SAN DIEGO HOUSING COMMISSION

Moving Forward
Moving To Work Program
Annual Report for Fiscal Year 2012

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SECTION I: INTRODUCTION AND OVERVIEW

A. Introduction

The San Diego Housing Commission (SDHC) was established in 1979 to administer the City of San Diego's affordable housing programs. In the past 33 years SDHC has seen a need to create viable housing solutions in a high-cost market. Through the flexibility offered by the Moving to Work (MTW) demonstration program, SDHC is positioned to address the needs of San Diego's economically disadvantaged population.

Initiatives related to the Housing Choice Voucher Program from past MTW Annual Plans have created an opportunity to streamline internal processes. By reducing the administrative burden, we achieved greater cost-effectiveness which allowed SDHC to allocate additional resources toward new programs and services for Rental Assistance families. The Housing Choice Voucher Homeownership program (known locally as Home of Your Own) and the Choice Communities program made great strides in increasing housing choices for low-income families.

The initiatives in the Fiscal Year 2012 MTW Annual Plan will take further advantage of flexibilities afforded to SDHC through participation in the MTW demonstration to better match local needs. SDHC's most recent MTW program is "Path to Success," which modifies the method used to determine the rent portion paid by families who have been identified as able to work.

The Path to Success model advances the statutory objectives of the MTW demonstration program to:

- ✓ Reduce costs and achieve greater cost effectiveness in Federal expenditures;
- ✓ Give incentives to families with children where the head of household is working, seeking work, or is preparing for work by participating in job training, educational programs, or programs that assist people in obtaining employment and becoming economically self-sufficient; and
- ✓ Increase housing choices for low-income families.

SDHC began Fiscal Year 2012 on track toward the final phases of implementation of Path to Success in Fiscal Year 2014. The upcoming year is critical to laying the foundation for a seamless transition into the policy changes associated with Path to Success and helping low-income families achieve greater self-sufficiency.

The Fiscal Year 2012 MTW Annual Report contains a full analysis of MTW activities implemented thus far and discusses the successes and challenges of each activity.

B. Goals

SDHC has developed long-term agency goals to maximize MTW flexibility for the purposes of:

- Creating more affordable units in San Diego;
- Enhancing and further streamlining the Housing Choice Voucher (Section 8) and public housing programs; and
- Providing new housing solutions for San Diego's homeless.

SDHC continues to find ways to do more with less through initiatives to help the agency operate more efficiently, while providing housing assistance for those who need it most. In these difficult economic times, SDHC sees an even greater need to help families become more self-sufficient.

As proposed in the Fiscal Year 2012 MTW Annual Plan, the agency will implement Path to Success, an initiative designed to:

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

The following is a summary of the Fiscal Year 2012 MTW initiatives:

1. *Path to Success.* SDHC received authority to develop and implement a comprehensive change to rental assistance in a model governed by the three statutory objectives of the MTW demonstration program. Path to Success modifies the method used to determine the rent portion paid by families who have been identified as able to work. It will increase the average rental portion of Work-Able families. At the same time, SDHC will guide Work-Able families in becoming more financially self-sufficient through enrollment at the SDHC Achievement Academy computer learning center with an emphasis on job skills and financial education. Path to Success will allow SDHC to serve more low-income families. The program will be implemented beginning July 1, 2013.

2. *Biennial Reexamination Schedule.* Families in the Work-Able group will have their income and household composition reviewed every two years instead of annually. Work-Able families may request an interim reexamination for a decrease of income under the current interim policy. The requirements for changes in household composition will remain the same. The activity was implemented effective July 1, 2012. Please see Section V of the Report for a full description of the status of the activity. The Fiscal Year 2013 Annual Report will contain a full analysis of the activity.

3. *Modify the Full-Time Student Definition.* The full-time student definition will be modified to include only students ages 18 to 23 who are not the head of household, spouse, or co-head. Household members meeting the revised full-time student definition will receive a 100 percent employment income exclusion. Upon proof of graduation, all students will be eligible for a monetary award and public acknowledgment of their accomplishment. The activity was implemented effective December 1, 2011. Please see Section VI of the Report for a full analysis of the activity.

4. *Project-Based Subsidy Program for the Homeless.* SDHC proposes to provide 100 rental subsidies to house homeless San Diegans in the first year, with additional housing subsidies provided each year for a total of 500 housing units after five years. The rental subsidy will be flat and based on the number of authorized housing units in the development. All program administration will be performed by the development owner with monitoring and auditing by SDHC. Implementation of the activity has been delayed due to focusing on other homeless MTW activities. Please see Section V of the Report for a full description of the status of the activity.

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): SDHC anticipated adding 112 public housing units in Fiscal Year 2012. The units are currently pending HUD adoption into the public housing program, thus were not added during Fiscal Year 2012.

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%: **13,898** 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%: **766** with the following changes over 10 percent: The non-MTW vouchers include Project-Based NED, Tenant-Based NED, VASH, FUP, and PBV with contracts yet to have converted to MTW. All PBV contract renewals will include provisions for MTW with the remaining 31 units expected to fully convert effective July 1, 2012 and December 1, 2012 respectively. An additional 75 HUD-VASH vouchers were awarded to SDHC in Fiscal Year 2012. Per the direction of PIH 2011-32, SDHC identified 200 NED awarded under a NOFA in calendar year 2000 and will be administering the vouchers as MTW and according to NED requirements. Please note: The 100 Project-Based NED will be converted to 100 Tenant-Based NED during Fiscal Year 2013.

