of income must be anticipated to last more than 90 days, a change from the previous timeframe of 60 days. Family members are required to apply for unemployment benefits if the decrease of income is a result of employment loss. SDHC will collect data regarding the number of households required to apply for unemployment benefits and report the findings in the Fiscal Year 2012 Annual Report. Please note: The initiative does not apply to elderly/disabled households.

Metric	Baseline 2009	YTD	Benchmark
Annual number of "decrease in income" interims conducted	1,867	0	< 1,680
Annual staff time in hours required to process "decrease in income" interims	700	0	< 630
Potential Undesirable Outcomes		**YTD**	**Acceptable Levels**
Annual number of hardships requested related to "decrease in income" interims		0	20

Discussion of Benchmarks: Benchmarks were not achieved since the initiative was not implemented during Fiscal Year 2011. Once implemented, a full analysis concerning the progress of the initiative on non-elderly/non-disabled households will be presented and discussed in subsequent MTW Annual Reports.

Revisions to Benchmarks or Metrics: Benchmarks are expected to be achieved by June 30, 2012 due to full implementation of the initiative on July 1, 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 Sections 8(o)(5) of the 1937 Act and 24 CFR 982.516.

17. Establish an HCV Homeownership Program

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/repairs 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. A secondary foreclosure incentive provides two months of mortgage payments for use towards the purchase of the home. 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.

A lesson learned while administering the Homeownership Program surrounds the calculation and issuance of the Down Payment Assistance/Repairs Foreclosure Incentive. The current practice is to calculate the foreclosure incentive based on the HAP and loan amount. The formula used proved to be administratively burdensome and time consuming for staff. Also, last minute changes with the loan at times effected the calculation. For these reasons, SDHC is eliminating the calculation and changing the incentive amount to a flat $10,000 effective beginning Fiscal Year 2012. The proposed amount of $10,000 is subject to funding availability and may change at a future date, if determined necessary.

Metric	Baseline 2008 No.	YTD No.	YTD %	Benchmark
Annual No. Purchased Foreclosed Homes	0	2	67%	4
Annual No. Purchased Regular Market Homes	0	1	33%	2
Total Purchased Homes		3	100%	6
Annual No. Foreclosure Incentive: MTW Down Payment Assistance/Repairs Grant	0	2		4
Annual Dollars Foreclosure Incentive: MTW Down Payment Assistance/Repairs Grant	0	$12,265		$76,800
Annual Avg. Foreclosure Incentive: MTW Down Payment Assistance/Repairs Grant	0	$6,133		$19,200
Annual No. Foreclosure Incentive: 2 Months of Mortgage Assistance		2		4
Annual Dollars Foreclosure Incentive: 2 Months of Mortgage Assistance	0	$3,992		$16,000
Annual Avg. Foreclosure Incentive: 2 Months of Mortgage Assistance	0	$1,996		$4,000

Potential Undesirable Outcomes	YTD No.	Acceptable Levels
Annual No. Participants Unable To Maintain Mortgage Payments	0	1

Discussion of Benchmarks: Benchmarks were not achieved during Fiscal Year 2011 due to the current economic conditions and stalled housing market. For these reasons, the benchmarks have been revised for Fiscal Year 2012. Please see the next section for a complete explanation of the changes and rationalization.

Revisions to Benchmarks or Metrics: Benchmarks were initially scheduled for achievement on June 30, 2010. In the Fiscal Year 2011, SDHC extended the benchmarks until June 30, 2011. Since the benchmarks were not achieved within the extension, SDHC opted to extend the benchmarks again to June 30, 2012.

In the original metrics, SDHC proposed to measure the percent difference in HAP expenditures by comparing the HAP amounts for participants from before and after purchasing a home under the Homeownership Program. The metrics were removed for the following reasons:

(1) SDHC expected HAP expenditures to increase for participants purchasing a home.
(2) Any increase in HAP expenditures are incidental.

