



SAN DIEGO
HOUSING
COMMISSION

Moving Forward Moving To Work Program Annual Report for Fiscal Year 2013

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SECTION I: INTRODUCTION AND OVERVIEW

A. Introduction

Message from the President & CEO

Every day, the San Diego Housing Commission (SDHC) impacts the lives of low-income families, seniors, and homeless individuals living in the City of San Diego—the eighth largest city in the nation.

We are a provider of federal rental assistance to more than 14,000 families, a partner in addressing homelessness, and an affordable housing developer.



The U.S. Department of Housing and Urban Development (HUD) reinstated SDHC’s “Moving to Work” (MTW) status on January 14, 2009, and since then, SDHC has implemented 23 initiatives that:

- a) Use federal dollars more efficiently,
- b) Help residents on their path to economic independence, and
- c) Improve housing choices for low-income families.

This report provides detailed explanations of these initiatives.

In addition, one of our proudest achievements was our acquisition on October 10, 2012 of an affordable apartment complex for senior citizens—our final investment from an innovative finance plan that created 810 additional affordable housing units in the City of San Diego through public-private partnerships and direct acquisitions. These units will remain affordable for at least 55 years.

This finance plan was possible because of a 2007 landmark public housing conversion agreement with HUD—the largest public housing conversion ever approved at the time. We leveraged the equity of our former public housing to create the additional affordable housing.

I’m excited about what lies ahead:

- Adoption of a strategic plan that will guide SDHC on what our priorities should be in the next five years;
- Full implementation of our Path to Success initiative, enabling SDHC to expand the Housing Choice Voucher (Section 8) rental assistance program to help more people; and
- Our continuing partnerships with the City of San Diego and others to provide housing for San Diego’s homeless population.

Together, we will continue to embrace unique strategies and private-sector management principles to ensure that quality affordable housing grows in San Diego for years to come.

At the San Diego Housing Commission, “We’re About People” is more than a slogan.

It’s the heart of everything we do.

Sincerely,

Richard C. Gentry
President & Chief Executive Officer



B. Goals

SDHC continues to fulfill the three statutory objectives of the MTW demonstration program by meeting the following goals:

- ✓ Streamlining administrative processes to ensure Federal expenditures are utilized efficiently and effectively;
- ✓ Increasing efforts toward promoting self-sufficiency among Path to Success participants through the SDHC Achievement Academy work readiness programs;
- ✓ Creating programs to serve the diverse homeless populations in San Diego;
- ✓ Acquiring, preserving, and/or developing affordable housing units to increase housing choices in San Diego.

The following is a summary of the Fiscal Year 2013 MTW initiatives:

1. *MTW VASH Program.* SDHC received permission to implement a special program designed specifically for the HUD-VASH voucher participants. Program features include the elimination of minimum rent for an initial time period, streamlined criminal history requirements for household members, and additional streamlining measures.
2. *Family Self Sufficiency Reinvention.* SDHC used MTW flexibility to modify the current Family Self Sufficiency (FSS) Program by revising the contract term and the escrow calculation methodology. Changes to the program and contract have been made to increase program accessibility and participant engagement.
3. *Elimination of 100% Excluded Income from the Income Verification Process.* Excluded income has no effect on the rental assistance calculation yet consumes administrative time as it must be verified and reported on the HUD 50058. This initiative removes the requirement to verify and enter excluded income into the rent calculation formula and subsequently on the HUD 50058.
4. *Public Housing: Flat Rent Elimination.* SDHC received permission to eliminate flat rents in public housing in order to facilitate the implementation of Path to Success for public housing residents.
5. *Homeless Veteran Project-Based Subsidy Program.* SDHC will partner with the Veterans Village of San Diego to create a local, non-traditional project-based subsidy program to provide housing to veterans who are either not yet ready to enter the more regulated Veterans Village program or who temporarily exit the program. This will be a transitional pilot program with a flat subsidy and is expected to initially provide housing for up to 30 homeless veterans.
6. *Short-Term Transitional Supportive Project-Based Subsidies for the Homeless.* SDHC uses MTW flexibility to partner with agencies to craft a transitional housing program using flat-subsidies paired with supportive services offered by the selected provider agency.
7. *Two-Year PBV Occupancy Requirement (Re-proposed).* Approval for this initiative was granted in SDHC's Fiscal Year 2011 MTW Annual Plan. The re-proposal adds a component allowing no more than 35% of the tenants in any given development who become eligible to transition to a tenant-based voucher in any given year and no more than 10% in any given month to move from the PBV assisted complex. This alleviates administrative burden due to turn over and keeps as many families housed as possible.
8. *Sponsor-Based Subsidy Program for the Homeless (Re-proposed).* Approval for this initiative was granted in SDHC's Fiscal Year 2011 MTW Annual Plan. The re-proposal increases program capacity and widens the population of homeless persons served.



9. *New Public Housing Transition.* SDHC is in the process of converting and renovating 113 state-aided units to public housing. The 113 units include 112 state-assisted units and one manager's unit. The rent calculation under the state program requires participants to pay 25 percent of their adjusted income toward their rent portions whereas public housing requires 30 percent. To ease the transition, SDHC proposed to implement a transition period during which the families would pay more than 25 percent but less than 30 percent of adjusted household income toward the rent portion before moving to 30 percent at the end of the transition period.



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 no changes over 10 percent.
2. Description of any significant capital expenditures by development (>30% of the Agency's total budgeted capital expenditures for the fiscal year): **N/A**
3. Description of any new public housing units added during the year by development (specifying bedroom size, type, accessible features, if applicable): **N/A**
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%: **13,929** 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%: **920** with a change over 10 percent: The non-MTW vouchers include Tenant-Based NED, VASH, and FUP. All project-based vouchers converted to MTW in Fiscal Year 2013. Per the direction of PIH 2011-32, SDHC identified 200 NED awarded under a NOFA in calendar year 2000 and began administering the vouchers as MTW, according to NED requirements. SDHC received an additional 185 VASH during Fiscal Year 2013, thus affecting a change over 10 percent in the number of non-MTW vouchers.

Authorized Non-MTW Vouchers	
Program	Number of Units
Tenant-Based NED	200
VASH	620
FUP	100
Total:	920

7. Number of HCV units project-based during the Plan year, including a description of each separate project: A total of **89** units were project-based during Fiscal Year 2013. 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
Connections Housing	1/29/2013	223*	73	67	73	Homeless
Mason Hotel	5/14/2013	17	16	12	16	Homeless
Total		240	89	79	89	

*134 beds/89 units

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
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:	2,033

*Owned but not managed by SDHC

**State housing units removed due to Public Housing conversion

B. Leasing Information-Actual

1. Total number of MTW public housing units leased in Plan year: **74**
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: **13,805 (average units leased)**
4. Total number of non-MTW HCV units leased in Plan year: **643 (average units leased)**

Leased Non-MTW Vouchers	
Program	Number of Units
Tenant-Based NED	181
VASH	372
FUP	90
Total:	643

5. Description of any issues related to leasing of public housing or HCVs: In anticipation of sequestration, SDHC ceased conducting eligibility intakes for the HCV program and opted to administer portability vouchers rather than absorbing. Although SDHC remains in compliance in terms of required leasing percentages, SDHC noted a nominal dip when compared with past leasing rates. Public Housing leasing remains unaffected by sequestration. HUD-VASH voucher utilization slightly decreased as a result of the local Veteran’s Administration (VA) issuing referrals to the County of San Diego to increase utilization of the HUD-VASH vouchers within the County’s jurisdiction. In Fiscal Year 2013, SDHC was awarded an additional 185 vouchers and continues to work closely with the VA to ensure increased voucher utilization.
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):

GENERAL SDHC OPERATING INFORMATION



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	0	Homeless DV
Take Wing	7/1/2002	33	8	8	Homeless Youth
Hollywood Palms	12/23/2002	94	23	23	Low-Income
Leah Residence	7/1/2005	24	9	9	Homeless
Townpeople	9/1/2009	24	9	8	Homeless
Stepping Stone	1/1/2010	8	6	5	Homeless
Potiker	2/1/2010	200	36	34	Low-Income
Alabama Manor	4/28/2010	67	15	15	Low-Income
Meade (SDHC-Owned)	4/28/2010	30	29	13	Low-Income
Santa Margarita (SDHC-Owned)	5/1/2010	32	32	19	Low-Income
Courtyard (SDHC-Owned)	10/15/2010	37	7	7	Low-Income
Hotel Sandford (SDHC-Owned)	11/1/2010	130	39	33	Low-Income
Connections Housing*	1/29/2013	223	73	71	Homeless
Mason Hotel (SDHC-Owned)	5/14/2013	17	16	12	Homeless
Parker-Kier (SDHC-Owned)	Committed	33	22	0	Homeless
9th & Broadway	Committed	250	88	0	Homeless
Total		1211	414	257	

*134 beds/89 units



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 2013 Total	FY 2013 Total
Composition		
Disabled Family	13,446	8,655
Elderly Family	4,607	2,100
Family	20,498	13,017
Other	5,396	3,341
Total Households	43,947	27,113
Race		
White	27,309	16,653
Native Hawaiian	847	533
American Indian	764	507
Asian	3,801	1,911
Black	10,602	7,024
Other	624	485
Total Households	43,947	27,113
Ethnicity		
Hispanic	17,047	10,523
Non-Hispanic	26,319	16,152
Unknown	581	438
Total Households	43,947	27,113
Income		
Extremely Low Income	36,460	22,403
Very Low Income	6,078	3,746
Low Income	0	817
Over Income Limits	1,409	147
Total Households	43,947	27,113

*As of 7/31/2013

2. SDHC will continue to maintain community-wide wait lists for the HCV and public housing programs. Project-based developments designated as supportive service providers will maintain their own individual wait lists to match their target population. As of the close of June 30, 2013 the HCV wait list remained open and has a current total of 43,947 families. The public housing wait list remained closed and has a total of 27,113 families.



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:

In addition to MTW initiatives, the San Diego Housing Commission (SDHC) is helping to create safer, quality living environments for low-income residents of SDHC-owned properties and older homes in the City of San Diego, where lead-based paint may be present.

Smoke-Free Policy

SDHC adopted a smoke-free policy for all SDHC-owned apartment buildings, with the unanimous approval on June 11, 2013, from the San Diego City Council, sitting as the Housing Authority of the City of San Diego.

SDHC-owned apartments provide affordable homes for low-income San Diegans. SDHC's smoke-free policy will take effect on February 1, 2014, providing tenants with ample notice.

Before moving forward with the policy, SDHC surveyed tenants, and a majority who responded to the survey said they prefer a smoke-free living environment.



The new smoke free policy prohibits smoking anywhere at SDHC-owned residential properties.

The new smoke-free policy prohibits smoking anywhere at SDHC-owned residential properties, which include more than 2,000 affordable housing units. Smoking is not allowed in individual apartments or within 25 feet of the buildings. The policy applies to residents, their guests, and SDHC employees or contractors working on-site.

In addition to protecting tenants' health, the smoke-free policy is also expected to reduce maintenance costs for SDHC.

A 2009 study based on surveys of housing authorities and subsidized housing facilities in New England determined the average cost of rehabilitating a nonsmoking residential unit was \$560. But the cost of rehabilitating a unit where light smoking occurred was \$1,810. The rehabilitation cost for a unit with heavy smoking was \$3,515. The data were collected and reported by Smoke-Free Housing New England.

SDHC's new policy also achieves an objective of the U.S. Department of Housing and Urban Development (HUD).

HUD issued a notice on July 17, 2009 that strongly encouraged public housing authorities in the United States to implement nonsmoking policies at some or all of their properties. HUD reissued the notice on May 29, 2012.

On February 1, 2013, SDHC began using a lease addendum to prepare tenants for the potential implementation of the smoke-free policy. The addendum notified new tenants and residents who were renewing their leases that SDHC may be implementing a smoke-free policy in the future.



SDHC Property Rehabilitation

SDHC is working to make SDHC-owned rental housing units more energy-efficient and environmentally friendly through improvements such as the installation of solar electric panels, compact fluorescent lighting fixtures, and Energy Star-rated appliances.

Major SDHC Construction Services projects completed in fiscal year 2013 included:

Parker-Kier Apartments

- 34 affordable rental housing units
- Historic San Diego building believed to have been built in 1908
- All major systems replaced
- Functional elevator added to the center of the building
- 98 solar electric panels to produce electrical power to augment day-to-day operations of the entire building
- 30 solar water panels to produce domestic hot water to augment day-to-day operations of the entire building
- New Energy Star-rated appliances—microwaves, refrigerators, and stoves—in each unit
- Upgraded lighting in each unit, including compact fluorescent fixtures in bathrooms
- Upgraded plumbing in each unit, including low-flow toilets and shower heads
- Rehabilitation cost: \$3,967,211
- Completed: August 9, 2012



Maya Linda Apartments

- 132 affordable rental units
- Windows, sliding glass doors, and entry doors in all 132 residential units and at common area facilities replaced with: low-emission glass for windows and sliding doors; insulated, fiber glass entry doors; windows and doors with higher Sound Transmission Class ratings to reduce noise
- New energy efficient and sound dampening heating, ventilation, and cooling systems installed at 28 freeway-facing residential units
- Pest eviction program
- Rehabilitation cost: \$2,354,789
- Completed: April 17, 2013



Picador Boulevard Apartments

- 78 affordable rental units
- Former state-owned housing that is transitioning to federal public housing to be administered by SDHC to preserve affordable units
- Windows and entry doors in all 78 residential units and at common area facilities replaced with dual-glazed low-emission glass for windows and insulated, fiber glass entry doors designed to reduce noise
- New Energy Star-rated appliances placed in each unit, including range hoods, refrigerators, and stoves
- Upgraded plumbing fixtures in each unit include low-flow toilets, faucets, and shower heads
- Painting and rehabilitation of the exterior of the buildings
- Rehabilitation costs: \$3,100,725
- Completed: May 21, 2013





Green Physical Needs Assessment

HUD began the process of requiring public housing agencies in 2012 to conduct Green Physical Needs Assessments (GPNA) to better determine what capital funds they may need and better plan for the next 20 years. These assessments also must follow standards for including energy conservation measures.

Although SDHC has only 76 public housing units, SDHC is assessing its entire real estate portfolio.