Authorized Non-MTW Vouchers	
Program	**Number of Units**
Tenant-Based NED	100
Project-Based NED	100
VASH	435
FUP	100
Non-MTW PBV	31
Total:	**766**

7. Number of HCV units project-based during the Plan year, including a description of each separate project: A total of **3** units were project-based during Fiscal Year 2012. These units are in addition to the **39** units project-based prior to MTW designation, the **85** units project-based during Fiscal Year 2010, and the **88** units project-based during Fiscal Year 2011. 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
Leah Residence	7/1/2005	24	9	9	3	Low-Income
Total		**24**	**9**	**9**	**3**	

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

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

*Owned but not managed by SDHC

B. Leasing Information-Actual

1. Total number of MTW public housing units leased in Plan year: **75**

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: **13,656**

4. Total number of non-MTW HCV units leased in Plan year: **611**

Leased Non-MTW Vouchers	
Program	**Number of Units**
Tenant-Based NED	100
Project-Based NED	80
VASH	310
FUP	91
Non-MTW PBV	30
Total:	**611**

5. Description of any issues related to leasing of public housing or HCVs: In the Fiscal Year 2011 MTW Annual Report, SDHC provided an explanation concerning the low utilization rate of HUD-VASH vouchers during Fiscal Year 2011. The low rate resulted from the Veteran's Administration (VA) solely targeting chronically homeless veterans as the primary population receiving VASH voucher referrals. Referrals from the VA to SDHC temporarily decreased as a result of the shift in outreach processes, yet steadily increased as outreach processes were fine-tuned. In order to increase voucher utilization rates during Fiscal Year 2011, SDHC committed to scheduling eligibility appointments within ten working days of receiving a referral as well as conducting briefings within ten working days of eligibility determination. Additionally, there was an atypically high turnover rate with the VASH vouchers due to participants skipping from units. The turnover rate contributed to the low voucher utilization rates since program terminations perpetuated an increased need for applicants. Continuously replacing participants inhibited the ability to utilize voucher allocations at or near 100%. The expedited eligibility determinations and briefing sessions alleviated this issue as well. Recent trends occurring during Fiscal Year 2011 indicated an acceptable increase in VASH voucher utilization rates. During Fiscal Year 2012, SDHC continued to experience a steady increase in the VASH voucher utilization rates and completed the fiscal year with a utilization rate near 100 percent. SDHC anticipates fully leasing the allocation of VASH vouchers during Fiscal Year 2013 since there are a sufficient number of applicants currently "in process" to ensure full 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):

Development Name	PBV Start Date	Total No. of Units in Development	Total No. Project Based Units Authorized in Development	Total No. Project Based Units Leased Up in Development	Population
Becky's House	2/1/2002	9	2	2	Homeless DV
Take Wing	7/1/2002	33	8	8	Homeless Youth
Hollywood Palms	12/23/2002	94	23	22	Low-Income
Leah Residence	7/1/2005	24	9	9	Homeless
Townspeople	9/1/2009	24	9	7	Homeless
Stepping Stone	1/1/2010	8	6	6	Homeless
Potiker	2/1/2010	200	36	30	Low-Income
Alabama Manor	4/28/2010	67	15	15	Low-Income
Meade (SDHC-Owned)	4/28/2010	30	29	11	Low-Income
Santa Margarita (SDHC-Owned)	5/1/2010	32	32	17	Low-Income
Courtyard (SDHC-Owned)	10/15/2010	37	7	7	Low-Income
Hotel Sandford (SDHC-Owned)	11/1/2010	130	39	32	Low-Income
Connections Housing	Committed	223	89	0	Homeless
Total		**911**	**304**	**166**	

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 2012 Total	**FY 2012 Total**
Composition		
Single	3,496	2,352
Family	15,992	9,768
Disabled	11,223	6,924
Elderly	3,645	1,693
Total Households	34,356	20,737
Race		
White	21,632	12,937
Native Hawaiian	664	408
American Indian	589	382
Asian	3,132	1,537
Black	8,308	5,463
Other	31	10
Total Households	34,356	20,737
Ethnicity		
Hispanic	13,264	7,952
Non-Hispanic	21,060	12,774
Other	32	11
Total Households	34,356	20,737
Income		
<30% AMI	28,571	17,234
30%-50% AMI	4,704	2,809
50%-80% AMI	938	609
>80% AMI	133	85
Total Households	34,346	20,737

*As of 7/2/2012

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.

   The HCV and public housing wait lists were purged at the end of Fiscal Year 2011. As of the close of June 30, 2012 the HCV wait list remained open and has a current total of 34,346 families. The public housing wait list remained closed and has a total of 20,737 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:

SDHC engages in a variety of non-MTW related activities. Here is some information on recent affordable housing development activities, the innovative finance plan driving the creation of affordable housing in San Diego, and homeless outreach activities.

CREATING AFFORDABLE HOUSING

In 2007, working with the U.S. Department of Housing and Urban Development (HUD), SDHC received approval to withdraw most of its units from the Public Housing Program and assume ownership of 1,366 units at 137 sites.