Additionally, SDHC removed all metrics measuring the SDHC funded deferred second loans. Initially when the initiative was constructed, SDHC intended to use MTW funds to finance the deferred second loans. Further analysis indicated utilizing HOME funds for the deferred second loans was more advantageous for the agency. Since HOME funds are used for the loans in lieu of MTW funds, SDHC is no longer tracking metrics related to the deferred second loans. The following metrics were removed:

- Annual number SDHC deferred second loan
- Annual dollars SDHC deferred second loan
- Annual average SDHC deferred second loan (dollars)

Three additional metrics were added to capture the annual number, dollars, and average dollars issued for the secondary foreclosure incentive where two months of mortgage payments are issued towards the mortgage:

- Annual number Foreclosure Incentive: 2 months of mortgage assistance
- Annual dollars Foreclosure Incentive: 2 months of mortgage assistance
- Annual average Foreclosure Incentive: 2 months of mortgage assistance

SDHC also revised the benchmark for the homes expected to close from 10 (7 foreclosed and 3 market rate) to 6 (4 foreclosed and 2 market rate). In consideration of the local economy, the population, housing market, and home sales trends, 6 is a more realistic number.

Benchmarks were created for four of the existing metrics to more comprehensively measure the progress of the initiative. Additionally, based on HUD's comments during the regularly scheduled annual site visit, the metric measuring the annual number of participants determined ineligible for the program due to becoming economically self-sufficient was deleted since the metric did not measure outcomes and is not critical to measuring the success of the initiative.

All other metrics and benchmarks remain as delineated in the Fiscal Year 2010 Annual Plan.

Modified Benchmarks and Metrics from the Fiscal Year 2010 Report included the following:

Benchmarks:

- Annual number of purchased foreclosed homes will be seven by June 30, 2011
- Annual number of purchased regular market homes will be three by June 30, 2011
- Annual number of deferred second loans will be 5 by June 30, 2011
- Annual number of down payment assistance grants will be 5 by June 30, 2011

Metrics:

- Annual number of purchased foreclosed homes
- Annual number of purchased regular market homes
- Current HAP expenditures for Homeownership Program participants
- HAP expenditures before participation in the Homeownership Program
- Percent difference in HAP expenditures
- Annual number of deferred second loans
- Annual number of down payment assistance grants
- Annual dollars of deferred second loans
- Annual average deferred second loan in dollars
- Annual dollars down payment assistance grant

- Annual average down payment assistance grant in dollars
- Annual number of participants becoming ineligible due to becoming economically self-sufficient

Revised Benchmarks and Metrics are as follows:

Benchmarks:

- Annual number of purchased foreclosed homes will be 4 by June 30, 2012
- Annual number of purchased regular market homes will be 2 by June 30, 2012
- Annual number of SDHC down payment assistance/repairs foreclosure incentives will be 4 by June 30, 2012
- Annual dollars issued for down payment assistance/repairs grants will be $76,800 by June 30, 2012
- Annual average dollars issued for down payment assistance/repairs grants will be $19,200 by June 30, 2012
- Annual number of foreclosure incentive amount (2 months of mortgage assistance) will be 4 by June 30, 2012
- Annual dollars issued for two months mortgage assistance will be $16,000 by June 30, 2012
- Annual average dollars issued for two months mortgage assistance will be $4,000 by June 30, 2012

Metrics:

- Annual number of purchased foreclosed homes
- Annual number of purchased regular market homes
- Annual number Foreclosure Incentive: SDHC down payment assistance/repairs grant
- Annual dollars Foreclosure Incentive: SDHC down payment assistance/repairs grant
- Annual average Foreclosure Incentive: SDHC down payment assistance/repairs grant
- Annual number Foreclosure Incentive: 2 months of mortgage assistance
- Annual dollars Foreclosure Incentive: 2 months of mortgage assistance
- Annual average Foreclosure Incentive: 2 months of mortgage assistance

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(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.

18. 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 project-based 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.

Of the vouchers designated as project-based vouchers:

- Three percent are used in developments formerly vacant and/or foreclosed
- Fifty percent are used in regular market developments
- Forty-seven percent are used within SDHC-owned properties

Metric	Baseline 2009 No.	YTD No.	YTD %	Benchmark No.	Benchmark %
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	181	81%	223	100%
Total No. of authorized project based units and percent of benchmark	39	212	444%	439	1026%
Administration time required to administer project based vouchers	.3 FTE	2 FTE		2 FTE	

Discussion of Benchmarks: SDHC added 88 PBV units during Fiscal Year 2011 to bring the total number of PBV units to 212, which is 227 units short of the benchmark. SDHC is currently in the process of committing project-based vouchers to a variety of projects, although detailed information is not available since the various projects are in the early stages of development. Benchmark reach dates have been revised to accommodate the process of identifying developments and partners. A detailed analysis will be included in future Reports concerning the projects.