This GPNA will allow SDHC to make long-term strategic planning decisions to preserve existing real estate assets.

On May 10, 2013, the SDHC Board of Commissioners approved a contract with EMG Corporation to conduct the GPNA for SDHC's real estate portfolio.

The GPNA is scheduled to begin in September 2013 with three properties that are representative of small, medium, and large properties in SDHC's portfolio.

Lead Testing and Remediation

SDHC continues to work to help low-income parents in older neighborhoods in the City of San Diego learn whether their homes pose a threat of lead poisoning to their children and, if necessary, remove lead-based paint to create a safe environment.

A \$2.48 million grant that HUD awarded to SDHC on March 23, 2012, allows SDHC's "Home Safe Home" program to conduct blood-lead level testing community events to detect whether children have high levels of lead in their blood.

Blood-lead levels can be detected easily with noninvasive portable Lead Care II blood analyzers bought by SDHC in 2010. The blood analyzers require only a small pinprick to a child's finger and provide results within three minutes.



*SDHC Blood-Lead Level Testing
King-Chavez Primary Academy, 2.26.13*

SDHC's "Home Safe Home" program collaborates with the Environmental Health Coalition and La Maestra Community Clinics to conduct blood-lead level testing events.

From April 28, 2010, through February 26, 2013, SDHC's "Home Safe Home" program and its partners tested a total of 646 children at eight community events, with 13 testing positive for high lead levels.

These children were referred for additional medical evaluation and treatment.

The grant also enables the "Home Safe Home" program to eliminate lead-based paint hazards in 135 homes over a three-year period.

The grant funds provide \$10,000 for single-family homes and \$5,000 for each multifamily unit. Much of the cost is attributable to special precautions during removal, taken to prevent any risk from dust.

Grants from HUD fund SDHC's "Home Safe Home" program, which is overseen by SDHC's Real Estate Division. Since 2002, SDHC has received \$22.47 million in grants.



HUD Lead-Based Paint Hazard Control Grants	
GRANT YEAR	GRANT AMOUNT
2002	\$1.89 million
2005	\$7.0 million
2008	\$7.0 million
2010	\$4.1 million
2012	\$2.48 million
TOTAL	\$22.47 million



SDHC "Home Safe Home" News Conference

BLOOD TESTING EVENTS SINCE APRIL 28-29, 2010			
Location	Date	Children Tested	Tested Positive for Elevated Blood-Lead Level
Sherman Heights Community Center	April 28-29, 2010	128	4
Cherokee Point Elementary School	October 27, 2010	82	1
King-Chavez Primary Academy	April 14, 2011	116	2
Euclid Medical Center	September 17, 2011	24	0
Environmental Health Coalition Health Fair	September 24, 2011	12	0
Fiesta del Sol (Cesar Chavez Park)	August 11, 2012	126	4
National Lead Prevention Week (Neighborhood House Association)	October 25, 2012	79	1
King-Chavez Primary Academy	February 26, 2013	79	1
TOTAL		646	13



SECTION IV: LONG-TERM PLAN (OPTIONAL)

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

- Create more affordable housing 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.

SDHC continues to create initiative to ensure operational efficiencies while providing housing assistance for families most in need. In these difficult economic times, SDHC perceives an even greater need to assist families towards economic independence and self-reliance.

Effective with July 2013 annual reexaminations, the agency will implement Path to Success, a major rent reform initiative designed to:

- Help families increase income and complete education;
- Enhance customer service;
- Streamline the 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 Housing Choice Voucher and public housing programs.

In the Fiscal Year 2013 MTW Annual Plan, SDHC continued efforts towards addressing homelessness. The Sponsor-Based Subsidy program also expanded with a cumulative total of 258 subsidies awarded to partnering agencies. Under the Sponsor-Based Subsidy program, SDHC is able to serve homeless populations for which the traditional HCV program is typically unable to reach.

Move to Work allows SDHC to design and restructure programs to target local needs. Through these efforts, SDHC improves the lives of San Diego's low-income families.



SECTION V: PROPOSED MTW ACTIVITIES

Since reinstatement as an MTW agency, SDHC has proposed and received approval of 29 MTW initiatives. At the conclusion of Fiscal Year 2013, six initiatives were not yet implemented. The initiatives include *Path to Success*, *Project-Based Subsidy Program for the Homeless*, *Family Self-Sufficiency Reinvention*, *Public Housing Flat Rent Elimination*, *Homeless Veteran Project-Based Subsidy Program*, and *New Public Housing Transition*.

Path to Success

SDHC received permission to develop and implement a comprehensive rent reform model governed by the three statutory objectives of the MTW demonstration program. The approved model utilizes a hybrid approach of two proven rent reform structures currently used by other MTW agencies; the model only applies to a Work-Able population defined by SDHC using specific criteria. The Path to Success rent reform model combines tiered rents with progressive minimum rents into one inclusive model while also eliminating deductions and streamlining allowances. Although the Elderly/Disabled population is not subject to the tiered rent structure and progressive minimum rents, streamlining will be enacted to simplify the reexamination process. The Achievement Academy and FSS activities will play a key role within the Path to Success initiative.

Path to Success is progressing through the concluding phases of the implementation process. Implementation is scheduled for July 1, 2013 effective with July 2013 reexaminations. Custom programming of the housing management software is proceeding as well as finalization of internal procedural changes and staff training strategies. Significant outreach efforts to program participants have been ongoing since Fiscal Year 2012 to ensure the families expected to experience the greatest impact from the rent reform activities (1) understand the magnitude of the forthcoming changes in relation to the calculated Path to Success rent portion and (2) receive the opportunity to mitigate the impacts by accessing supportive services within the Achievement Academy by focusing on increasing income and engaging in work-readiness services. Letters have been sent to approximately 2,000 of the most impacted program participants to provide education about Path to Success and invite families to take advantage of SDHC services such as the onsite career center, the job placement specialist, and the benefits screening services which determine eligibility for income sources such as cash aid and food stamps. Information concerning the pending changes has also been disseminated via content on the SDHC website, a telephone hotline recording, and a participant newsletter which was sent to the entire rental assistance program population effected by the programmatic changes.

Project-Based Subsidy Program for the Homeless

Under the approved initiative, SDHC will provide rental subsidy to house homeless persons equal to 100 units in the first year, with additional subsidies provided each year to total 500 subsidized units after five years. The subsidy will be flat and based on the number of authorized units in the development. All program administration will be performed by the development owner with monitoring and auditing performed by SDHC.

SDHC does not anticipate implementing the initiative until the Fiscal Year 2011 Sponsor-Based Subsidy Program for the Homeless initiative is operating at full capacity. In the Fiscal Year 2013 MTW Annual Plan, SDHC received authorization to expand the sponsor-based program subsidy allotment from 100 to 1,000 subsidies for utilization within the program. Since the agency is currently focused on expanding the program to utilize the maximum vouchers allowable to provide rental assistance to San Diego's homeless population, SDHC decided to delay implementation of the Project-Based Subsidy Program for the Homeless indefinitely. In terms of planned implementation timeframes, SDHC will provide updates on the status of the program in future MTW Annual Plans and Reports as applicable.



Family Self-Sufficiency Reinvention

SDHC utilizes MTW flexibility to modify the current Family Self Sufficiency (FSS) Program by revising the contract term and the escrow calculation methodology. Changes to the program and contract were made to increase program accessibility and participant engagement.

The activity's implementation will coincide with the implementation of Path to Success effective July 1, 2013. The final details of the reinvented FSS program are in progress and appropriate software customizations are pending finalization.

Public Housing: Flat Rent Elimination

SDHC eliminated flat rents in public housing in order to facilitate the implementation of Path to Success for public housing residents. The implementation date of the activity is indefinitely postponed due to a delay in implementation of Path to Success for the public housing program.

Homeless Veteran Project-Based Subsidy Program

SDHC partnered with the Veterans Village of San Diego (VVSD) to create a local, non-traditional project-based subsidy program to provide housing to veterans who are either not yet ready to enter the more regulated Veterans Village program or who temporarily exit the program. This is a transitional pilot program with a flat subsidy.

VVSD has since determined the activity as neither economically advantageous or viable under current circumstances. VVSD requested permission to close out the activity; SDHC has agreed to the request. The activity is closed out effective with HUD's acceptance of the Fiscal Year 2013 MTW Annual Report.

New Public Housing Transition

SDHC is in the process of converting and renovating 113 state-aided units to public housing. The 113 units include 112 state-assisted units and one manager's unit. The rent calculation under the state program requires participants to pay 25 percent of their adjusted income toward their rent portions whereas public housing requires 30 percent. To ease the transition, SDHC received permission to implement a transition period during which the families would pay more than 25 percent but less than 30 percent of adjusted household income toward the rent portion before moving to 30 percent at the end of the transition period.

The transition to Public Housing received approval from the State of California and Department of Housing and Urban Development effective April 25, 2013. SDHC anticipates the full conversion of units to the public housing program by Fiscal Year 2015. Upon further review, the flexibility requested under this initiative will not be required. The activity is closed out effective with HUD's acceptance of the Fiscal Year 2013 MTW Annual Report.



SECTION VI: ONGOING MTW ACTIVITIES: HUD APPROVAL PREVIOUSLY GRANTED

Statutory Object 1: Efficient Utilization of Federal Expenditures

Executive Dashboard: Efficient Utilization of Federal Expenditures		
Initiative	Metric	Savings
MTW VASH Program	Decrease in per unit cost to operate as a result of the activity	\$17
TOTAL:		\$17
HQS and Rent Reasonableness	Dollars saved as a result of the activity	\$6,284
TOTAL:		\$6,284
Biennial Reexamination Schedule	Staff hours saved as a result of the activity	7,800
Elimination of 100% Excluded Income	Staff hours saved as a result of the activity	447
Modify Full-Time Student Definition	Staff hours saved as a result of the activity	39
Two Year Occupancy Requirement in PBV Units	Staff hours saved as a result of the activity	516
Disregard Retirement Accounts	Staff hours saved as a result of the activity	291
Modify EIV Review Schedule	Staff hours saved as a result of the activity	2,036
Revised Inspection Protocol	Staff hours saved as a result of the activity	4,780
Triennial Reexamination Cycle for Elderly/Disabled Families	Staff hours saved as a result of the activity	4,391
Standardized Utility Allowance	Staff hours saved as a result of the activity	924
Simplify Income and Asset Verification Systems	Staff hours saved as a result of the activity	531
Local Interim Policy	Staff hours saved as a result of the activity	110
TOTAL:		21,865

*SDHC used the staff hours saved to restructure workloads, improve efficiency, improve program integrity, and fill vacant positions.

1. MTW VASH PROGRAM

Impact of the Activity: On May 27, 2010 SDHC received regulatory and statutory waivers from the Housing Voucher Management and Operations Division of HUD for administration of the HUD-VASH Voucher Program using certain elements of MTW authority. SDHC has implemented a number of initiatives since that time to ease administration and provide benefits to the VASH participants, while ensuring the VASH protections remain. As directed in the approval received from HUD, the Local Interim Policy has not and will not affect the VASH participants.

The VASH participants are a group of persons with unique needs. Ongoing discussions between SDHC and Veteran’s Administration (VA) staff have focused on designing initiatives benefiting both the VASH participants and staff conducting the program administration. To this end, SDHC is proposing to adapt the program to implement a distinct set of policies:

- Currently VASH applicants are subject to a less stringent review of criminal history than all other HCV program applicants. However, when a VASH applicant or participant wishes to add a member to their household, the new member is held to the higher standard. Under the approved initiative, any adults the VASH applicant/participant wishes to add to his or her household has a reduced criminal history initial requirement: No violent or drug-related criminal activity in the two years preceding application. Please Note: The reduced criminal history requirements for family members still preclude individuals from participating in the program if subject to registration as a



sex offender. Although implemented, utilization of the policy was not required during the fiscal year.

- VASH applicants/participants often have difficulty paying a minimum rent when beginning the VASH program due to initial limited/zero income. Most participants gain an income source through VA case management assistance during the first year on the program. To facilitate this transition, minimum rents are set at zero for the first 12 months of program participation. After the first 12 months, minimum rents are set according to SDHC policy. To date, four families benefitted from the \$0 minimum rent.
- Income garnishments are not counted as income for the first 12 months of program participation. When VASH participants obtain benefits after long periods of having no income source, garnishments for things such as child support and debt collections are attached to these income sources. This discourages these persons from seeking income and makes it more difficult to successfully pay their rent portions. A 12 month reprieve may counteract this situation for VASH participants. At the close of Fiscal Year 2013, two families paid a rent portion with garnishments excluded from the rent calculation.
- To coincide with SDHC’s rental assistance program administration, utility reimbursements are not a part of the SDHC VASH program. This component of the initiative is pending implementation of Path to Success.
- To coincide with SDHC’s rental assistance program administration, VASH participants are eligible for the biennial inspection cycle. The same criteria by which the general rental assistance program participants gain admission to the cycle must also be met. Currently, 194 VASH families are placed on the biennial inspection cycle.

The chart below indicates the progress of the initiative:

Metric	Baseline	YTD	Benchmark
Average VASH voucher utilization percentage	69%	85%	100%
Total percentage of VASH program participants with at least one source of income	93%	96%	95%
Average HAP	\$707	\$690	\$642
Decrease in per unit cost to operate as a result of the activity	\$0	\$17	\$65
Number of households at or below 80% AMI able to stay in a unit they would be otherwise unable to occupy as a result of the activity	0	364	435
Total percentage of VASH program participants remaining on the VASH program 12 months or longer	62%	74%	80%
Average number of months a VASH program participant remains on the VASH program	16	23	18

Discussion of Benchmarks: At the close of Fiscal Year 2013, SDHC experienced several positive impacts resulting from the VASH initiative. The metric measuring the “Total percentage of VASH program participants with at least one source of income” was superseded. SDHC theorizes the average HAP and per unit cost to operate decreased accordingly. The metric measuring the “Average number of months a VASH program participant remains on the VASH program” was superseded as well. Although SDHC cannot definitively conclude the policy changes alone facilitated the result, the outcome indicates VASH families are increasing housing stability, an anticipated effect of the initiative.