The agreement protected former public housing residents by providing them with Section 8 Housing Choice Vouchers. This has allowed them more options of mobility and choice. They can either rent affordable housing from SDHC or find alternative housing in the private sector.

SDHC Property Investments - 10 Total
Completed
Arbor Village Apartments - *January 19, 2011*
Courtyard Apartments - *September 9, 2010*
Mariners Village Apartments - *October 27, 2010*
Riverwalk Apartments - *July 28, 2011*
Terramar Apartments - *April 2, 2012*
Vista Grande Apartments - *September 29, 2011*
Under Construction/Rehab
Estrella Del Mercado Apartments - *To be completed September 2012*
Hotel Churchill - *Use Being Evaluated*
Hotel Sandford - *To be completed September 2012*
Mission Apartments - *To be completed October 2012*

With unanimous approval in 2009 by the San Diego City Council and the SDHC Board of Commissioners and support from Mayor Jerry Sanders, SDHC raised $95 million in equity from its portfolio of former public housing properties and executed an entrepreneurial investment strategy. This created more than 800 additional affordable housing units, a portion of which will generate adequate income for debt service and maintain the organization's financial stability.

SDHC has invested in six public-private partnerships in which the agency purchased the land and provided a loan and ground lease to the developer. After the 15-year tax credit compliance period, SDHC will have the option to purchase the leasehold improvements on any of the six public-private partnership properties.

In addition, SDHC has also purchased four properties that are wholly owned by SDHC. In total, SDHC has created an additional 832 affordable housing units to date—all required to remain affordable for at least 55 years.

All ten acquisitions are new construction, foreclosures, or rehabilitation of existing properties. Five of the properties are near trolley or bus lines.

SDHC has exceeded the conditions of the agreement with HUD, which required the production of "at least 350 units of both low-income and workforce affordable housing" for "families with incomes not exceeding 80 percent of the median income at initial occupancy."

This remains consistent with the agency's 1979 mandate to provide "housing opportunities for low- and moderate-income persons and families in the City of San Diego."

At the close of Fiscal Year 2012, SDHC had approximately $9.3 million of funds remaining from leveraging equity from its properties. SDHC will continue to invest in acquisitions that will further provide affordable housing opportunities for residents of San Diego.

COMPLETED PROJECTS

Arbor Village Apartments
SDHC partnered with nonprofit LINC Housing Corporation to acquire and renovate Arbor Village, a 112-unit complex in Lincoln Park. SDHC invested nearly $7.9 million to acquire the land and provide a loan for the $24 million development. Renovations include a new community building with a computer lab, laundry facilities, and children's play area. Rents are affordable for individuals and families with combined annual incomes ranging from 30 to 60 percent of the Area Median Income (AMI). These units will remain affordable for 55 years, and SDHC will have the option to buy the property after a 15-year tax credit compliance period.

Courtyard Apartments
Near Transit Lines
SDHC acquired the newly-constructed, 37-unit Courtyard Apartments in City Heights for $7.7 million after the condominiums had fallen into foreclosure. Courtyard Apartments contains retail space on the ground floor and is near a bus transit line. Financing on Courtyard takes advantage of the federal Build America Bonds program, which provides an annual 35 percent interest rate rebate for the full term of the loan. Individuals and families with combined annual incomes no greater than 80 percent of AMI are eligible to live at Courtyard. These units will remain affordable for 55 years.

Mariners Village Apartments
Purchased directly by SDHC for $31.3 million, Mariners Village Apartments is a 172-unit complex on a 9.46-acre site in the Skyline/Paradise Hills community. Apartments at Mariners Village vary from one bedroom to three bedrooms and are available for individuals and families with combined annual incomes no greater than 80 percent of AMI. Financing on Mariners Village takes advantage of the federal Build America Bonds program. These units will remain affordable for 55 years.

Riverwalk Apartments
SDHC partnered with Affirmed Housing Group to build Riverwalk, a 50-unit energy efficient affordable apartment complex in the Otay Mesa/Nestor community. The development also restored a portion of Nestor Creek to its natural state. SDHC invested $4.47 million to acquire the land and provide a loan for the $14.1 million development. Completed in summer 2011, households with combined annual incomes ranging from 30 to 60 percent of AMI are eligible to rent at Riverwalk. These units will remain affordable for 55 years. SDHC has the option to buy the property after a 15-year tax credit compliance period.

Park Terramar
SDHC partnered with Chelsea Investment Corporation to build Terramar, a 21-unit energy-efficient affordable complex located in the Torrey Highlands neighborhood. Adjacent to Westview High School, the development includes a tot lot and a recreation area with barbecues and shaded picnic tables. SDHC acquired the land for $100 from Pardee Homes and provided a $2 million loan toward the $7.6 million development. The apartments will be affordable for very low-income families with an annual income no greater than 60 percent of AMI. These units will remain affordable for 55 years. SDHC will have the option to buy the property after a 15-year tax credit compliance period.

Vista Grande Apartments
SDHC partnered with Wakeland Housing & Development Corporation and the Southeastern Economic Development Corporation to acquire and renovate Vista Grande, a 49-unit apartment complex on 3.1 acres in Encanto. SDHC invested $3.8 million to acquire the land and provide a loan for the $15.1 million development. Renovations include a 1,740 square foot community center, the centerpiece of the affordable housing site. The apartments are rented to families whose combined annual incomes range from 30 to 50 percent of AMI. These units will remain affordable for 55 years. SDHC will have the option to buy the property after a 15-year tax credit compliance period.