SDHC reached the benchmark concerning increasing the number of full-time equivalents to match the additional project-based units created as a result of the initiative. As additional project-based units are added, SDHC anticipates increasing the number of full-time equivalents required to administer the vouchers.

Revisions to Benchmarks or Metrics: Based on HUD's comments during the regularly scheduled annual site visit, the metrics measuring the number and percent of project-based vouchers used in vacant/foreclosed properties, regular market properties, and within SDHC-owned properties were deleted since the metrics do not measure outcomes and are not critical to measuring the success of the initiative. Additionally, SDHC is revising benchmark reach dates to June 30, 2013.

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 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.

19. Public Housing Development

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. The acquisition of Vista Verde occurred at the onset of Fiscal Year 2011. The chart below contains a summary of the status of the initiative:

Metric	Baseline 2009	YTD	Benchmark
Total number of new public housing units	36	75	69

Discussion of Benchmarks: The benchmark was achieved and superseded in Fiscal Year 2011, therefore the initiative is determined successful by SDHC. Any future acquisitions or rehabilitation activities will be pursued using the authorizations sited in the Fiscal Year 2011 initiative "Development of Public Housing Units Using a Combination of Funds" since the latter activity combines and expands on the flexibilities contained in this initiative. SDHC is closing out the activity for this reason, all Public Housing development will be reported under activity number seven Development of Public Housing Using a Combination of Funds.

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

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 FY11 Planned Sources & Uses					MTW FY11 Actual Sources & Uses		
Comment	Planned Sources	Section 8	Public Housing	Total	Section 8	Public Housing	Total
1	Capital Fund 501-07	0	286,116	286,116	0	261,126	261,126
2	Capital Fund FY10 501-09 (University Canyon Public Housing)	0	27,358	27,358	0	28,437	28,437
3	Capital Fund FY11 501-10 (University Canyon Public Housing)	0	31,042	31,042	0	30,742	30,742
	Capital Fund FY11 501-10 (Vista Verde Public Housing)	0	34,500	34,500	0	0	0
4	Capital Fund FY11 Replacement Housing Factor	0	2,005,429	2,005,429	0	1,654,411	1,654,411
5	Public Housing AMP 7	0	146,848	146,848	0	169,638	169,638
6	Public Housing AMP 7	0	71,336	71,336	0	54,407	54,407
7	Public Housing AMP 7	0	18,049	18,049	0	38,939	38,939
8	Public Housing AMP 7	0	6,594,468	6,594,468	0	6,536,193	6,536,193
9	Public Housing AMP 8	0	163,164	163,164	0	210,003	210,003
10	Public Housing AMP 8	0	6,582	6,582	0	3,700	3,700
11	Public Housing AMP 8	0	20,054	20,054	0	0	0
12	Public Housing Other AMPS (1-6)	0	5,438,243	5,438,243	0	6,694,622	6,694,622
13	Section 8 Voucher	173,102,187	0	173,102,187	181,259,434	0	181,259,434
	Totals	**173,102,187**	**14,843,189**	**187,945,376**	**181,259,434**	**15,682,219**	**196,941,653**
Comment	Planned Uses	Section 8	Public Housing	Total	Section 8	Public Housing	Total
14	Administration & Operations	10,906,125	210,183	11,116,308	11,044,379	235,321	11,279,700
15	Housing Assistance Payments	155,706,553	0	155,706,553	139,518,540	0	139,518,540
16	Housing Development/Site Acquisition	1,500,000	12,272,476	13,772,476	1,226,532	594,903	1,821,435
17	MTW Choice Communities	35,000	0	35,000	0	0	0
18	MTW Economic Development Academy (Operations & Admin)	2,396,765	0	2,396,765	1,524,958	0	1,524,958
19	MTW Economic Development Academy (WED IDA Accounts)	30,000	0	30,000	15,221	0	15,221
20	MTW Foreclosure Incentive	150,000	0	150,000	14,858	0	14,858
21	MTW Security Deposit Assistance Program	50,000	0	50,000	70,065	0	70,065
22	Property Management & Routine Maintenance Expenses	0	141,496	141,496	0	377,173	377,173
23	Relocation	18,000	0	18,000	0	106,468	106,468
	Site Improvement	0	85,374	85,374	0	26,386	26,386
24	Reserves	2,309,744	2,133,660	4,443,404	27,844,881	14,341,968	42,186,849
	Totals	**173,102,187**	**14,843,189**	**187,945,376**	**181,259,434**	**15,682,219**	**196,941,653**