With the assistance of the VA, SDHC is continuing efforts towards increasing VASH voucher utilization percentages and expects to strengthen voucher utilization percentages in the Fiscal Year 2014.



Revision of Benchmarks and Metrics: Utilizing standard HUD metrics per Form 50900 (OMB Control Number 2577-0216 expiring 5/31/2016) in addition to original metrics to measure programmatic progress and success.

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: HUD Waiver approval concerning the administration of HUD-VASH Vouchers dated May 27, 2010 (see attachment X). 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 U.S. Housing Act of 1937 and 24 CFR 982.508, 982.503, and 982.518.

Waivers utilized under the activity enable SDHC to adopt and implement policies to calculate the rent differing from program requirements at both program eligibility and during program participation. The HUD waiver allows SDHC to apply MTW policies to HUD-VASH Vouchers as determined reasonable by both the Veteran’s Administration and SDHC.

2. BIENNIAL REEXAMINATION SCHEDULE

Impact of the Activity: During Fiscal Year 2012, SDHC executed an array of internal procedural and process changes necessary for full implementation of the biennial reexamination schedule effective with July 2012 (beginning of Fiscal Year 2013) reexaminations. A comprehensive analysis was conducted on the entire population of rental assistance participants subject to MTW activities to differentiate between Work-Able households and Elderly/Disabled households. Work-Able households are eligible for the biennial reexamination schedule whereas the Elderly/Disabled households remain on the established triennial reexamination schedule. Approximately 7,200 households were placed on the biennial reexamination cycle while the remaining households were either placed or remained on the triennial reexamination cycle. Of the Work-Able households placed on the biennial reexamination schedule: Half of the households received a full reexamination during Fiscal Year 2013 while the remaining households are scheduled to receive a full reexamination during Fiscal Year 2014.

The households subject to the population split included recipients of tenant-based vouchers, FUP vouchers, NED vouchers, and Enhanced vouchers. In Fiscal Year 2013, FUP participants returned to an annual reexamination cycle to enable SDHC to more effectively monitor the households. Participants with project-based vouchers are excluded from the biennial and triennial reexamination cycles and will continue receiving full reexaminations of income and household composition on an annual basis.

The chart below indicates the progress of the Biennial Reexamination Schedule initiative:

Metric	Baseline 2011	YTD	Benchmark
Occupancy FTE Saved Due to Reduction of Full Reexaminations	0	5	5
Annual Number of Full Reexaminations Conducted for Work-Able Families on the Biennial Reexamination Schedule	0	3,619	< 4,000
Annual Staff Hours Required to Process Full Reexaminations	31,465	11,870	< 13,120
Staff hours saved as a result of the activity	0	7,800	7,800
Annual Cost of Printing, Copying, and Mailing Full Reexamination Packets	\$17,267	\$6,514	< \$7,200

Discussion of Benchmarks: All benchmarks were achieved during Fiscal Year 2013.



Revision of Benchmarks and Metrics: Utilizing standard HUD metrics per Form 50900 (OMB Control Number 2577-0216 expiring 5/31/2016) in addition to original metrics to measure programmatic progress and success.

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 U.S. Housing Act of 1937 and 24 CFR 966.4 and 960.257; Section C (11) containing waivers of Section 3 (a) (2), 3 (a) (3) (A), and 6 (l) of the U.S. Housing Act of 1937 and 24 CFR 5.603, 5.611, 5.628, 5.630, 5.632, 5.634, 960.255, and 966 Subpart A; Section D (1) (c) containing waivers of Section 8 (o) (5) of the U.S. Housing Act of 1937 and 24 CFR 982.516; 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 U.S. Housing Act of 1937 and 24 CFR 982.508, 982.503, and 982.518

Utilizing waivers, SDHC implemented a reexamination protocol differing from the current mandates, thus allowing for a biennial reexamination schedule for work-able households.

3. ELIMINATION OF 100% EXCLUDED INCOME FROM THE INCOME VERIFICATION PROCESS

Impact of the Activity: In support of the MTW goal of attaining increased cost effectiveness in operations, SDHC ceased verifying, counting, or reporting income amounts specifically identified by HUD as 100% excluded from the income calculation process, as well as earnings for full time students ages 18 to 23, which are 100% excluded through a prior approved MTW initiative. Examples of 100% excluded income are earnings from minors, foster care payments, amounts paid by a State agency to the family for the care of a family member with a developmental disability, and food stamps. Note: SDHC has elected to continue reporting to HUD, as excluded income, categories of income that are not excluded at 100%. For example, payments for adoption parents in excess of \$480. Implementation of the activity generated administrative savings since less time was expended verifying income amounts ultimately not effecting the rent calculation and Housing Assistance Payments rendered.

The chart below indicates the progress of the initiative:

Metric	Baseline	YTD	Benchmark
Number of families with one or more types of income 100% excluded from the income calculation process	2,137	443	0
Annual number of hours verifying and calculating excluded income	567	120	0
Staff hours saved as a result of the activity	0	447	567
Annual salary cost for verifying and calculating 100% of excluded income	\$11,907	\$2,512	\$0
Annual income calculation error rate	17%	11%	15%

Discussion of Benchmarks: The initiative was implemented effective October 1, 2012. Since some families did not receive a full reexamination of income and assets (due to the biennial and triennial reexamination cycles), undergo an interim reexamination, or experience a unit change certification during Fiscal Year 2013, a small percentage of families not receiving an action continued to indicate a 100 percent excluded



income source on the current payable 50058. SDHC anticipates the benchmark for the metric measuring “Number of families with one or more types of income 100% excluded from the income calculation process” will be met by the close of Fiscal Year 2014. Once met, all other metrics will be attained accordingly.

Revision of Benchmarks and Metrics: Utilizing standard HUD metrics per Form 50900 (OMB Control Number 2577-0216 expiring 5/31/2016) in addition to original metrics to measure programmatic progress and success.

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(2)(a) containing waivers of Section 8(o)(1), 8(o)(2), 8(o)(10), 8(o)(13)(H)-(I) of the 1937 Act and 24 CFR 982.518.

The authorizations waived in the activity allowed SDHC to adopt and implement policies to calculate the rent differing from program requirements at both program eligibility and during program participation.

4. MODIFY FULL-TIME STUDENT DEFINITION

Impact of the Activity: SDHC modified the full-time student definition to ease the programmatic administration associated with the designation as well as encourage self-sufficiency among participants. Under the new definition, only adult family members ages 18 to 23 (excluding the head, spouse, and co-head) are eligible for designation as a full-time student. To coincide with the Path to Success rent reform activity scheduled for implementation in Fiscal Year 2014, the \$480 deduction for verified full-time students is eliminated, but 100 percent of the earned income excluded. The elimination of the \$480 dependent deduction offsets the earned income exclusion, thus remaining neutral in terms of the Housing Assistance Payments rendered and participant impact. Additionally, the activity authorized SDHC to exclude financial aid from the income calculation if received by any program participant, not just full-time students. The student rule surrounding the determination of programmatic eligibility for applicants still applies per the current Federal regulations and Public Law. These components of the initiative were implemented on December 1, 2011 effective with December 2011 annual reexaminations.

An incentive extended to all students receiving their degree or certificate of completion is eligibility to receive a monetary award upon providing proof of graduation. Eligibility to receive the award is not limited to students ages 18 to 23; any adult household member including the head, spouse, or co-head is eligible for the award. A program participant may receive only one award for acquiring a degree, diploma, or certificate of completion per lifetime. The Graduation Incentive was implemented at the beginning of Fiscal Year 2013.

The modifications encourage self-sufficiency by providing an incentive to participants to complete post-secondary education and enter the workforce in a timely manner with a greater skill set acquired in early adulthood. Allowing a time span of six years for students to complete their education allows for additional time in the event the standard degree/certificate cannot be achieved within four years, such as the student decides to pursue an alternate degree/certificate or the student wishes to pursue a higher degree.

Elimination of the \$480 deduction and excluding 100 percent of earned income and financial aid from the income calculation streamlines the administration of the rental assistance program by removing these as components of the rent calculation. Limiting the benefit to a select population of rental assistance participants reduces staff time spent verifying full-time student status as well.



SDHC sent written notifications to all households impacted or potentially impacted by the modification to the administration of the full-time student employment income exclusion. The notification advised each household the exclusion of employment wages no longer applied to full-time students ages 24 and over and provided an explanation of the graduation incentive available to all adult household members. As a hardship policy, the elimination of the exclusion was phased in over the first year of implementation. Households with full-time students immediately affected by the modification continued to receive an employment income exclusion of 50 percent at the first annual reexamination occurring after implementation before dropping to 0 percent at the subsequent full reexamination of income and household composition. The hardship policy only applied to program participants admitted before implementation of the activity. The hardship policy is no longer in effect since the implementation period of the activity has concluded.

Metric	Baseline 2011 No.	YTD No.	Benchmark
Annual No. of Verified Full-Time Students	1,510	1,015	1,610
Annual No. of Verified Full-Time Students Ages 18-23	1,315	976	1,415
Annual No. of Verified Full-Time Students Ages 24 and Over	195	39	0
Annual No. of Hours to Verify the Full-Time Student Status of Participants Ages 18-23	329	244	400
Annual No. of Hours to Verify the Full-Time Student Status of Participants Ages 24 and Over	49	10	0
Staff Hours Saved as a Result of the Activity	49	39	49
Annual No. of Graduation Awards Distributed	0	2	25
Increase in Average Earned Income of Households as a Result of the Activity	\$18,913	\$21,339	\$20,804
Annual Amount of Excluded Income of All Verified Full-Time Students	\$4,427,627	\$2,694,546	N/A

Discussion of Benchmarks: The benchmarks for the initiative were not achieved in-part due to implementation of the initiative during Fiscal Year 2012. The change in the full-time student definition was effective with December 2011 reexaminations. As a result, not all households were fully recertified by the close of the fiscal year, thus some participants currently coded as a full-time student are ages 24 and over.

Since the Triennial and Biennial reexamination cycles interrupted the frequency of full reexamination of household composition, a small number of participants over the age of 23 maintained the full-time student designation. SDHC captured this number in the metrics measuring the “annual number of verified full-time students” as well as the “annual number of verified full-time students ages 24 and over”. The designation will be changed at the next certification where ineligibility for the designation is first identified, possibly an *interim reexamination*, a *COLA update reexamination*, or an *other change of unit reexamination*. SDHC will explore alternative internal processes and procedures to identify a potential method for identifying the individuals aging out of the full-time student designation and adjusting the household composition appropriately, if determined cost effective.

Thus far, two program participants have received a graduation award under the Graduation Incentive Program. SDHC continues to market the program to participants via newsletters and information provided at the Achievement Academy.



Revision of Benchmarks and Metrics: Utilizing standard HUD metrics per Form 50900 (OMB Control Number 2577-0216 expiring 5/31/2016) in addition to original metrics to measure programmatic progress and success.

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 Section 3 (a) (2), 3 (a) (3) (A), and 6 (l) of the U.S. Housing Act of 1937 and 24 CFR 5.603, 5.611, 5.628, 5.630, 5.632, 5.634, 960.255, and 966 Subpart A; 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 U.S. Housing Act of 1937 and 24 CFR 982.508, 982.503, and 982.518; Section D (3) (a) containing waivers of Section 16 (b) and 8 (o) (4) of the U.S. Housing Act of 1937 and 24 CFR 5.603, 5.609, 5.611, 5.628, and 982.201.

The authorizations waived in the activity allowed SDHC to adopt and implement policies to calculate the rent differing from program requirements at both program eligibility and during program participation.

5. TWO YEAR OCCUPANCY TERM FOR PBV TENANTS

Impact of the 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 modifying 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.

The initiative was successful in reducing turnover rates and administrative burden. Despite increasing the minimum occupancy requirement from one year to two years, certain project-based developments contain multiple tenants who become eligible for a tenant-based voucher in the same general timeframe. SDHC realized a mechanism to control the vacancy rates during these situations is necessary. To ensure vacancy rates in PBV developments do not exceed a level compromising the sustainability of the property, SDHC re-proposed the initiative in the Fiscal Year 2013 Annual Plan with another modification contained in the Fiscal Year 2012 Annual Report:

“No more than 35 percent of the tenants in any given development becoming eligible to transition to a tenant-based voucher in any given year and no more than 10 percent in any given month are allowed to move from the PBV assisted complex. A waiting list is maintained for tenants requesting to move but exceed the threshold. The availability of a tenant-based voucher is a factor as well”. This component of the initiative is pending implementation.

SDHC included the following hardship policy in the Administrative Plan for families presenting a compelling reason to vacate the PBV unit and receive a tenant-based voucher prior to fulfilling the 24 month occupancy requirement:

“Families who present a compelling reason to move from the PBV unit and receive a tenant-based voucher prior to fulfilling the 24 month occupancy requirement will be reviewed on a case-by-case basis. The case will go before the Vice President of Rental Assistance or designee and approval to move with a tenant-based voucher may be granted. Circumstances surrounding the request to move, such as VAWA requirements, employment opportunities in other PHA jurisdictions, and availability of tenant-based vouchers will be considered as part of the determination. Thus far, SDHC granted one hardship exemption to the policy.

ONGOING MTW ACTIVITIES: HUD APPROVAL PREVIOUSLY GRANTED



By the close of Fiscal Year 2013, the remaining two non-MTW project-based developments adopted a contract containing the two year requirement: Take Wing and Hollywood Palms converted to MTW effective July 1, 2012 and December 1, 2012 respectively.

Metric	Baseline 2010	YTD	Benchmark
Annual percent of families who vacate MTW PBV units before eligible for a voucher	22%	4%	< 5%
Annual number of families who vacate MTW PBV units before eligible for a voucher, with a voucher, due to hardship policy	0	0	< 3
Annual percent of MTW PBV families who move with a tenant-based voucher	17%	8%	< 17%
Percent of MTW PBV developments with contracts beginning July 1, 2012 and after with this contractual requirement	0%	100%	100%
Average annual turnover rate for MTW PBV units	30%	7%	< 15%
Average annual vacancy rate of MTW PBV developments	14%	15%	< 10%
Annual number of MTW PBV tenants waitlisted due to the policy change	0	0%	< 30
FTE required to handle turnover of MTW PBV units	.4 FTE	.15 FTE	< .2 FTE
Staff hours saved as a result of the activity	832	516	416
Potential Undesirable Outcomes		YTD	Acceptable Levels
Annual percent of families who move without a tenant-based voucher prior to fulfilling the two-year occupancy requirement	4%	4%	5%

Discussion of Benchmarks: All benchmarks were achieved during Fiscal Year 2013 with the exception of the “Average annual vacancy rate of MTW PBV developments”. The higher vacancy rate is due to two developments, Santa Margarita and Meade, still pending full conversion of committed PBV units from market rate to project-based. Adjusting the vacancy rate to account for just the non-converted units decreases the vacancy rate to 5 percent.