UNDER CONSTRUCTION/REHAB

Estrella del Mercado Apartments
Near Transit Lines
SDHC partnered with the City of San Diego Redevelopment Agency and Chelsea Investment Corporation to build the 92-unit Estrella del Mercado Apartments in Barrio Logan. SDHC invested $7 million to acquire the land and provide a loan to the $43 million apartment development. The apartments are part of a 6.8 acre, 311,000 square foot, transit-oriented, mixed-use development that will include the community's first major grocery store. The apartments will be affordable for extremely low- and very low-income households whose combined annual incomes range from 30 to 60 percent of AMI. These units will remain affordable for 99 years, and SDHC will have the option to buy the property after a 15-year tax credit compliance period.

Hotel Churchill
Near Transit Lines
SDHC acquired the historic Hotel Churchill through a judicial foreclosure proceeding in August of 2011. It is a seven-story 92-unit single room occupancy hotel located in downtown San Diego at 827 C Street. Rehabilitation of the Hotel Churchill will add additional affordable housing inventory to downtown San Diego. SDHC is currently evaluating the best use for Hotel Churchill.

Hotel Sandford
Near Transit Lines
SDHC purchased and is renovating the historic 130-room Hotel Sandford, located in downtown San Diego, to preserve affordable housing for low-income seniors. It is near a trolley line. SDHC is equally sharing in the $12.1 million cost (purchase price and rehabilitation) with the Centre City Development Corporation. Of the 130 units, 77 will be rented to seniors whose incomes do not exceed 60 percent of AMI. The remaining units will be rented to seniors with annual incomes no greater than 50 percent of AMI. Financing on the Hotel Sandford takes advantage of the federal Build America Bonds program, which provides an annual 35 percent interest rate rebate for the full term of the loan. These units will remain affordable for 99 years.

Mission Apartments
Near Transit Lines
SDHC partnered with the City of San Diego Redevelopment Agency and AMCAL Multi-Housing, Inc., to build Mission Apartments, an 85-unit energy-efficient affordable complex. The property is located in the Midway district adjacent to the Washington Street trolley station. SDHC invested $6 million to acquire the land and provide a loan for the $25.9 million development. The rental units will be affordable for low- and very low-income families with a combined annual income no greater than 60 percent of AMI. These units will remain affordable for 55 years. SDHC will have the option to buy the property after a 15-year tax credit compliance period.

NEIGHBORHOOD STABILIZATION PROGRAM

City Scene Apartments
In addition, under the separate federal Neighborhood Stabilization Program (NSP), SDHC partnered with Affirmed Housing Group to rescue a foreclosed condominium project and convert it to affordable rental housing. Located in North Park, the 31-unit City Scene Apartments was built over an already-constructed 60-space parking structure. The development includes a community room, computer lab, and on-site laundry facilities. SDHC provided a $5.1 million loan, including $3.6 million in NSP funds aimed at preserving neighborhoods with a high concentration of distressed properties, to finance construction for the $10.7 million development. The rental units will be affordable for very low-income families with a combined annual income no greater than 60 percent AMI. These units will remain affordable for 55 years.

SDHC also provided loans and bond financing to four developments.

Sorrento Tower
In April 2011, $13.6 million in multifamily housing revenue bonds were issued for the acquisition and rehabilitation of Sorrento Tower, a 198-unit senior development. The bonds preserve the affordability of this development for an additional 55 years and provided $6 million for needed renovations.

Hotel Churchill
SDHC acquired the historic Hotel Churchill in August 2011 through a court settlement with its owner. SDHC is reviewing alternatives for the now-vacant, seven-story building, previously a 94-unit Single Room Occupancy hotel. Rehabilitation of Hotel Churchill will add affordable housing inventory to downtown San Diego.

15th & Commercial
SDHC loaned $3.5 million in inclusionary funds to Father Joe's Villages to build a 12-story facility to provide housing for extremely low-income and very low-income residents.

The 140-unit facility includes 64 permanent apartment units and 75 transitional housing units designated for those who are homeless or at-risk of becoming homeless, with supportive programs to prepare them for independent living. The 15th & Commercial building also includes a child care facility.

More than 13 funding sources contributed to the $58 million development.

Connections Housing Downtown
SDHC received approval on March 1, 2011 from the Housing Authority of the City of San Diego to provide Connections Housing Downtown with a $2 million loan to support the $34.5 million rehabilitation and development of a one-stop homeless service center with an on-site community health clinic. The facility will accommodate 223 housing units in an historic 12-story building, located in downtown San Diego at 1250 Sixth Avenue.

The top ten floors will be used for residential housing:

- 134 year-round interim beds for homeless men and women
- Sixteen transitional project-based units will be designated for chronically homeless individuals
- Seventy-three permanent project-based studio units of permanent supportive rental housing will be available for very low-income residents
- Two units will be used for on-site managers

SDHC will be providing a total of 89 project-based federal housing vouchers (approximately $908,000 annually) to support the facility's housing program for formerly homeless residents.

A major component of Connections Housing Downtown is a full-service community health clinic that will be located on the ground floor. It will be operated by Family Health Centers of San Diego. In addition, the facility will include a one-stop homeless service center featuring an array of services called PATH Depot. It will include dining facilities, job counseling, case management, mental health screenings, and drug and alcohol counseling—all under one roof.