Comments	
1. Fund balance on 6/30/10	13. Received more HAP and administrative fees than anticipated in the original plan
2. Received additional Capital funds for administrative expenses not in original plan	14. Expenses higher than anticipated in original plan
3. Received less funding than anticipated in original plan	15. Carryover of prior years HAP in original plan
4. Grant was not awarded	16. Purchase/rehab of Vista Verde; Acheivement Academy & Family Justice Center build out
5. Higher rents received than anticipated in original plan	17. Funds were set aside for printing/publication costs; reprinting was not needed.
6. Less interest income than anticipated in original plan	18. Expenses less than expectation
7. Higher actual subsidy approved than anticipated in original plan	19. IDA initiative implementation at end of Fiscal Year 2011
8. Less than anticipated due to prior year adjustments	20. Foreclosure incentive was implemented at beginning of Fiscal Year 2011
9. Higher rents received than anticipated in original plan	21. Security deposit loan expense higher than anticipated
10. Less interest income than anticipated in original plan	22. Higher maintanance costs due to Vista Verde acquisition
11. No operating subsidy received in Fiscal Year 2011	23. Vista Verde relocation expenses
12. Higher repositioning fees received than anticipated	24. Reserves will be used to fund Fiscal Year 2012 MTW Plan

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

C. If applicable, list planned versus actual sources and uses of 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 HCV program funds to implement the approved Moving to Work initiatives described in the Fiscal Year 2011 MTW Plan and will continue to do so in future Plans.

Funds that originated as voucher or public housing funds may be used for all of these activities.

SDHC may use public housing and/or voucher funds to acquire and rehabilitate public housing and affordable housing developments. These funds would be used for the capital to acquire, rehabilitate, or produce housing units complying with public housing development requirements. The units then could receive operating subsidy as replacement housing.

SDHC also used single-fund flexibility to conduct a variety of activities geared toward self-sufficiency. The Achievement Academy, formerly known as the Economic Development Academy, offers a broad range of one-on-one services and workshops geared toward workforce preparation, financial literacy, and homeownership education. In Fiscal Year 2011, a job placement specialist, credit counselor, and benefits coordinator were added to the array of services already offered within the academy. Partnerships with a variety of external organizations specializing in their fields enable SDHC to provide assistance to participants with different interests, career focuses, and skill levels. The resources offered at the Achievement Academy will be a vital component of the rent reform activity detailed in the Fiscal Year 2012 MTW Annual Plan as participants are incentivized to increase income and work towards self-sufficiency.

The following describes services offered at the Achievement Academy:

Employment/Workforce Development

Job Developer
A full-time on-site job placement specialist from Manpower, a staffing agency in San Diego, works diligently towards assisting participants with locating jobs and advancing job skills. Since April 2011, the specialist has provided one-on-one employment counseling geared toward locating employment, and has also assisted with completion of resumes. In addition, the job placement specialist identifies job leads, makes connections with employers from in-demand occupations, organizes job fairs, and coordinates employment services with partner organizations.

One-Stop Career Center
JobWorks, a contractor from San Diego Workforce Partnership, provides services via a satellite One-Stop Career Center at the Achievement Academy. The partner offers workforce development services including labor market information, career development, assessment, job search/retention skills, job placement assistance, and referrals to training opportunities.