Revision of Benchmarks and Metrics: Utilizing standard HUD metrics per Form 50900 (OMB Control Number 2577-0216 expiring 5/31/2016) in addition to original metrics to measure programmatic progress and success.

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.

The authorizations waived in the activity allowed SDHC to determine waiting list procedures differing from currently mandated program requirements, thus allowing SDHC to revise the waitlist time from 12 months to 24 months until a project-based participant is eligible to receive a tenant-based voucher.



6. 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 (baseline number) no longer require verification.

Metric	Baseline 2010	YTD	Benchmark
Annual FTE required to verify retirement accounts	0.14	0	0
Staff hours saved as a result of the activity	291	291	291

Discussion of Benchmarks: All benchmarks were achieved during Fiscal Year 2013.

Revision of Benchmarks and Metrics: Utilizing standard HUD metrics per Form 50900 (OMB Control Number 2577-0216 expiring 5/31/2016) in addition to original metrics to measure programmatic progress and success.

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 Section 3 (a) (2), 3 (a) (3) (A),and 6 (l) of the U.S. Housing Act of 1937 and 24 CFR 5.603, 5.611, 5.628, 5.630, 5.632, 5.634, 960.255, and 966 Subpart A; 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 U.S. Housing Act of 1937 and 24 CFR 982.508, 982.503, and 982.518; Section D (3) (a) containing waivers of Section 16 (b) and 8 (o) (4) of the U.S. Housing Act of 1937 and 24 CFR 5.603, 5.609, 5.611, 5.628, and 982.201.

The authorizations waived in the activity allowed SDHC to adopt and implement policies to calculate the rent differing from program requirements at both program eligibility and during program participation. As a result, SDHC is not required to determine the cash surrender value of retirement accounts when verifying assets.

7. MODIFY EIV INCOME REPORT REVIEW SCHEDULE

Impact of the 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. In Fiscal Year 2011, SDHC received permission to exempt interim certifications from the requirement to use the EIV income report. SDHC will continue to use the EIV income report when processing full reexaminations of income and household composition in accordance with the biennial and triennial reexamination cycles.



Metric	Baseline 2010	YTD	Benchmark
Annual hours expended utilizing EIV for interim certifications	2,050	14	< 1,025
Staff hours saved as a result of the activity	2,050	2,036	1,025

Discussion of Benchmarks: All benchmarks were achieved during Fiscal Year 2013.

Revision of Benchmarks and Metrics: Utilizing standard HUD metrics per Form 50900 (OMB Control Number 2577-0216 expiring 5/31/2016) in addition to original metrics to measure programmatic progress and success.

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.

The authorizations waived in the activity allowed SDHC to adopt and implement policies for verifying family income and determining resident eligibility differing from currently mandated program requirements enabling SDHC to forgo the collection of the EIV Income Report when processing interim certifications of income and household composition.

8. IMPLEMENT A REVISED INSPECTION PROTOCOL

Impact of the 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.

As approved in the Fiscal Year 2010 initiative, 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 2013, SDHC reduced the total number of inspections by 4,635 when compared to baseline numbers which translated into an approximate savings of 2 FTEs. In Fiscal Year 2011, the saved inspection FTEs enable the reassignment of the inspectors to process rent increase requests from owners as needed. In Fiscal Year 2012, the inspection FTEs saved were used to reassign an inspector to serve as an in-house inspections coordinator instead since SDHC determined the change was more beneficial to the operations of the rental assistance program and inspections department as a whole. In Fiscal Year 2013, the additional savings enabled the inspections department to assume the responsibility of scheduling the HQS inspections, formally a function of the Information Technology department.

Potential Undesirable Outcomes Update

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 2013 indicated a decrease of units passing inspection the first time when compared to the baseline rate of 68 percent. Although the first-time pass rate remains below baseline levels, there was an increase in the pass rate from 52 percent in Fiscal Year 2012 to 58 percent in Fiscal Year 2013. The lower percent likely remains a byproduct of the biennial inspection cycle since quality units are not inspected each year, thus lowering the overall number of units capable of passing the first instance of inspection.

Activity Update

SDHC conducted an internal analysis to determine if revising the activity in terms of the criteria used to place a unit onto a biennial inspection cycle would provide enough additional cost savings to warrant a change in policy. Based on the analysis, SDHC concluded placement of all units onto a biennial inspection cycle regardless of instances of passed or failed inspection results would benefit both the tenant and SDHC: The program would become less intrusive to families while SDHC would realize savings related to full-time equivalents. SDHC anticipates implementing the revised inspection policies in either late Fiscal Year 2014 or early Fiscal Year 2015. Status updates will be provided in the applicable MTW Annual Reports and Plans. Metrics will also be revised accordingly to reflect the modifications. SDHC will continue to monitor the first time pass rate to ensure tenants are not negatively impacted by the policy change.

Metric	Baseline 2009	YTD	Benchmark
Total No. of inspections	20,177	15,542	<16,731
Total No. of annuals	16,890	10,761	<14,000
Total No. of passing annual inspections	12,630	7,555	>7,500
Total No. of units passing inspection the first time	10,391	8,248	8,430
Total No. of failed annual inspections	4,260	3,204	<3,834
Total No. of self-certifications received	0	1,174	>500
Full-time equivalent to complete all inspections	10	8	8.5
Staff hours saved as a result of the activity	20,800	4,780	3,120
Total No. of units on biennial cycle	0	7,214	>6,200
Potential Undesirable Outcomes		YTD	Acceptable Levels
Pass rate for first inspections conducted on a unit		58%	68%

Discussion of Benchmarks: All benchmarks were achieved during Fiscal Year 2013.



Revision of Benchmarks and Metrics: Utilizing standard HUD metrics per Form 50900 (OMB Control Number 2577-0216 expiring 5/31/2016) in addition to original metrics to measure programmatic progress and success.

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.

SDHC implemented waivers enabling the agency to certify Housing Quality Standards utilizing a modified inspection protocol allowing placement of units on a biennial inspection cycle as applicable.

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

Impact of the 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 over 2,000 affordable housing units in which the regulations under standard HQS requirements may 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%	1,080	89%	> 1,500
Annual cost and percentage of total cost for inspections conducted in-house on SDHC-owned properties	\$0	0%	\$24,840	87%	> \$34,500
Annual number and percentage of inspections conducted by a 3rd party company on SDHC-owned properties	4,597	100%	130	11%	< 500
Annual cost and percentage of total cost for inspections conducted by a 3rd party company on SDHC-owned properties	\$128,000		\$3,635	13%	< \$19,200
Dollars saved as a result of the activity	\$0		\$6,284		\$6,000
Potential Undesirable Outcomes			YTD		Acceptable Levels
			No.	%	
Annual number and percentage of total in-house inspections conducted on SDHC-owned units requiring special inspections			13	1%	10%
Annual number and percentage of tenant complaints related to in-house inspections on SDHC-owned units			0	0%	1%

Discussion of Benchmarks: All benchmarks were achieved during Fiscal Year 2013.

Revision of Benchmarks and Metrics: Utilizing standard HUD metrics per Form 50900 (OMB Control Number 2577-0216 expiring 5/31/2016) in addition to original metrics to measure programmatic progress and success.



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.

Waivers of the regulations are utilized to develop a local process to determine rent reasonableness differing from the mandated program requirements and certify Housing Quality Standards using a modified protocol. Waiving the cited regulations enables SDHC to inspect and determine rent reasonableness for SDHC-owned units.

10. IMPLEMENT TRIENNIAL INCOME RECERTIFICATIONS FOR ELDERLY AND DISABLED CLIENTS

Impact of the 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 is 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.

As a component of the Path to Success rent reform activity scheduled for implementation in July 2013, SDHC revised the definition of a triennial household. The triennial population now includes households where 100 percent of adults are elderly and/or disabled, with elderly defined as 55 years or older. A Triennial household may contain a verified full-time student and still be eligible for the Triennial recertification cycle. The full-time student designation is in accordance with the modified full-time student definition limiting the designation to adult household members (except the head, spouse, or co-head) between the ages of 18 and 23. All types of income are allowable under the revised definition, a change from the previous definition wherein only households with a fixed income of SSI and SSA were eligible. Households receiving Social Security and Veteran's Benefits will receive cost of living adjustments (COLA) to those income amounts during the "off" years per the published COLA rate.

Potential Undesirable Outcomes Update

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 2013, only 449 interim recertifications were processed for triennial households, considerably below the acceptable levels established for the purposes of the initiative.

ONGOING MTW ACTIVITIES: HUD APPROVAL PREVIOUSLY GRANTED



Metric	Baseline 2009	YTD	Benchmark
Annual staff time in hours required to process full recertifications and off-year adjustments for Triennial households	9,500	5,109	< 6,850
Staff hours saved as a result of the activity	9,500	4,391	2,650
Occupancy/Leasing staffing requirements	30	15	N/A
Annual costs for printing, copying, and mailing recertification packets and off-year rent adjustment documents to Triennial households	\$10,000	\$6,080	< \$8,160
Potential Undesirable Outcomes		YTD	Acceptable Levels
Annual number of interims being completed for Triennial households		449	2,800

Discussion of Benchmarks: All benchmarks were achieved during Fiscal Year 2013.

Revision of Benchmarks and Metrics: Utilizing standard HUD metrics per Form 50900 (OMB Control Number 2577-0216 expiring 5/31/2016) in addition to original metrics to measure programmatic progress and success.

As noted in the Fiscal Year 2012 MTW Annual Report, revision to the definition of a triennial family increased the population significantly, by approximately 2,400 households. As a result, SDHC adjusted the benchmark for the metric measuring “Annual staff time in hours required to process full recertifications and off-year adjustments for triennial households” during Fiscal Year 2013 to accommodate the change in definition. The benchmark, previously set to *less than 4,750* was increased to *less than 6,850* to account for the increase in the population. Additionally, the metric measuring the “Annual costs for printing, copying, and mailing recertification packets and off-year adjustment documents to triennial households” increased from *less than \$5,000* to *less than \$8,160*.

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.

Utilizing waivers, SDHC implemented a reexamination protocol differing from the current mandates, thus allowing for a triennial reexamination schedule for elderly/disabled households.

11. 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

ONGOING MTW ACTIVITIES: HUD APPROVAL PREVIOUSLY GRANTED



qualify for exemption from a monthly increase beyond \$50. At the close of Fiscal Year 2013, zero families requested a hardship exemption due to the new policy. SDHC does not anticipate receiving any hardship requests since three years have elapsed since implementation of the activity. However, the hardship policy remains in effect in the event a household requests the hardship in the future.

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 2013:

Metric	Baseline 2009	YTD	Benchmark
Annual staff time in hours to determine utility allowances in recertifications	1,057	133	< 211
Staff hours saved as a result of the activity	1,057	924	846
Utility allowance calculation error rate	11%	2%	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 during Fiscal Year 2013.

Revision of Benchmarks and Metrics: Utilizing standard HUD metrics per Form 50900 (OMB Control Number 2577-0216 expiring 5/31/2016) in addition to original metrics to measure programmatic progress and success.

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.



The authorizations waived in the activity allowed SDHC to adopt and implement policies to calculate the rent differing from program requirements at both program eligibility and during program participation. As a result, SDHC utilizes an alternative utility allowance schedule when calculating the Housing Assistance Payment and tenant rent to owner.

12. 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 (1) the MTW activity modifying EIV requirements related to the income report review schedule and (2) the biennial and triennial reexamination cycles. 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 (99% 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. During Fiscal Year 2013, the number of households with countable assets reduced even further to 141 as a result of the initiative.

The chart below details the progress of the initiative thus far:

Metric	Baseline 2009		YTD		Benchmark
	No.	%	No.	%	
Annual number of income-related third party verifications conducted during recertification	5,993		460		< 500
Annual staff time in hours required to conduct third party verification of income during recertification	481		37		< 105
Annual number and percentage of third party verification of assets conducted during recertification	695		0	0%	< 50
Annual staff time in hours required to conduct third party verification of assets in recertification	87		0		< 7
Staff hours saved as a result of the activity	568		531		456
Asset income calculation error rate		13%		2%	7%

Discussion of Benchmarks: All benchmarks were achieved during Fiscal Year 2013.

Revision of Benchmarks and Metrics: Utilizing standard HUD metrics per Form 50900 (OMB Control Number 2577-0216 expiring 5/31/2016) in addition to original metrics to measure programmatic progress and success.

Changes to Data Collection Methodology: During Fiscal Year 2010 and Fiscal Year 2011, SDHC utilized a manual tracking log completed by staff on a monthly basis to capture the number of third party verifications issued to verify sources of income and assets. Although an accurate method of data collection, the tracking log proved to create an administrative burden for staff required to track these instances. In response, SDHC instituted an alternative data collection methodology requiring staff to only complete the tracking log for one cycle over the course of the applicable fiscal year. The collected data is then trended



over the course of 12 months using full collections of historical data as a baseline of comparison. The revised method was suggested and approved by HUD during the Fiscal Year 2011 MTW annual site visit.

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.

The authorizations waived in the activity allowed SDHC to adopt and implement policies to calculate the rent and verify income/assets differing from program requirements at both program eligibility and during program participation. As a result, SDHC revised the verification hierarchy to a streamlined system and is not required to verify assets with a cash surrender value less than \$10,000.

13. ADOPT A LOCAL INTERIM RECERTIFICATION POLICY

Impact of the Activity: The local interim policy was created to encourage non-elderly/non-disabled households to maintain current sources of income, thus encouraging self-sufficiency and economic independence.