January 26, 2012 was the construction kick-off. Connections Housing Downtown is expected to be completed by the end of December 2012.

Connections Housing Downtown is a collaborative effort involving the following partners:

- Co-developer: Affirmed Housing Group
- Co-developer and Non-profit Facility Manager: People Assisting the Homeless (PATH) Ventures
- Health Provider: Family Health Centers of San Diego
- Loan: Centre City Development Corporation

- Construction Loan & Project-Based Federal Housing Vouchers: San Diego Housing Commission

ADDRESSING HOMELESSNESS

Homelessness is an issue that SDHC cares deeply about. More than 9,000 people are homeless in the County of San Diego, according to the 2011 Regional Homeless Task Force census count. SDHC plays a significant role in supporting local efforts that address homelessness.

SDHC contributed nearly $13 million in 2011 toward reducing homelessness and its impact on the community.

Specifically, these programs assist non-profit agencies that provide housing and services for veterans, families and individuals facing homelessness and who are dealing with disabilities, health challenges, domestic violence, and economic instability.

In addition, as a Moving to Work agency, SDHC was one of the first in the nation to use sponsor-based federal housing vouchers to provide housing and supportive services for homeless individuals. Implemented as a pilot program, this unique approach combines supportive services with long-term housing — leading to greater success in stabilizing the lives of homeless San Diegans.

Project Homeless Connect
SDHC is the lead organizer for Project Homeless Connect, an annual one-day resource fair that provides health and dental screenings, drug and mental health referrals, legal aid, food, clothing, and more for homeless San Diegans. The 6th annual fair was held January 11, 2012 and assisted 941individuals.

The event highlighted how much San Diego's homeless families and individuals need these services. On the morning of the event, the line began forming at 6:00 a.m. and hundreds were already waiting when the doors opened at 10:00 a.m.

Project Homeless Connect unites caregivers and other service providers from all over San Diego. Student nurses from the University of San Diego and Point Loma Nazarene University gave flu shots and took blood pressures. Family Health Centers of San Diego conducted comprehensive medical evaluations, including HIV screenings. St. Vincent de Paul Village brought meals, and hair stylists provided 300 haircuts.

Veterans Village of San Diego
SDHC is an investment partner with Veterans Village of San Diego (VVSD), the region's largest provider of housing and social services for homeless veterans.

SDHC has invested a total of $8.7 million to help Veterans Village create 320 transitional beds.

A new 24-bed transitional facility for veterans of the Iraq and Afghanistan wars is being developed.

The new 12,772 square foot facility will include community space that can accommodate three classrooms, meeting space, and case management offices.

The facility will be completed in 2012.

City's Emergency Winter Shelter for Adults
For the third year, SDHC administered the City of San Diego's two Emergency Winter Shelter Programs for homeless adults and veterans.

The downtown shelter was located in a vacant warehouse building and provided 220 beds a night for men and women. The Alpha Project operated the facility and worked with numerous social service agencies to provide health care, legal assistance, and job referrals.

During its four months of operations (December 1, 2011 – April 2, 2012), 730 homeless men and women were provided with shelter and services.

The second shelter (December 7, 2011 – April 5, 2012) provided shelter to hundreds of homeless military veterans. The veterans' shelter operated near Veterans Village of San Diego in the Midway district.

Partnerships with non-profit agencies also provided health care, legal assistance, and job referrals.

Neil Good Day Center

Being homeless means not having a street address to receive mail, take a shower, or just seek refuge from the streets. At the Neil Good Day Center, homeless individuals are provided with laundry facilities, showers, mail, case management, and referral services.

The Neil Good Day Center served more than 3,000 individuals in 2011.

SDHC administers the contract for the City of San Diego and the day-to-day operations are managed by Alpha Project.

Community Development Block Grants (CDBG) funds sustain the Neil Good Day Center. However, in May 2011, SDHC committed $500,000 to keep the Neil Good Day Center in operation through June 30, 2012 until the next allocation of CDBG funds by the San Diego City Council.

SECTION IV: LONG-TERM PLAN (OPTIONAL)

SDHC has developed long-term agency goals to maximize MTW flexibility for the purposes of:

- Creating more affordable units in the City of San Diego;
- Enhancing and further streamlining the Housing Choice Voucher and public housing programs; and
- Providing new housing solutions for San Diego's homeless.

SDHC continues to find ways to do more with less by creating initiatives to help the agency operate more efficiently, while providing housing assistance for those who need it most. In these difficult economic times, SDHC sees an even greater need to help families become more self-sufficient.

As proposed in the Fiscal Year 2012 MTW Annual Plan, SDHC will implement Path to Success, a major rent reform initiative designed to:

- Help families increase their income and complete their 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.

Path to Success is scheduled for implementation in Fiscal Year 2014.

The Fiscal Year 2013 MTW Annual Plan contains initiatives to further efforts towards addressing homelessness. One such initiative assists the underserved homeless veteran population with a new transitional housing program in partnership with the Veterans Village of San Diego.

Moving to Work allows SDHC to design and restructure programs to target local needs and create the activities serving as the stepping stones towards reaching our long-term goals. Through these efforts, we improve the lives of San Diego's low-income families.