Small Business Development Training
The Business Initiatives Strategies (BIS) Program offers an 11 week class educating participants on how to start /expand a small business and create/ update a solid business plan. This program provides

basic skills training and knowledge to underserved entrepreneurs, and also identifies and expands linkages to critical community resources linked to small business development to further connect participants with opportunities for additional small business training, technical assistance, and access to mainstream financial institutions to boost economic development

Employment/Workforce Development Workshops
Manpower, JobWorks, Pacific Gateway Group (PGG), and Kelly Services staffing agencies conduct employment readiness workshops and provide access to temporary and permanent employment.

Academy Computer Lab
Participants have access to the Achievement Academy's Computer Lab for basic computer training (Word, Excel, and Internet Explorer), career assessments, career exploration, labor market information, resume building, and on-line job applications. In addition, Manpower provides individual participant access to the internet based Training Development Center which hosts over 5,000 online courses for skills development.

Income Supports

THRIVE Initiative
THRIVE is a partnership between the United Way, the County of San Diego, and South Bay Community Services. The purpose of the initiative is to enhance the accessibility of benefits screening and tax preparation services. Benefits screening and application assistance is currently offered for an array of program such as CalFresh (food stamps), CalWorks, Women Infants and Children (WIC), California Healthy Families, Child Care Assistance, MediCal, and Supplemental Nutrition Assistance Program (SNAP). During the 2011 tax season, SDHC assisted 189 housing residents with the eligibility process for these programs, resulting in potential amounts of $140,976 per year in CalWorks and $280,698 per year in CalFresh. On-site benefit screening appointments continue to be conducted for participants.

Tax preparation was conducted onsite by four interns certified by the Volunteer Income Tax Association (VITA). The interns worked with low-income families at the Achievement Academy to prepare taxes and ensure all eligible families received the Earned Income Tax Credit (EITC). At the conclusion of the 2011 tax season in April, 527 tax returns were completed at all three Achievement Academy sites, yielding more than $791,553 in total refunds, including over $518,740 in EITC and Child Tax Credits. Tax preparation services were also offered to unassisted low-income residents of San Diego. Please note: Although 527 tax returns were completed, 382 were completed on-site at the San Diego Housing Commission.

Financial Education

Financial Counseling
Springboard, a non-profit credit management agency, joined our partner group in February 2011 to offer on-site credit counseling and credit repair services. The services offered by Springboard have been incorporated into the FOC (Financial Opportunities Center) service delivery model utilized within the Achievement Academy.

Financial Skills Education Workshops
Workshops are continuously conducted by partner staff from Springboard, the Housing Opportunities Collaborative, Citi Bank, Nova Debt, US Bank, Community Housing Works, and PGG in the following topic areas: Debt and credit repair; credit score improvement; controlling expenses; maintaining a financial fitness plan; electronic banking and direct employee deposits; budget management, ordering, reviewing, and repairing credit report; investments strategies and options; and pensions/retirement planning.

Financial Coaching Training

All SDHC program coordinators attended and completed the LISC (Local Initiatives Support Corporation) *Financial Counseling Training* enabling staff to implement an innovative coaching model during one-on-one appointments with participants. In addition, referrals to Springboard and THRIVE allow for greater depth in addressing participant's financial needs. SDHC is also positioned to assist participants with improving credit through a partnership with Credit Builders Alliance. The ability to internally pull credit reports allows SDHC to further assist participants with accessing current credit ratings in order to begin aligning client goals for credit improvement to future financial and career goals.

The chart below contains a summary of the results of Achievement Academy activities:

Metric	Baseline 2009 No.	YTD No.
No. of unduplicated program participants receiving services	546	868
No. of unduplicated program participants attending financial education related workshops	134	221
No. of hours of financial education related workshops attended by program participants	972	1,519
No. of unduplicated program participants attending employment related workshops	42	95
No. of hours of employment related workshops attended by program participants	237	1,865
No. of unduplicated program participants attending homeownership related workshops	25	26
No. of hours of homeownership related workshops attended by program participants	25	72
No. of unduplicated program participants attending small business related workshops	20	77
No. of hours of small business related workshops attended by program participants	43	871
No. of unduplicated program participants who received income support screening services	0	533
No. of unduplicated program participants who received income tax preparation services	0	382
No. of persons who completed their FSS Contract of Participation and graduated	39	16
Dollar value of escrow accounts disbursed to FSS graduates	$319,818	$149,927
No. of FSS escrow accounts	307	269
Dollar value of FSS escrow accounts	$767,250	$782,538
No. of IDA accounts	191	360
Dollar value of IDA account savings	$97,818	$99,903
Dollar value of IDA account matches	$228,193	$255,331
No. of program participants who obtained employment as a result of job placement services	0	4