Changes enacted under the local interim policy include the following elements:

- If the decrease in income is a result of loss of employment, the participant must apply for unemployment benefits (UIB). An interim will not be processed until the household provides proof of the UIB determination.
- The household is only allowed one decrease in the rent portion in a 12 month period due to a reduction in income; multiple decreases within the 12 months are not processed.
- All household income, including new income obtained since the last full reexamination is considered for purposes of determining eligibility for the decrease in income interim and will be used in the rent calculation if the interim is processed.
- The loss of income must result in a reduction of the rent portion by more than 20 percent. A household does not qualify for an interim adjustment if the change in the rent portion is less than 21 percent.
- An interim will not be processed due to a decrease of public assistance income resulting from a finding of fraud or a failure to comply with work/school requirements.
- The loss of the income source must be through no fault of the program participant. A voluntary loss of income, such as terminating employment without good cause, are not considered an eligible “decrease of income” for purposes of granting a decrease of income interim.

In addition to the changes enacted through MTW flexibility, SDHC revised additional components of the decrease of income interim policy. The following revisions do not require MTW authority:

- The decrease of income must be expected to last more than 90 days, a change from the previous 60 day threshold.
- The decrease of income interim will be effective the first of the month following the receipt of all required documents from the households, not the first of the month following the written request per the preceding policy.
- If determined eligible for an interim reduction in the rent portion and the interim reexamination is processed, the household must report any increase in income within ten (10) days of the increase. The prior policy did not have this requirement.

ONGOING MTW ACTIVITIES: HUD APPROVAL PREVIOUSLY GRANTED



Please note: The local interim policy and the flexibilities waived using MTW authority are not applicable to elderly/disabled households.

The hardship policy was created in response to the interim policy limiting the number of decrease of income interims to one per 12 calendar months. The eligibility criterion for a hardship approval is as follows:

- The household's income decreased due to an involuntary loss of employment, and the household demonstrates a substantial effort towards regaining employment.
- A death occurred in the family and eliminated a prior source of income.
- The decrease of income impacts the household's ability to pay the rent portion for a time period greater than four months.

A written hardship request and supporting documentation is reviewed by designated staff within the rental assistance department, and a determination is completed based upon the aforementioned criteria and a preponderance of evidence supporting the household's contention. During Fiscal Year 2013, 24 households requested a hardship exemption for this component of the local interim policy and 9 received approval for the exemption.

The chart below details the progress of the initiative since implementation effective July 1, 2011:

Metric	Baseline 2009	YTD	Benchmark
Average annual income of Work-Able families	\$18,971	\$18,447	\$20,868
Increase in average earned income of Work-Able households as a result of the activity	\$20,831	\$20,206	\$22,914
Annual staff time in hours required to process "decrease in income" interims	700	590	< 630
Staff hours saved as a result of the activity	700	110	70
Annual staff time to evaluate hardship requests	0	36	< 42
Potential Undesirable Outcomes		YTD	Acceptable Levels
Annual number of hardships requested related to "decrease in income" interims		25	20

Discussion of Benchmarks: All benchmarks were attained during Fiscal Year 2013 with the exception of the benchmarks measuring the annual income levels of Work-Able families. Although benchmarks were not achieved, the fluctuation in the year to date totals as compared to the baseline numbers was not statistically significant. Thus, the household income amounts remained stable, a secondary accomplishment related to the initiative. SDHC will continue to monitor annual income levels of Work-Able families over the course of the next fiscal year, but anticipates household income will increase due to implementation of Path to Success which will compel Work-Able families to increase household income in order to pay the progressive minimum rents.

Revision of Benchmarks and Metrics: Utilizing standard HUD metrics per Form 50900 (OMB Control Number 2577-0216 expiring 5/31/2016) in addition to original metrics to measure programmatic progress and success.

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.

Utilizing waivers, SDHC implemented an interim certification protocol differing from the current mandates, thus allowing for locally driven policies concerning income change interims for families categorized as “Work-Able”.



Statutory Object 2: Increase Self-Sufficiency

Executive Dashboard: Increase Self-Sufficiency		
Initiative	Metric	Number
Enhanced Family Self Sufficiency Program	Number of households receiving services aimed to increase self-sufficiency	4
TOTAL:		4

1. ENHANCE FAMILY SELF SUFFICIENCY PROGRAM

Impact of the Activity: HUD regulations restrict Public Housing Authorities 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 received approval in the Fiscal Year 2013 MTW Annual Plan to re-invent the Family Self-Sufficiency Program to correspond with Path to Success, a major rent reform initiative re-structuring the rent calculation. SDHC anticipates an overall increase in FSS enrollment due to both the re-invented program as well as an intensified need to obtain higher income levels in order to pay the minimum rent amounts brought forth by implementation of Path to Success in Fiscal Year 2014.

The chart below provides an overview of the progress of the initiative thus far:

Metric	Baseline 2010		YTD		Benchmark
	No.	%	No.	%	
No. of adult non-head of households invited to join FSS	0		7,637		1,440
No. of adult non-head of households who attended an FSS orientation	0		18		50
No. of adult non-head of households who enroll in FSS	0		4		10
Number of households receiving services aimed to increase self-sufficiency	0		4		10
Percent of adult non-head of households enrolled in FSS		0%		1.46%	2%
No. of adult non-head of households who enrolled in a training or education program	0		1		8
No. of adult non-head of households who obtained employment	0		4		2
No. of families with a COP executed by an adult non-head of household who earned an income increase	0		2		2

Discussion of Benchmarks: Due to programmatic and departmental changes within the agency, the Achievement Academy temporarily suspended outreach and enrollment in the FSS program. In August 2012, a new Director of the Workforce and Economic Development department was hired to oversee all Achievement Academy programs. The Academy's new direction shifted towards increasing employment



placement by providing additional opportunities for participants to access employment programs and services. During the hiatus of outreach and enrollment, staff focused on finalizing elements of the changes to the re-invented FSS program which includes the components of the “Enhance Self Sufficiency Program” initiative. Outreach and orientations ensued in June 2013.

Revision of Benchmarks and Metrics: Utilizing standard HUD metrics per Form 50900 (OMB Control Number 2577-0216 expiring 5/31/2016) in addition to original metrics to measure programmatic progress and success.

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.

Authorizations waived enable SDHC to operate the Family Self Sufficiency program according to requirements differing from traditional provisions, thus allowing a family member to join FSS without the non-head of household enrolling in the program.



Statutory Object 3: Increase Housing Choice

Executive Dashboard: Increase Housing Choice		
Initiative	Metric	Number
Choice Communities	Number of households able to move to a better unit and/or neighborhood of opportunity as a result of the activity	59
TOTAL:		59
Establish an HCV Homeownership Program	Number of households that purchased a home as a result of the activity	21
TOTAL:		21
Transitional Project-Based Subsidies for the Homeless	Number of new housing units made available for homeless households at or below 80% AMI as a result of the activity	16
Sponsor-Based Voucher Program for the Homeless	Number of new housing units made available for homeless households at or below 80% AMI as a result of the activity	258
TOTAL:		274
Allow Lower Rents in Assisted Units in SDHC-Owned Properties	Number of new housing units made available for low-income households at or below 80% AMI as a result of the activity	39
Authorize Commitment of PBV to SDHC-Owned Units	Number of new housing units made available for low-income households at or below 80% AMI as a result of the activity	126
Development of Public Housing Units Using a Combination of Funds	Number of new housing units made available for low-income households at or below 80% AMI as a result of the activity	39
Expand the Project-Based Voucher Program	Number of new housing units made available for low-income households at or below 80% AMI as a result of the activity	288
Acquisition of Affordable Housing Units	Number of new housing units made available for low-income households at or below 80% AMI as a result of the activity	0
TOTAL:		492
Acquisition of Affordable Housing Units	Number of new housing units preserved for low-income households at or below 80% AMI as a result of the activity	131
TOTAL:		131
COMPREHENSIVE TOTAL:		977

1. CHOICE COMMUNITIES

Impact of the 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 uses 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 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 are disseminated via move packets with instructions to contact the assigned Choice Communities Housing Assistant (CCHA) for further details. Occupancy staff members also educate clients about the opportunities under the Choice Communities initiative when receiving telephone calls and make referrals to the CCHA. In January 2011, the *Choice Communities: Moving for Opportunities* booklet was posted online to serve as an accessible



reference for participants interested in moving to areas of low-poverty. The booklet is updated on an annual basis, as needed.

To date, 200 households have moved out of high/medium-poverty areas into low-poverty areas since implementation of the activity in January 2010. Out of the 200 households, two families moved out of Choice Communities during Fiscal Year 2013. One family was terminated due to an expiration of voucher, and one family lost assistance due to program non-compliance issues.

Metric	Baseline 2009		YTD		Benchmark
	No.	%	No.	%	
Number of households able to move to a better unit and/or neighborhood of opportunity as a result of the activity	33	3%	59	5%	10%
Number and percentage of participants moving to Choice Communities participating in Security Deposit program	0	0%	54	92%	> 90%
Number and percentage of participants receiving Choice Communities payment standards	0	0%	679	100%	100%
Number and percentage of participants moving to a new unit received Moving for Opportunities counseling	0	0%	248	20%	25%
Number and percentage of Choice Communities tenants exceeding the 40% affordability cap at move-in	0	0%	9	15%	25%
Number of Security Deposit program loans	0		54		50
Dollars loaned under the Security Deposit program	\$0		\$68,630		\$50,000
Average dollars loaned under the Security Deposit program	\$0		\$1,271		\$700
Annual leasing success rate	94%			98%	> 80%
Percent of participants moving into Choice Communities who remain in unit at least 1 year by 6/30/2013	0%			97%	80%

Discussion of Benchmarks: All benchmarks were either met or exceeded with the exception of three: The benchmark for the metric measuring the *total percentage of participants moving from high/medium to low areas of poverty*, *percentage of participants moving to a new unit receiving Moving for Opportunities counseling*, and the *number and percentage of Choice Communities tenants exceeding the 40 percent affordability cap at move-in*.

Concerning the total percentage of participants moving from high/medium to low areas of poverty: The metric is proving difficult to attain. While SDHC has experienced an increase in the number of households moving into low-poverty areas from high/medium-poverty areas, the percent of total moves remains mostly unchanged. In Fiscal Year 2013, 1,241 moves were processed with 59 of those households moving into Choice Communities. In order to reach the ten percent benchmark, a total of 124 households would have had to move into Choice Communities within the given year. SDHC will continue to strive to meet the ten percent benchmark, but may consider lowering the benchmark in future years if the current percentage proves not feasible. Despite the missed benchmark, 59 households moved into Choice Communities which represents a 79 percent change over baseline numbers.

Concerning the percentage of participants moving to a new unit receiving Moving for Opportunities counseling: SDHC did not meet the benchmark of 25 percent, however, the outcome of 20 percent is a two



percent increase over the Fiscal Year 2012 percentage. While SDHC encourages all program participants to actively seek information directly from SDHC about relocating to low-poverty areas, the apparent effectiveness of the outreach materials speaks to not only the effective marketing strategy employed by SDHC, but also the commitment of participant households to relocating to opportunity areas of San Diego.

Concerning the number and percentage of Choice Communities tenants exceeding the 40 percent affordability cap at move-in: All households are given the choice to exceed the 40 percent affordability, but are counseled on the effect of the choice on the rent portion. Given the potential increase to the household's rent portion, most households elect not to exercise the option. SDHC still considers this element of the initiative successful since nine households were enabled to move to Choice Communities due to this component.

Revision of Benchmarks and Metrics: Utilizing standard HUD metrics per Form 50900 (OMB Control Number 2577-0216 expiring 5/31/2016) in addition to original metrics to measure programmatic progress and success.

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.

Waivers utilized under the activity enable SDHC to adopt and implement a reasonable policy to establish payment standards differing from the currently mandated program requirements. Using the flexibility, SDHC enacted payment standards for low-poverty areas in San Diego varying from payment standards in medium- and high-poverty areas of San Diego.

2. ESTABLISH AN HCV HOMEOWNERSHIP PROGRAM

Impact of the 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. 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 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.

During Fiscal Year 2013, one family participating in the *Home of Your Own* program attained self-sufficiency. The participant identified an opportunity to refinance the home purchase resulting in the family achieving zero HAP status. The participant voluntarily surrendered the homeownership voucher. Additionally, ten households purchased homes through the *Home of Your Own* program for a total of 21 homes purchased since implementation.

The chart below details the progress of the initiative since implementation of the activity in October 2009:

ONGOING MTW ACTIVITIES: HUD APPROVAL PREVIOUSLY GRANTED



Metric	Baseline 2008		YTD		Benchmark
	No.	No.	%		
Annual No. Purchased Foreclosed Homes	0	3	14%		4
Annual No. Purchased Regular Market Homes	0	18			2
Number of households that purchased a home as a result of the activity		21			6
Annual No. Foreclosure Incentive: MTW Down Payment Assistance/Repairs Grant	0	3			4
Annual Dollars Foreclosure Incentive: MTW Down Payment Assistance/Repairs Grant	0	\$46,297			\$76,800
Annual Avg. Foreclosure Incentive: MTW Down Payment Assistance/Repairs Grant	0	\$15,432			\$19,200
Annual No. Foreclosure Incentive: 2 Months of Mortgage Assistance			3		4
Annual Dollars Foreclosure Incentive: 2 Months of Mortgage Assistance	0	\$8,092			\$16,000
Annual Avg. Foreclosure Incentive: 2 Months of Mortgage Assistance	0	\$2,697			\$4,000
Increase in average earned income of households as a result of the activity	\$39,670	\$40,832			\$43,637
Potential Undesirable Outcomes			YTD No.	Acceptable Levels	
Annual No. Participants Unable To Maintain Mortgage Payments			0	1	

Discussion of Benchmarks: Significant progress was made during the Fiscal Year 2013 in terms of overall homes purchased. As noted above in the “Impact of Activity” section, ten regular market homes were purchased by program participants during the fiscal year for a total of 21 homes purchased since implementation of the activity in October 2009. SDHC will fully reach the benchmarks for total homes purchased when one more foreclosed home is purchased.

The remaining benchmarks surrounding the foreclosure incentives were not entirely achieved since 100 percent of homes purchased in Fiscal Year 2013 were market rate homes, not foreclosures. Reaching the benchmarks concerning the foreclosure incentives is contingent upon the purchase of foreclosed units. SDHC continues to promote the purchase of foreclosures to potential *Home of Your Own* participants, although SDHC recognizes the foreclosure market is dwindling in the San Diego area.