SECTION V: PROPOSED MTW ACTIVITIES: HUD APPROVAL REQUESTED

Since reinstatement as an MTW agency, SDHC has proposed and received approval of 23 MTW initiatives. At the conclusion of Fiscal Year 2012, three initiatives were not yet implemented. The initiatives include *Path to Success*, *Biennial Reexamination Schedule*, and the *Project-Based Subsidy Program for the Homeless*.

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 Triennial population is not subject to the tiered rent structure and progressive minimum rents, 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.

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. 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. SDHC is currently developing and organizing an interactive event, the Achievement Academy Open House, to further educate participants about Path to Success as well as showcase the array of supportive services offered by SDHC.

Biennial Reexamination Schedule

As a compliment to the Path to Success model, SDHC received authorization to implement a biennial reexamination schedule for the Work-Able population which coincides with the two years comprising each stage of the progressive minimum rent schedule as contained in the Path to Success initiative. The initiative benefits households since increases in income will not be captured until the second year of the cycle; families will have additional time to build savings accounts, increase skill levels to become more marketable, complete secondary education or job training programs, or obtain employment. Note: Families not identified as Work-Able are placed onto the triennial reexamination schedule and are not subject to the tiered rents and progressive minimum rents contained in the Path to Success model.

The Biennial Reexamination Schedule will be implemented July 1, 2012 with the July 2012 reexaminations. Implementation of the initiative required SDHC to separate the entire rental assistance population into either Work-Able or Elderly/Disabled. The Work-Able population contains all families where at least one adult is neither 55 years or older, disabled, or a verified full-time student ages 18 to 23 (excluding the head, spouse, or co-head). The population division was completed in February 2012 to coincide with the

July 2012 reexamination schedule. SDHC will begin measuring metrics and outcomes at the onset of Fiscal Year 2013 and provide detailed analysis of the activity within the Fiscal Year 2013 MTW Annual Report.

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 Voucher 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 voucher allotment from 100 to 1,000 vouchers 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.

SECTION VI: ONGOING MTW ACTIVITIES: HUD APPROVAL PREVIOUSLY GRANTED

APPROVED MTW ACTIVITIES				
#	Initiative Description	Statutory Objective	Plan Year	Implementation Date
1	Path to Success	Reduce costs and achieve greater cost effectiveness; encourage self-sufficiency	2012	To be implemented July 1, 2013
2	Biennial Reexamination Schedule	Reduce costs and achieve greater cost effectiveness	2012	To be implemented July 1, 2012
3	Modify Full-Time Student Definition	Reduce costs and achieve greater cost effectiveness; encourage self-sufficiency	2012	Implemented December 1, 2011
4	Project-Based Subsidy Program for the Homeless	Increase housing choices; reduce costs and achieve greater cost effectiveness	2012	Implementation date to be determined
5	Allow lower rents for non-assisted units in SDHC-owned developments	Increase housing choices	2011	Implemented October 1, 2010
6	Authorize commitment of PBV to SDHC-owned units	Increase housing choices; reduce costs and achieve greater cost effectiveness	2011	Implemented October 1, 2010
7	Two year occupancy term for PBV tenants	Reduce costs and achieve greater cost effectiveness	2011	Implemented October 1, 2010
8	Acquisition of additional affordable units	Increase housing choices	2011	Implemented July 1, 2010
9	Disregard retirement accounts	Reduce costs and achieve greater cost effectiveness	2011	Implemented August 1, 2010
10	Modify EIV income review schedule	Reduce costs and achieve greater cost effectiveness	2011	Implemented August 1, 2010
11	Development of public housing units using a combination of funds	Increase housing choices	2011	Implemented July 1, 2010
12	Sponsor-based vouchers for the homeless	Increase housing choices; reduce costs and achieve greater cost effectiveness	2011	Implemented July 1, 2011
13	Enhance family self-sufficiency program	Increase housing choices; encourage self-sufficiency	2011	Implemented October 1, 2010
14	Implement a revised inspection protocol	Reduce costs and achieve greater cost effectiveness	2010	Implemented October 1, 2009 & June 1, 2010
15	Authorize the SDHC to inspect and determine rent reasonableness for SDHC owned properties	Reduce costs and achieve greater cost effectiveness	2010	Implemented July 13, 2009
16	Implement triennial income certifications for elderly and disabled clients	Reduce costs and achieve greater cost effectiveness	2010	Implemented October 1, 2009
17	Choice Communities Components ▪ Eliminate 40% Affordability Cap ▪ Moving for Opportunity Program ▪ Revolving Security Deposit Loan fund ▪ Increase payment standards in low-poverty areas	Increase housing choices	2010	▪ Implemented January 1, 2010 ▪ Implemented January 1, 2010 ▪ Implemented January 1, 2010 ▪ Implemented June 1, 2010
18	Standardize utility allowances by unit size	Reduce costs and achieve greater cost effectiveness	2010	Implemented April 1, 2010
19	Simplify income and asset verification systems to reduce administrative costs	Reduce costs and achieve greater cost effectiveness	2010	Implemented October 1, 2009
20	Adopt a local interim certification policy	Increase housing choices; encourage self-sufficiency	2010	To be implemented July 1, 2011
21	Establish an HCV homeownership program	Increase housing choices; encourage self-sufficiency	2010	Implemented October 1, 2009
22	Expand the PBV program	Increase housing choices	2010	Implemented September 1, 2009
23	Undertake Public Housing development	Increase housing choices	2010	Closed out in the Fiscal Year 2011 Report

1. 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 will be 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 applies to program participants admitted before implementation of the activity. Thirty-nine program participants received the hardship in the first year of implementation.