Another component of the Achievement Academy is the ASPIRE program wherein SDHC operates asset building programs for youth and adult HCV participants. Asset building programs encourage families to save money to purchase homes, pursue higher education, secure reliable transportation for job-related activities, or to build small business start-up capital. Individual Development Accounts (IDAs), a component of asset building programs, are savings accounts with matching funds drawn from private or public sources. SDHC's current IDAs provide a 3:1 match for participants with a maximum of $3,000 in matching funds.

SDHC received permission to expand the number of participants served through single fund flexibility. As a result, 30 new IDAs were created with 10 designated to each of the respective categories: Adult IDAs, Youth IDAs, and Transportation IDAs.

The chart below contains a summary of the results of the IDA activities:

Metric	Baseline	YTD
Annual No. of adult participants enrolled in the asset building program with an IDA funded by MTW funds	0	13
Annual No. of participants enrolled in the youth asset building program with an IDA funded by MTW funds	0	27
Annual No. of participants enrolled in the asset building program with a transportation IDA	0	20
Annual No. of MTW IDA participants who opened an IDA account	0	54
Annual No. of MTW IDA participants who developed a credit improvement plan	0	10
Annual No. of MTW IDA participants who made at least nine monthly deposits to their IDA during a twelve-month period	0	0
Annual No. of MTW IDA participants who completed ten hours of financial skills education	0	6

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**

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. **N/A**

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; and

   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
SDHC

APPENDIX A

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 2011:

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.

August 31, 2011

Richard C. Gentry
President & Chief Executive Officer

Date

APPENDIX B

Former Public Housing Units					
Street Name	Total PH Units	Manager Units	Street Name	Total PH Units	Manager Units
1st Avenue	22		El Camino Real	44	1
30th St	20		Fairmount Ave	4	
32nd St	5		Figueroa Ave	6	
33rd St	21		Florida St	8	
34th St	3		Fulton Street	31	
35th St	4		Genesee Ave	11	
36th St	5		Georgia St	8	
37th St	8		Glenhaven St	16	
38th St	13		Golfcrest Dr	9	
39th St	2		Grand Ave	6	
42nd St	4		Grim Ave	8	
44th St	21		Grove Ave	41	
45th St	5		Hamilton St	8	
47th St	4		Hawthorn St	4	
48th St	4		Highland Ave	8	
51st Ave	5		Hollister Street	20	
54th St	7		Hornblend St	5	
A St	2		Hurlbut St	8	
Alabama St	8		Ivy St	5	
Alaquinas Drive	65	1	Juniper Street	43	1
Altadena Ave	24		Levant Street	14	
Louisiana St	8		Arizona St	4	
Maple St	6		Averil Road	14	
Market Street	19	1	Bancroft St	12	
Maryland Street	24		Mira Mesa Blvd	5	
Meade Ave	36		Muir Ave	8	
Mira Mesa Blvd	5		Naples St	4	
Belden St	242	1	Oakcrest Dr	4	
Boston Ave	10		Oregon St	8	
Calle Primera	69	1	Poplar St	9	
Cardinal Road	2		Pulitzer Place	49	1
Chamoune Ave	6		Rachel Ave	3	
Former Public Housing Units					
Street Name	**Total PH**	**Manager**	**Street Name**	**Total PH**	**Manager**
Cherokee Ave	18		Rex Ave	8	
E Jewett Street	4		Wilson Ave	5	
Eastman Street	35	1	Saranac St	7	
Swift Ave	4		Scattered Single Family Homes	38	
Santa Margarita St	31	1	Streamview Dr	4	
Sycamore Road (E)	24		Tait St	4	
Sycamore Road (N)	24		Van Dyke Ave	4	
Sycamore Road (W)	40	1			
	859	**7**		**497**	**3**
Total Former PH Units Available for Lease:	**1356**		**Total Former PH Units with Manger Units:**	**1366**	