Revision of Benchmarks and Metrics: Utilizing standard HUD metrics per Form 50900 (OMB Control Number 2577-0216 expiring 5/31/2016) in addition to original metrics to measure programmatic progress and success.

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.



SDHC established a local homeownership program modeled after the HCV homeownership program by using waivers to implement both incentives for purchasing foreclosed homes and modifying the eligibility requirements for the program related to the minimum monetary threshold for savings accounts.

3. TRANSITIONAL PROJECT-BASED SUBSIDIES FOR THE HOMELESS

Impact of the Activity: SDHC received permission to partner with agencies to craft a transitional housing program offering rapid re-housing, using flat project-based subsidy paired with supportive services, offered by the selected provider agency. Formerly called “Short-Term Transitional Supportive Project-Based Vouchers for the Homeless, the program provides housing subsidy of a short-term nature to a distinct homeless population requiring specialized supportive services, including case management, before they are able to secure long-term housing. Due to the short-term nature of this program, SDHC considers a unit “fully occupied” if the unit was in use at least 25 days out of the month. Each month a unit is utilized according to this criterion is considered a month a participant was served for purposes of payment, tracking, and MTW reporting requirements.

The pilot for the activity is a 16 subsidy program designed to serve special needs homeless individuals in a new homeless housing and service development called Connections Housing. Connections Housing is an integrated service and residential community whose primary goal is to help homeless persons living on the neighborhood streets to rebuild their lives and secure and retain permanent housing. The center is located in the historic San Diego World Trade Center building located in the central neighborhood in downtown San Diego. Through a variety of funding sources coming together for this important purpose, the San Diego World Trade Center was fully rehabilitated at the cost of \$33.9 million dollars. People Assisting the Homeless (PATH), an agency dedicated to “ending homelessness for individuals, families, and communities” is the service provider and building operator for this endeavor.

Virtually every resource a person needs to break the cycle of homelessness is available without ever leaving the building. Along with the 16 short-term SRO units designated to the program, Connections Housing includes 73 permanent supportive project-based housing units, two manager units, and 134 interim housing beds. The complex contains the PATH Depot, a one stop service center offering services such as case management, a life skills unit, women’s empowerment program, legal services, personal care services. The Downtown Family Health Center is also a part of the project, offering comprehensive medical and mental health care services. The project is the first of its kind in San Diego and was designed to serve the specific needs of the downtown area with the hope the program will be replicated in other San Diego neighborhoods.

The ability of SDHC to use MTW flexibility to provide housing subsidy for the units fulfills a need for homeless persons requiring comprehensive support in order to secure and maintain stable housing. The program began development during Fiscal Year 2013 and was formally implemented effective February 1, 2013 after which eligibility processes ensued. Participants began residency in Connections Housing in April 2013.

The chart below indicates the progress of the initiative since April 2013:

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Metric	Baseline	YTD	Benchmark
Number of households receiving services aimed to increase self-sufficiency	0	16	96
Annual number of unit months (count of months units are "fully occupied")	0	57	173
Annual occupancy percentage of authorized beds	0%	89%	90%
Staff hours saved as a result of the activity	0	42	250
Dollars saved as a result of the activity	\$0	\$874	\$5,250
Annual subsidy paid	\$0	\$33,972	< \$115,200
Average per unit monthly subsidy paid	\$0	\$531	< \$600
Annual number of participants transitioning to stable housing	0	0	20
Number of new housing units made available for homeless households at or below 80% AMI as a result of the activity	0	16	16

Discussion of Benchmarks: Per the Fiscal Year 2013 MTW Annual Plan, benchmarks are expected to be achieved by June 30, 2014. A full analysis of the program will be conducted during Fiscal Year 2014 and included in subsequent MTW Annual Reports.

Revision of Benchmarks and Metrics: Utilizing standard HUD metrics per Form 50900 (OMB Control Number 2577-0216 expiring 5/31/2016) in addition to original metrics to measure programmatic progress and success.

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)(a) containing waivers of Section 8(o)(7) of the U.S. Housing Act of 1937 and 24 CFR 982.162; Section D(4) containing waivers of Section 8(o)(6), 8(o)(13)(J), and 8(o)(16) of the U.S Housing Act of 1937 and 24 CFR 982 Subpart E, 982.305, and 983 Subpart F; Broader Uses of Funds Authority amendment.

SDHC created the local, non-traditional program utilizing Broader Uses of Funds Authority and waiving regulations in order to implement a program differing from the traditional programs.

4. SPONSOR-BASED SUBSIDIES FOR THE HOMELESS

Impact of the Activity: The objective of the Sponsor-Based Subsidy 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 approved in Fiscal Year 2011, SDHC committed to providing up to 100 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.

SDHC re-proposed the activity in the Fiscal Year 2013 MTW Annual Plan. The following programmatic changes were approved by HUD:

- 1) Increase the number of subsidies allocated to the program from 100 to 1,000
- 2) Broaden the program to serve distinct populations of homeless individuals
- 3) Receive permission to change the rent calculation from a calculation mirroring the standard Housing Choice Voucher calculation to one generally adopting Housing Choice Voucher rules with the ability to include appropriate MTW streamlining methods already approved by HUD



- 4) Clarify participants will not be provided with a tenant-based Housing Choice Voucher upon exiting from the program

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. (SVdP), an agency providing supportive services to San Diego's homeless community. Project 25 is a pilot program which serves and collects usage data from 25 of the highest homeless users of public resources in San Diego with SDHC providing the housing subsidies, and the supportive services provided by SVdP and the County. The United Way is providing three years of program funding for this effort as well. The three year pilot program is expected to continue beyond the initial three years due to a sustainability plan allowing SVdP to continue funding and providing supportive services. Since implementation in July 2011, Project 25 has resulted in an overall reduction in public service costs of \$7.6 million for the entire county of San Diego.

SDHC competitively awarded the next two groups of 25 vouchers to two partnering non-profit agencies, Community Research Foundation and Mental Health Systems, in January 2011. Using San Diego County mental health funds, the two agencies pair the housing subsidies with mental health and substance abuse case management services for homeless individuals. Formal implementation of this Sponsor-Based Subsidy Program for the Homeless began in the first quarter of Fiscal Year 2012.

SDHC awarded 75 additional subsidies to two partnering non-profit agencies: Community Research Foundation, Inc. (35 subsidies) and Mental Health Systems, Inc. (40 subsidies) in October 2012. Using San Diego County mental health funds, the two agencies pair the housing subsidies with mental health and substance abuse case management services for homeless individuals. In addition, SDHC competitively awarded 75 subsidies to three partnering agencies: Mental Health Systems, Inc. (20 subsidies), People Assisting the Homeless (35 subsidies), and Saint Vincent de Paul Village, Inc. (20 subsidies) in October 2012. The programs were fully implemented during Fiscal Year 2013.

Eleven subsidies were awarded to Housing Development Partners, a non-profit agency which fund units at a building owned by SDHC. The development will be ground leased and operated by a partnering sponsor incorporating the participants into their scope of services on-site. Program development is currently in process and implementation activities are expected to occur in Fiscal Year 2014..

The first phase of implementation involved the creation of contracts and program plans for each partnering agency to ensure the respective sponsor-based subsidy programs complied with the requirements of the initiative and were administered consistently. (Each partnering agency constructed their program plans to conform with SDHC requirements and the agency's approach to serving the homeless population.) 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 via the waitlist process. Supportive services commenced during the outreach process and continue for the duration of program participation.

In addition to the provision of subsidies from SDHC and supportive services from the partnering agencies, internal Homeless Prevention and Rapid Re-Housing (HPRP) funds were leveraged to provide assistance in the form of funding security deposits to aid in the move-in process. The HPRP funds have since been exhausted and will no longer be utilized for these purposes. As a replacement, Emergency Solutions Grant (ESG) funds are being used to provide assistance in the form of funding security deposits to aid in the move-in process.

Upon full implementation, subsidies were paid to the sponsor on behalf of each participant, who in turn ensures the landlord receives the appropriate rental assistance payment for each participant. The subsidy is based on a computation of income (performed by the sponsor) which generally adopt the Housing Choice Voucher program rent calculation. As previously noted, MTW flexibilities are applied to streamline

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the rent calculation process. For monitoring purposes, SDHC conducts external file audits and programmatic reviews to ensure accurate and acceptable utilization of Federal expenditures.

Metric	Baseline 2010		YTD		Benchmark
	No.	%	No.	%	
Annual No. of program participants	39		152		1,000
Dollars saved as a result of the activity	\$0		\$14,907		\$95,130
Number of new housing units made available for homeless households at or below 80% AMI as a result of the activity	0		258		1,000
Percentage of program participants remaining housed 3 months		74%	134	88%	80%
Percentage of program participants remaining housed 6 months		0%	100	66%	70%
Percentage of program participants remaining housed 9 months		0%	48	32%	60%
Percentage of program participants remaining housed 12 months		0%	40	26%	50%
Percentage of program participants remaining housed after 12 months	0		2	0%	500
Average length of program participation	3 Months		7 Months		12 Months
Annual number of families receiving an MTW housing choice voucher and leaving the SBV program	0 Months		0 Months		N/A

Discussion of Benchmarks: All benchmarks were either reached or are on target to be reached according to the anticipated benchmark reach dates contained in the approved Fiscal Year 2013 MTW Annual Plan. Below is a summary of the dates and the corresponding metrics:

- The proposed benchmark of 1,000 program participants within the program has a reach date of June 30, 2018. SDHC will continue awarding subsidies during the coming fiscal years. The current fiscal crisis has severely dampened our effort to expand the program as originally intended.
- The benchmarks measuring the percentage of participants remaining housed after 3 and 6 months was exceeded; the anticipated benchmark reach dates for the two metrics is noted as June 30, 2018.
- The benchmarks measuring the percentage of participants remaining housed after 9 and 12 months as well as the average length of program participation have a benchmark reach date of June 30, 2018.

Although benchmarks were either achieved or are set to be achieved, sponsors faced a variety of challenges related to identifying and enrolling participants within the SBV program. The Vulnerability Index, the primary source utilized to identify homeless individuals, proved an unreliable data source from which to add applicants to the program. SDHC and the sponsor agencies are currently improving outreach and wait list systems in an effort to create a more reliable approach to identifying potential program participants. Additionally, due to the vulnerable nature of the clients, some were found to be not ready for independent living and either vacated the units or didn't complete the lease-up process. Gaining the ability to transition SBV clients from semi-independent living facilities or group home settings to allow the clients to slowly transition into units of their own may give the sponsoring case management staff the flexibility they need in supporting clients as they progress toward higher levels of independence.

Revision of Benchmarks and Metrics: Utilizing standard HUD metrics per Form 50900 (OMB Control Number 2577-0216 expiring 5/31/2016) in addition to original metrics to measure programmatic progress and success.

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.

SDHC created the local, non-traditional program utilizing Broader Uses of Funds Authority and waiving regulations in order to implement a program differing from the traditional programs.

5. ALLOW LOWER RENTS FOR NON-ASSISTED UNITS IN SDHC-OWNED DEVELOPMENTS

Impact of the 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 Sandford, the development identified in the Fiscal Year 2011 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 Sandford at the time of acquisition were not displaced and maintained affordable housing. All tenants currently residing in the unassisted units are extremely low-income families at less than 30 percent of the Area Median Income (AMI). In total, the development provides 129 units of affordable housing in San Diego, 39 of which are designated as PBV units.

Internal rehabilitation of the Hotel Sandford was completed in Fiscal Year 2012, thus relocation activities (as reported in the Fiscal Year 2011 MTW Annual Report) ceased and all 90 unassisted units are available for lease up activities. The Hotel Sandford underwent additional rehabilitation on the exterior of the building and in the common areas during Fiscal Year 2012. As of Fiscal Year 2013, all rehabilitation activities are completed.

Metric	Baseline 2010		YTD		Benchmark
	No	%	No.	%	
Annual No. of SDHC-owned non-assisted units with rents below assisted unit rents	0		85		76
Annual No. of developments participating in initiative	0				1
Number of new housing units made available for households at or below 80% AMI as a result of the activity	0		90		90

Discussion of Benchmarks: All benchmarks were achieved during Fiscal Year 2013. Please note: Of the 90 units not designated as PBV, a total of 87 units were leased at the close of Fiscal Year 2013. Eighty-five of the units were leased with rents below the assisted unit rents while two units were rented to HCV participants.

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 will be reported as updates within the MTW Reports corresponding to the fiscal year in which the activity was further extended.



Revision of Benchmarks and Metrics: Utilizing standard HUD metrics per Form 50900 (OMB Control Number 2577-0216 expiring 5/31/2016) in addition to original metrics to measure programmatic progress and success.

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.

The authorizations waived in the activity allowed SDHC to adopt and implement policies to calculate the rent differing from program requirements, enact a local process to determine rent reasonableness, and establish a local process to project base units.

6. 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 within the first year of implementation. During Fiscal Year 2013, SDHC committed 38 additional project-based vouchers to SDHC-owned units.

The activity also utilizes waivers allowing SDHC to conduct HQS inspections and rent reasonableness determinations for SDHC-owned units in project-based developments. Although the number of HQS and rent reasonableness determinations does not historically represent significant administrative savings, the ability to conduct the inspections/determinations internally offers flexibility and additional options during the overall assignment process among SDHC staff and contractors.

Metric	Baseline 2010	YTD	Benchmark
Number of new housing units made available for households at or below 80% AMI as a result of the activity	19	126	69
Annual occupancy rate of SDHC-owned PBV developments	52%	68%	70%

Discussion of Benchmarks: The benchmark for the metric measuring the number of PBV units committed to SDHC-owned units was achieved and superseded during the first year of implementation in Fiscal Year 2011. SDHC will continue to explore utilizing the flexibility of the initiative as viable opportunities are identified by the agency.