Metric	Baseline 2011 No.	YTD No.	Benchmark
Annual No. of Verified Full-Time Students	1,510	1,150	1,610
Annual No. of Verified Full-Time Students Ages 18-23	1,315	1,071	1,415
Annual No. of Verified Full-Time Students Ages 24 and Over	195	79	0
Annual No. of Hours to Verify the Full-Time Student Status of Participants Ages 18-23	329	268	400
Annual No. of Hours to Verify the Full-Time Student Status of Participants Ages 24 and Over	49	20	0
Annual No. of Graduation Awards Distributed	0	0	25
Annual Amount of Excluded Income of All Verified Full-Time Students	$4,427,627	$3,538,827	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.

Due to the Triennial and Biennial reexamination cycles interrupting the frequency of full reexamination of household composition, SDHC anticipates a small number of participants over the age of 23 will maintain the full-time student designation. SDHC will capture 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.

SDHC anticipates increasing the number of verified full-time students with the implementation of the Graduation Incentive Program as well as with the onset of the Path to Success rent reform initiative. The monetary reward offered under the incentive program for graduating with a degree/certificate from an eligible post-secondary education facility may increase the number of verified full-time students. As related to Path to Success: Since verified full-time students ages 18 to 23 (who are not the head, spouse, or co-head) are not considered a Work-Able adult, households may strongly encourage adult participants to enroll as full-time students since the number of Work-Able adults in the household impacts minimum rent amounts and the ability to qualify as a Triennial household.

Revision of Benchmarks and Metrics: No revisions were made to benchmarks and metrics.

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

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

Description of Authorization or Regulation Waived: MTW Agreement Attachment C, Section C (11) containing waivers of 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.

2. 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) have ceased. The Hotel Sandford continues to undergo rehabilitation on the exterior of the building and in the common areas.

Metric	Baseline 2010	YTD	Benchmark
Annual No. of SDHC-owned non-assisted units with rents below assisted unit rents	0	81	76
Annual No. of developments participating in initiative	0	1	1

Discussion of Benchmarks: All benchmarks were achieved during Fiscal Year 2012.

After further consideration, SDHC does not anticipate applying the flexibilities of the initiative to other developments currently owned by SDHC. However, as opportunities to utilize the initiative may arise in the future, SDHC requests to retain the authorizations and flexibilities offered under the initiative. Any future activity related to the initiative will be reported as updates within the MTW Reports corresponding to the fiscal year in which the activity was further extended.

Revisions to Benchmarks or Metrics: No revisions were made to benchmarks and metrics.
Changes to Data Collection Methodology: No changes were made to the data collection methodology.

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

Description of Authorization or Regulation Waived: MTW Agreement Attachment C, Section D(2)(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.

3. 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 2012, SDHC did not commit any 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. In Fiscal Year 2012, SDHC conducted 24 HQS inspections and rent reasonableness determinations in the four SDHC-owned developments. Although the number does not 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
No. of PBV units committed to SDHC-owned units	19	88	69
Annual occupancy rate of SDHC-owned PBV developments	52%	63%	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 seven percent. Although SDHC has committed project-based vouchers to 100 percent of the units within the Santa Margarita and Meade developments, 30 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 lease under the PBV program. As the unassisted units become vacant, SDHC will replace the tenants with PBV recipients. Please note: All tenants currently residing in the SDHC-owned developments are at or below 80 percent AMI 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	11	38%	Low-Income
5/1/2010	Santa Margarita (SDHC-Owned)	32	17	53%	Low-Income
10/15/2010	Courtyard (SDHC-Owned)	7	7	100%	Low-Income
11/1/2010	Hotel Sanford (SDHC-Owned)	39	32	82%	Low-Income
	Total	107	67	63%	

Revision of Benchmarks and Metrics: A metric measuring the financial savings realized as a result of SDHC inspecting the agency-owned PBV units proved insubstantial and not relevant to the intent of the initiative. Focusing on the overall annual savings generated eclipsed other important aspects of the initiative such as increasing the availability of affordable housing in San Diego. As creating affordable housing is the basis for the initiative, SDHC created a more meaningful metric to evaluate the impact of the initiative within the community by measuring the annual occupancy rate within the PBV developments. The data provided via the added metric indicates progress towards sustaining affordable housing in San Diego.

Original baselines, benchmarks, and metrics included the following:

Baselines:

- Number of PBV units committed to SDHC-owned units is 19
- Average cost of inspection and rent reasonableness performed by a contractor is $29
- Average cost of inspection and rent reasonableness performed by SDHC is $23

Benchmarks:

- Number of PBV units committed to SDHC-owned units will be 69 by June 30, 2012
- Annual cost savings for inspections and rent reasonableness performed by SDHC versus a contractor for PBV in SDHC-owned units is at least $438 by June 30, 2012

Metrics:

- Number of PBV units committed to SDHC-owned units
- Annual cost savings for inspections and rent reasonableness performed by SDHC versus a contractor for PBV in SDHC-owned units

Revised baselines, benchmarks, and metrics are as follows:

Baselines:

- Number of PBV units committed to SDHC-owned units is 19
- Annual occupancy rate of SDHC-owned PBV developments is 52%

Benchmarks:

- Number of PBV units committed to SDHC-owned units will be 69 by June 30, 2012
- Annual occupancy rate of SDHC-owned PBV developments will be 60% by June 30, 2013

Metrics:

- Number of PBV units committed to SDHC-owned units
- Annual occupancy rate of SDHC-owned PBV developments

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.