The benchmark for the metric measuring the annual occupancy rate of SDHC-owned PBV developments exceeded the baseline percentage, yet fell below the benchmark by three percent. Although SDHC has committed project-based vouchers to 100 percent of the units within the Santa Margarita and Meade developments, 29 of the units remain occupied by unassisted tenants residing in the developments before the acquisition of the development by SDHC and the subsequent commitment of project-based vouchers. Although the developments, on average, remain fully leased, not all units are immediately available for

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lease under the PBV program. As the unassisted units become vacant, SDHC will replace the tenants with PBV recipients. The Parker-Kier complex was not utilized for determining the overall percent of lease up since the vouchers are committed. Please note: All tenants currently residing in the SDHC-owned developments are at or below 80 percent AML thus meeting the affordability requirements of the complex.

Contract Date	Development Name	Total No. Project Based Units Authorized in Development	Total No. Project Based Units Leased Up in Development	% of Project Based Units Leased Up in Development	Population
4/28/2010	Meade (SDHC-Owned)	29	13	45%	Low-Income
5/1/2010	Santa Margarita (SDHC-Owned)	32	19	59%	Low-Income
10/15/2010	Courtyard (SDHC-Owned)	7	7	100%	Low-Income
11/1/2010	Hotel Sanford (SDHC-Owned)	39	33	85%	Low-Income
5/14/2013	Mason Hotel (SDHC-Owned)	16	12	75%	Homeless
TBD	Parker-Kier (SDHC-Owned)	22	0	0%	Homeless
	Total	145	84	68%	

Revision of Benchmarks and Metrics: Utilizing standard HUD metrics per Form 50900 (OMB Control Number 2577-0216 expiring 5/31/2016) in addition to original metrics to measure programmatic progress and success.

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.

The authorizations waived in the activity allowed SDHC to commit project-based vouchers to SDHC-owned developments without a competitive process and to inspect SDHC-owned units using internal resources.

7. DEVELOPMENT OF PUBLIC HOUSING UNITS USING A COMBINATION OF FUNDS

Impact of the 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 previously reported, the Public Housing Development initiative approved in Fiscal Year 2010 has been closed out and all Public Housing development will be reported under this activity.

Metric	Baseline 2009	YTD	Benchmark
Number of new housing units made available for households at or below 80% AML as a result of the activity	36	39	105

Discussion of Benchmarks: SDHC is in the process of converting and renovating 113 state-aided units to public housing. The 113 units include 112 state-assisted units and one manager’s unit. HUD granted approval on April 25, 2013 for the transition of the state sites transaction into public housing. The units will be converted in two phases: The Otay Villas conversion date is anticipated for October 2013 with the



scattered sites approximately schedule for August 2014. SDHC anticipates the full conversion of units to the public housing program by Fiscal Year 2015. An update on the status of the conversion will be provided in MTW Annual Reports as applicable. The addition of the 112 public housing units in Fiscal Year 2015 will enable SDHC to supersede the benchmark

Revision of Benchmarks and Metrics: Utilizing standard HUD metrics per Form 50900 (OMB Control Number 2577-0216 expiring 5/31/2016) in addition to original metrics to measure programmatic progress and success.

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), 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.

SDHC utilized single fund flexibility to develop Public Housing and is authorized to acquire sites without prior HUD approval due to waiving appropriate Federal regulations as approved by HUD.

8. EXPAND THE PROJECT-BASED VOUCHER PROGRAM

Impact of the 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 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 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 thus far:

- Twenty-five percent are used in developments formerly vacant and/or foreclosed
- Thirty-three percent are used in regular market developments
- Forty-two percent are used within SDHC-owned properties

Metric	Baseline 2009		YTD		Benchmark	
	No.	No.	No.	%	No.	%
Number of new housing units made available for homeless households at or below 80% AMI as a result of the activity	16	181	181	84%	216	100%
Number of new housing units made available for households at or below 80% AMI as a result of the	23	145	145	65%	223	100%
Total No. of authorized project based units and percent of benchmark	39	326	326	736%	439	1026%
Administration time required to administer project based vouchers	.3 FTE	2 FTE	2 FTE		2 FTE	

Discussion of Benchmarks: SDHC added 111 project-based vouchers during Fiscal Year 2013. Connections Housing, Parker-Kier, and the Mason Hotel developments contain 73, 22, and 16 PBV units



respectively. With the addition of the vouchers, SDHC is within 113 vouchers of reaching the benchmark for *total number of authorized project-base units*.

Since SDHC is increasingly focusing on serving the homeless population, the number of project-based vouchers allocated to serving families at or below 80 percent of the Area Median Income (AMI) may remain stable at the current allocation.

An additional 88 project-based vouchers are committed to the 9th & Broadway complex, a new construction development designed to serve the homeless. The expected completion of the development occurs in Fiscal Year 2015. Information will be provided in MTW Annual Plans and Reports as status updates become available. The addition of the 88 vouchers will place SDHC within 25 vouchers of reaching the benchmark of 439.

Revision of Benchmarks and Metrics: Utilizing standard HUD metrics per Form 50900 (OMB Control Number 2577-0216 expiring 5/31/2016) in addition to original metrics to measure programmatic progress and success.

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

Changes to Authorization Used: The initiative, as introduced at the public hearing and as approved by HUD in the Fiscal Year 2010 MTW Annual Plan, contains language stating the activity will “allow for project-specific waiting lists maintained by the owners or non-profit providers in compliance with agency standards”. Upon further review of the waivers cited in the “Description of Authorization or Regulation Waived” section of the Plan, SDHC noticed the waivers authorizing the use of differing waiting list procedures were omitted. Although SDHC has not made a change to the authorization used, the applicable waiver has been added to ensure all appropriate waivers are cited.

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(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 as necessary. MTW Agreement Attachment C, Section D(7) containing waivers of Section 8 of the 1937 Act and 24 CFR 982 and 983.

Waivers utilized for the expansion of the project-based program enabled SDHC to project base up to 100 percent of a development and utilize alternate waiting list procedures.

9. 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. Rehabilitation activities are also considered a method of preservation since ongoing rehabilitation ensures the long-term habitability and/or sustainability of the development (preservation) while ensuring the ability to meet minimum housing quality standards. The affordable housing units preserved and acquired 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.

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Metric	Baseline 2010	YTD	Benchmark
Number of new housing units made available for households at or below 80% AMI as a result of the activity	0	0	200
Number of new housing units preserved for households at or below 80% AMI as a result of the activity	0	131	131

Discussion of Benchmarks: During Fiscal Year 2013, progress was made in the substantial rehabilitation activities of the Hotel Churchill.

The Hotel Churchill is a seven story, historically designated structure located on a 10,000 square foot rectangular lot in downtown San Diego. Built approximately 100 years ago, the vacant hotel contains 94 single room occupancy (SRO) units. Due to the property’s age, the Hotel Churchill is in need of significant rehabilitation which will preserve the building while also creating affordable housing units in the City.

Housing Development Partners (HDP), a non-profit affiliate of SDHC, maintains ownership of the Hotel Churchill. The general rehabilitation plan includes:

- Constructing approximately 67 units to include a bathroom and kitchenette for each unit.
- Installing an ADA compliant elevator.
- Preserving the historical facade of the building while complying with all federal accessibility standards.

The total project cost, estimated at \$19 million, will be funded through a combination of funding sources such as MTW, HOME, Mental Health Services Act (MHSA), and Civic San Diego (a City-owned non-profit development partner). The estimated completion date of the project is August 2015. The units will be reported as “new housing units made available” in the metrics once rehabilitation activities are completed.

Revision of Benchmarks and Metrics: Utilizing standard HUD metrics per Form 50900 (OMB Control Number 2577-0216 expiring 5/31/2016) in addition to original metrics to measure programmatic progress and success.

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.

Broader Uses of Funds Authority allows SDHC to create and preserve affordable housing.



SECTION VII: SOURCES AND USES OF FUNDING

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

Fiscal Year 2013 Sources and Uses of Funding			
Item	Sources	Planned	Actual
1	Public Housing Rental Income	313,541	322,459
2	Public Housing Subsidy	59,916	75,000
3	Public Housing MTW Capital Funds (1)	1,178,867	671,888
4	HCV Subsidy and Fees	184,729,396	157,593,857
5	Investment / Interest Income	34,388	450,603
6	Non-Rental Income	17,621	58,273
7	Anticipated Reserves Build	13,605,941	0
Total Sources:		199,939,670	159,172,080
Fiscal Year 2013 Uses of Funding			
Item	Uses	Planned	Actual
8	HCV Housing Assistance Payments	162,611,258	143,413,994
9	HCV Administration	16,911,035	13,092,596
10	Agency Managed Housing Operations	499,022	333,048
11	Privately Managed Housing Operations	0	0
12	Utility Payments	0	52,721
13	Public Housing Rehabilitation Expenses (2)	70,513	671,888
14	Debt Service Repayment Expenses	0	0
15	Development Activities (3)	17,880,080	0
16	Resident Services Expenses	0	0
17	Protective Services Expenses	9,105	1,259
18	Local Housing Program Expenses	0	0
19	Other: MTW Choice Communities	10,000	0
20	Other: MTW Student Graduation Incentive	25,000	1,000
21	Other: MTW Foreclosure Initiatives	50,000	0
22	Other: Work Readiness Services	1,873,657	811,833
Total Uses:		199,939,670	158,378,340
Increase (Decrease) in Reserves			793,741

MTW Reserve Levels	
Total Fiscal Year 2013 Reserves	38,731,584
Funds Committed to HUD-Approved State Site Conversion	(3,998,754)
Funds Committed to Hotel Churchill Affordable Housing Development	(8,296,409)
Fiscal Year 2013 Reserves Balance	26,436,421

- | | |
|-----|--|
| (1) | 2007 capital funds included in sources as MTW, but reprogrammed as non-MTW. |
| (2) | MTW capital funds spent per expenditure timeline. |
| (3) | SDHC pursued affordable housing development activities, such as the acquisition of the Vista Capri development, but did not close escrow on any of the projects under consideration. |



In Fiscal Year 2013, SDHC continued to increase its affordable housing portfolio and pursued various development opportunities. Detailed analysis was conducted on potential projects to ensure projects were feasible in the long run. For example, the planned acquisition of the Vista Capri development failed to materialize due to numerous issues such as the potential presence of:

1. Mold
2. Asbestos containing material
3. Potential slab leaks
4. Drainage issues

Since the property owner failed to authorize SDHC to conduct thorough testing of the potential issues, SDHC was unable to formulate an accurate determination as to the full extent of the issues. SDHC estimated the cost to remediate the issues would have rendered the acquisition and rehabilitation not economically feasible. Approximately \$17 million of funds were allocated to the acquisition.

SDHC continues to research affordable housing developments. On May 10, 2013, the San Diego Housing Commission approved the development plan for the rehabilitation of the 100 year old historical Hotel Churchill, located at 827 C Street, San Diego. The rehabilitation plans include construction of approximately 67 units with kitchenettes and individual bathrooms. The total project cost, estimated at \$19 million, will be funded through a combination of funding sources such as MTW (\$8,296,409), HOME, Mental Health Services Act (MHSA), and Civic San Diego (a City-owned non-profit development partner). The estimated completion date of the project is August 2015.

- 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 used 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 2012 MTW Plan and will continue to do so in future Plans.

Funds originating 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 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 Path to Success 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 job placement specialist from Manpower, a leader in the job workforce solutions industry, works diligently towards assisting participants with locating jobs and advancing job skills. Since April 2011, the specialist provides one-on-one employment counseling, assistance creating résumés, and leads on job employment. In addition, Manpower continues to make connections with employers of in-demand occupations, organize job fairs, and coordinate employment services with partner organizations.

One-Stop Career Center

KRA, 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. During Fiscal Year 2013, a total of 60 applicants participated in three sessions where they received assistance applying for their DUNS number, learning about the business permit application process, and developing (or expanding) their business plan, a crucial element to the success of their business. In all, 26 new businesses were created as a result of this training.

Employment/Workforce Development Workshops

Manpower, KRA, and SDHC Workforce Readiness Specialists conduct employment readiness workshops and provide access to temporary and permanent employment. The Achievement Academy, in its efforts to attract employers, began offering weekly on-site recruitment fairs. Participants are invited to attend presentations and hear directly from Human Resources representatives what it takes to get hired at their company. Topics covered range from the job application and résumé submittal process to interview preparedness and communication skills. Twenty presentations have been given by such companies as the Marriott Hotel, Macy's, Goodwill Industries, United Parcel Service, City of San Diego, County of San Diego, and Allied Barton Security among others. Although only implemented over the second half of Fiscal Year 2013, the recruitment fairs are showing signs of success with 22 job placements made to date.

Community Connections

The Achievement Academy strives to be a connection between its participants and the community by continually seeking new and innovative classes to offer. This past year, a representative from Best Buy presented a pilot program and led an "Introduction to Computers" class. This session introduced the most basic computer skills to participants who had only minimal computer knowledge. Two three-hour sessions were offered with 35 participants attending to learn internet basics, e-mail usage, and computer technology. Participants also learned how to use computers to assist with job applications such as on-line applications and downloading résumés as attachments.

Another new opportunity offered in Fiscal Year 2013 was a Men's Dress for Success class presented by the Men's Wearhouse. Seventeen men participated in the class where they learned about various suits, styles and fabrics, and how to dress appropriately and be prepared for a job interview. At the



end of the class all participants were given a tie donated by the Men's Wearhouse who expressed an interest in donating clothing in the future to help our participants dress for job interviews.

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, résumé 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 on-line 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 Fiscal Year 2013, SDHC assisted 131 housing residents with the eligibility process for these programs. On-site benefit screening appointments continue to be conducted for participants.

Tax preparation was conducted onsite by 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 2013 tax season in April, 308 (185 Federal and 123 State) tax returns were completed yielding more than \$348,100 in total refunds, including over \$179,300 in EITC. Tax preparation services were also offered to unassisted low-income residents of San Diego.

Financial Education

Financial Counseling

Springboard, a non-profit credit management agency, joined our partner group in February 2011 to offer on-site credit counseling, debt reduction, credit repair services, and budgeting and cash management skills. 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, and Community Housing Works, 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 Workforce Readiness Specialists continue to utilize the LISC (Local Initiatives Support Corporation) *Financial Counseling Model* to implement innovative coaching methods 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 during Fiscal Year 2013:

Metric	Baseline 2009	YTD
	No.	No.
No. of unduplicated program participants receiving services	546	1,149
No. of unduplicated program participants attending financial education related workshops	134	75
No. of hours of financial education related workshops attended by program participants	972	157
No. of unduplicated program participants attending employment related workshops	42	275
No. of hours of employment related workshops attended by program participants	237	893
No. of unduplicated program participants attending homeownership related workshops	25	64
No. of hours of homeownership related workshops attended by program participants	25	214
No. of unduplicated program participants attending small business related workshops	20	67
No. of hours of small business related workshops attended by program participants	43	403
No. of unduplicated program participants who received income support screening services	0	129
No. of unduplicated program participants who received income tax preparation services	0	190
No. of persons who completed their FSS Contract of Participation and graduated	39	25
Dollar value of escrow accounts disbursed to FSS graduates	\$319,818	\$149,241
No. of FSS escrow accounts	307	155
Dollar value of FSS escrow accounts	\$767,250	\$507,059
No. of IDA accounts	191	154
Dollar value of IDA account savings	\$97,818	\$80,090
Dollar value of IDA account matches	\$228,193	\$130,829
No. of program participants who obtained employment as a result of job placement services	0	141

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. Funding for this program has been awarded through September, 2016.



The chart below contains a summary of the results of the IDA activities since implementation in Fiscal Year 2011:

Metric	Baseline	YTD
Annual No. of adult participants enrolled in the asset building program with an IDA funded by MTW funds	0	16
Annual No. of participants enrolled in the youth asset building program with an IDA funded by MTW funds	0	68
Annual No. of participants enrolled in the asset building program with a transportation IDA	0	29
Annual No. of MTW IDA participants who opened an IDA account	0	110
Annual No. of MTW IDA participants who developed a credit improvement plan	0	52
Annual No. of MTW IDA participants who made at least nine monthly deposits to their IDA during a twelve-month period	0	36
Annual No. of MTW IDA participants who completed ten hours of financial skills education	0	39

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 INFORMATION

- 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.



APPENDIX A CERTIFICATION OF STATUTORY REQUIREMENTS

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 2013:

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.



Jeff Davis

Executive Vice President & Chief Operating Officer

8-5-13
Date



APPENDIX B FORMER PUBLIC HOUSING UNITS MATRIX

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 Units	Manager Units	Street Name	Total PH Units	Manager Units
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



APPENDIX C

ONGOING MTW ACTIVITIES MATRIX

APPROVED MTW ACTIVITIES				
#	Initiative Description	Statutory Objective	Plan Year	Implementation Date
1	<i>MTW VASH Program.</i> SDHC received permission to implement a special program designed specifically for the HUD-VASH voucher participants. Program features are the elimination of minimum rent for an initial time period, streamlined criminal history requirements for household members, and additional streamlining measures.	Increase housing choices; reduce costs and achieve greater cost effectiveness	2013	Implemented November 1, 2012
2	<i>Family Self Sufficiency Reinvention.</i> SDHC utilizes MTW flexibility to modify the current Family Self Sufficiency (FSS) Program by revising the contract term and the escrow calculation method to coincide with the Path to Success initiative. Changes to the program and contract were made to increase program accessibility and participant engagement.	Reduce costs and achieve greater cost effectiveness; encourage self-sufficiency	2013	To be implemented July 1, 2013
3	<i>Elimination of 100% Excluded Income from the Income Verification Process.</i> Excluded income has no effect on the rental assistance calculation yet consumes administrative time as it must be verified and reported on the HUD 50058. This initiative removes the requirement to verify and enter excluded income into the rent calculation formula and subsequently on the HUD 50058.	Reduce costs and achieve greater cost effectiveness	2013	Implemented October 1, 2012
4	<i>Public Housing: Flat Rent Elimination.</i> SDHC eliminated flat rents in public housing in order to facilitate the implementation of Path to Success for public housing residents	Increase housing choices; reduce costs and achieve greater cost effectiveness	2013	To be implemented July 1, 2014
5	<i>Homeless Veteran Project-Based Subsidy Program.</i> SDHC partners with the Veterans Village of San Diego to create a local, non-traditional project-based subsidy program to provide housing to veterans who are either not yet ready to enter the more regulated Veterans Village program or who temporarily exit the program. This is a transitional pilot program with a flat subsidy.	Reduce costs and achieve greater cost effectiveness; encourage self-sufficiency; increase housing choices	2013	Pending program development
6	<i>Transitional Project-Based Subsidies for the Homeless.</i> SDHC uses MTW flexibility to partner with agencies to craft a transitional housing program using flat-subsidy project-based vouchers paired with supportive services, offered by the selected provider agency.	Reduce costs and achieve greater cost effectiveness; encourage self-sufficiency; increase housing choices	2013	Implemented February 1, 2012

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7	<p><i>New Public Housing Transition.</i> SDHC is in the process of converting and renovating 113 state-aided units to public housing. The 113 units include 112 state-assisted units and one manager's unit. The rent calculation under the state program requires participants to pay 25 percent of their adjusted income toward their rent portions whereas public housing requires 30 percent. To ease the transition, SDHC is proposing to implement a transition period during which the families would pay more than 25 percent but less than 30 percent of adjusted household income toward the rent portion before moving to 30 percent at the end of the transition period.</p>	Increase housing choices	2013	To be determined
8	<p><i>Path to Success.</i> SDHC requests permission to develop and implement a comprehensive rent reform model governed by the three statutory objectives of the MTW demonstration program. The model proposed utilizes a hybrid approach of two proven rent reform structures currently used by other MTW agencies; the model only applies to a Work-Able population defined by SDHC using specific criteria. The model SDHC seeks to employ combines tiered rents with progressive rents into one inclusive model while also eliminating deductions and streamlining allowances. Although the Triennial population is not subject to the progressive rent model, streamlining will be enacted to simplify the reexamination process. Other incentives assisting participants in the Work-Able population to increase income and skills are currently in development. The Achievement Academy and FSS activities will play a key role within the Path to Success initiative.</p>	Reduce costs and achieve greater cost effectiveness; encourage self-sufficiency	2012	To be implemented July 1, 2013
9	<p><i>Biennial Reexamination Schedule.</i> As a compliment to the Path to Success model, SDHC implemented a biennial reexamination schedule for the Work-Able population. The revised reexamination cycle increases administrative efficiency and increases capacity, thereby achieving greater cost effectiveness. FTEs saved through this initiative will be reallocated to other capacities within the department.</p>	Reduce costs and achieve greater cost effectiveness	2012	Implemented July 1, 2012
10	<p><i>Modify the Full-Time Student Definition.</i> The full-time student definition will be modified to include only students ages 18 to 23 who are not the head, spouse, or co-head. Household members meeting the revised full-time student definition will receive a 100 percent employment income exclusion. All students, regardless of age or familial status, will be eligible for a graduation incentive wherein proof of graduation can be submitted in exchange for a monetary award and public acknowledgment of their accomplishment.</p>	Reduce costs and achieve greater cost effectiveness; encourage self-sufficiency	2012	Implemented December 1, 2011



11	<p><i>Project-Based Subsidy Program for the Homeless.</i> The proposal is to provide rental subsidy to house homeless persons equal to 100 units in the first year, with additional subsidies provided each year to total 500 subsidized units after five years. The subsidy will be flat and based on the number of authorized units in the development; all program administration will be performed by the development owner with monitoring and auditing performed by SDHC.</p>	<p>Increase housing choices; reduce costs and achieve greater cost effectiveness</p>	2012	<p>Implementation date to be determined</p>
12	<p><i>Allow lower rents for non-assisted units in SDHC-owned developments.</i> SDHC requests 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 will be determined by comparisons to similar units in the surrounding neighborhoods rather than within the development. The initiative will increase the number of unassisted affordable units in San Diego for low-income families who cannot afford higher rents.</p>	<p>Increase housing choices</p>	2011	<p>Implemented October 1, 2010</p>
13	<p><i>Authorize commitment of PBV to SDHC-owned units.</i> The acquisition and improvement of some of SDHC-owned units could be augmented by the commitment of PBV. SDHC is requesting that the process of committing PBV to agency-owned units be streamlined.</p>	<p>Increase housing choices; reduce costs and achieve greater cost effectiveness</p>	2011	<p>Implemented October 1, 2010</p>
14	<p><i>Two year occupancy term for PBV tenants before eligible for a voucher.</i> The proposed initiative will require 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 proposed 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.</p>	<p>Reduce costs and achieve greater cost effectiveness</p>	2011	<p>Implemented October 1, 2010</p>
15	<p><i>Acquisition of additional affordable units.</i> SDHC proposes to use broader uses of funds authority under the MTW program to acquire affordable housing units in San Diego using MTW funds. The initiative will offer enhanced housing choices for low-income residents of San Diego and will not be limited to Housing Choice Voucher program participants.</p>	<p>Increase housing choices</p>	2011	<p>Implemented July 1, 2010</p>
16	<p><i>Disregard Retirement Accounts.</i> 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 proposed initiative will further streamline internal processes as well as encourage self-sufficiency by authorizing SDHC to disregard retirement accounts when verifying an applicant or participant's assets.</p>	<p>Reduce costs and achieve greater cost effectiveness</p>	2011	<p>Implemented August 1, 2010</p>

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17	<p><i>Modify EIV Income Report Review Schedule.</i> Effective January 31, 2010 HUD is requiring the use of the EIV Income Information Report with all mandatory certifications. SDHC utilizes the EIV report once per year during the annual certification cycle. The EIV used for the purposes of the annual certification will be used during any subsequent certifications occurring prior to the next scheduled annual certification.</p>	Reduce costs and achieve greater cost effectiveness	2011	Implemented August 1, 2010
18	<p><i>Development of Public Housing Units Using a Combination of Funds.</i> MTW funds are used in conjunction with Replacement Housing Factor Funds (RHF) to develop public housing units.</p>	Increase housing choices	2011	Implemented July 1, 2010
19	<p><i>Sponsor-Based Subsidies for the Homeless.</i> In an effort to help address the problem of homelessness within the City of San Diego, SDHC implemented a sponsor-based subsidy program geared toward reducing instances of homelessness. A maximum of 1,000 subsidies will be used to provide sponsor-based housing to individuals identified as homeless. Program participants would receive housing and supportive services from a designated service provider.</p>	Increase housing choices; reduce costs and achieve greater cost effectiveness	2011	Implemented July 1, 2011
20	<p><i>Enhance Family Self-Sufficiency Program.</i> 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 permits all 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.</p>	Increase housing choices; encourage self-sufficiency	2011	Implemented October 1, 2010
21	<p><i>Implement a revised inspection protocol.</i> SDHC uses a revised inspections protocol to reduce the number of HQS inspections conducted annually. The initiative allows responsible property owners to self-certify the repair of minor fail items, and well-maintained units are placed on a biennial inspection cycle. Quality Control inspections ensure HQS standards are consistently observed and applied at all assisted properties.</p>	Reduce costs and achieve greater cost effectiveness	2010	Implemented October 1, 2009 & June 1, 2010
22	<p><i>Inspect and determine rent reasonableness for SDHC-owned properties.</i> Authorization was received to allow SDHC to inspect and determine rent reasonableness for SDHC-owned properties. Quality Control inspections are conducted on randomly selected units to ensure HQS standards are consistently upheld at all SDHC-owned properties and contract rents conform to rent reasonableness requirements.</p>	Reduce costs and achieve greater cost effectiveness	2010	Implemented July 13, 2009

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23	<p>Conduct triennial income and family composition recertifications for fixed-income elderly and disabled households. Families meeting SDHC's internal definition of elderly/disabled were placed on a triennial certification cycle. Cost of living adjustment (COLA) certifications are conducted during the two years the family is not required to complete a thorough annual certification.</p>	Reduce costs and achieve greater cost effectiveness	2010	Implemented October 1, 2009
24	<p>Choice Communities Components. The initiative is a four-pronged approach to enable families to move from areas of high-poverty to areas of low-poverty.</p> <ul style="list-style-type: none"> ▪ Eliminate 40% Affordability Cap ▪ Moving for Opportunity Program ▪ Revolving Security Deposit Loan fund ▪ Increase payment standards in low-poverty areas 	Increase housing choices	2010	<ul style="list-style-type: none"> ▪ Implemented January 1, 2010 ▪ Implemented January 1, 2010 ▪ Implemented January 1, 2010 ▪ Implemented June 1, 2010
25	<p>Standardize utility allowances by unit size. A revised utility allowance schedule was created to simplify the process of assigning utility allowances to units. The simplified chart contains standard utility allowances based on unit bedroom size and whether or not the tenant is responsible for sewer/water.</p>	Reduce costs and achieve greater cost effectiveness	2010	Implemented April 1, 2010
26	<p>Simplify income, asset, and allowance verification requirements. Program participants with assets totaling less than \$10,000 are only required to self-certify their combined assets have a cash surrender value below the prescribed threshold. Participants with assets equaling \$10,000 or greater are required to submit verification of each asset. SDHC revised the verification hierarchy to confirm income and asset values.</p>	Reduce costs and achieve greater cost effectiveness	2010	Implemented October 1, 2009
27	<p>Adopt a local interim recertification policy. The interim policy was designed to reduce and limit the number of interims required when a participant requests a rent adjustment due to loss of income. Interim adjustments for rent reductions are only granted once between regularly scheduled annual certifications. The initiative encourages participants to remain employed, therefore promoting self-sufficiency.</p>	Increase housing choices; encourage self-sufficiency	2010	To be implemented July 1, 2011
28	<p>Establish a homeownership voucher program and use block grant funds to assist Housing Choice Voucher (HCV) participants. A homeownership program was created to assist income-eligible HCV participants with purchasing a home. Housing assistance payments are utilized to assist with a mortgage payment rather than as a rental payment. Incentives to purchase a foreclosed home are also program components.</p>	Increase housing choices; encourage self-sufficiency	2010	Implemented October 1, 2009
29	<p>Expand the use of the project-based voucher (PBV) program. SDHC set aside 400 vouchers for the purpose of creating PBV units for low-income families and the chronically homeless. 200 vouchers were designated to each category of PBV participants.</p>	Increase housing choices	2010	Implemented September 1, 2009



APPENDIX D
ANNUAL STATEMENT/PERFORMANCE AND EVALUATION REPORT (HUD 50075.1)

Please see the attached report detailing SDHC's utilization of capital funds during Fiscal Year 2013.