4. 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 waiving the one year occupancy requirement. The anticipated impact of the initiative concerns stabilizing the occupancy of project-based developments by reducing tenancy turnover and the corresponding administrative costs.

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 the following modification:

"No more than 15 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".

SDHC received approval from HUD to adopt the vacancy rate policy as proposed in the initiative. Upon further review of the policy, SDHC determined allowing only 15 percent of tenants within a development to move with a tenant-based voucher within a given year is prohibitive to households seeking to exorcise this option. The percent threshold will be modified from 15 percent to 35 percent at implementation of the policy. Thirty-five percent is relatively consistent with the baseline vacancy rate of 30 percent. SDHC anticipates the policy will still assist with maintaining current tenancy rates and managing vacancy rates more effectively while ensuring households are not adversely affected by the policy. The Fiscal Year 2013 Annual Report will provide a thorough analysis of the success of the new policy as an influx of requests for a tenant-based vouchers is expected to occur.

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 Sr. 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.

By the close of Fiscal Year 2012, one additional project-based development adopted a contract containing the two year requirement: Becky's House executed a contract with the requirement effective February 1, 2012. The remaining non-MTW developments (Hollywood Palms and Take Wing) will be converting to MTW during Fiscal Year 2013.

Metric	Baseline 2010	YTD	Benchmark
Annual percent of families who vacate MTW PBV units before eligible for a voucher	22%	1%	< 5%
Annual percent of MTW PBV families who move with a tenant-based voucher	17%	9%	< 17%
Percent of MTW PBV developments with contracts beginning July 1, 2010 and after with this contractual requirement	0%	100%	100%
Average annual turnover rate for MTW PBV units	30%	11%	< 15%
FTE required to handle turnover of MTW PBV units	.4 FTE	.1 FTE	< .2 FTE

Discussion of Benchmarks: All benchmarks were achieved during Fiscal Year 2012.

Revisions to Benchmarks or Metrics: A metric was added to capture the number of moves due to the hardship policy. Tracking the number of hardships granted provides a more comprehensive overview of the impact of the initiative to MTW PBV tenants.

Modified Baselines, Benchmarks, and Metrics from the Fiscal Year 2011 Report included the following:

Baselines:

- Annual percentage of families who vacate MTW PBV units before eligible for a voucher is 22%
- Annual percentage of MTW PBV families who move with a tenant-based voucher is 17%
- Percent of MTW PBV developments with contracts beginning July 1, 2010 and after including this requirement in the contracts is 0%
- Average annual turnover rate in MTW PBV units is 30%
- FTE required to handle turnover of MTW PBV units is .4 FTE

Benchmarks:

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

Metrics:

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

Revised Baselines, Benchmarks, and Metrics are as follows:

Baselines:

- Annual percentage of families who vacate MTW PBV units before eligible for a voucher is 22%
- Annual percentage of MTW PBV families who move with a tenant-based voucher is 17%
- Percent of MTW PBV developments with contracts beginning July 1, 2010 and after including this requirement in the contracts is 0%

- Average annual turnover rate in MTW PBV units is 30%
- FTE required to handle turnover of MTW PBV units is .4 FTE
- Annual number of families who vacate MTW PBV units before eligible for a voucher, with a voucher, due to hardship policy is 1

Benchmarks:

- Annual percentage of families who vacate MTW PBV units before eligible for a voucher will be less than 5 % by June 30, 2012
- Annual percentage of MTW PBV families who move with a tenant-based voucher will be less than 17% by June 30, 2012
- 100% of MTW PBV developments with contracts beginning July 1, 2010 and after will include this requirement in the contracts by June 30, 2012
- 50% reduction in annual turnover rate in MTW PBV units by June 30, 2012
- FTE required to handle turnover of MTW PBV units will be <.2 FTE by June 30, 2012
- Annual number of families who vacate MTW PBV units before eligible for a voucher, with a voucher, due to hardship policy will be less than 3 by June 30, 2013

Metrics:

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

In the Fiscal Year 2013 MTW Annual Plan, SDHC re-proposed the activity to request the additional component of a limitation on the percentage of families in a project-based development receiving a tenant-based voucher at any one time. Due to the change, SDHC will measure additional metrics during Fiscal Year 2013. The corresponding report will reflect the modified metrics.

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

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

Description of Authorization or Regulation Waived: MTW Agreement Attachment C, Section D(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.

5. 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.

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

Discussion of Benchmarks: SDHC preserved 131 affordable housing units utilizing MTW fungibility, therefore meeting the benchmark related to preservation of affordable units. Over the course of Fiscal Year 2013, SDHC will continue to actively pursue opportunities for acquiring affordable housing developments in order to progress towards meeting the benchmark of creating 200 units through acquisition.

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

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

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

Description of Authorization or Regulation Waived: MTW Agreement Attachment D, Broader Uses of Funds.

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

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 no longer require verification.

Metric	Baseline 2010	YTD	Benchmark
Annual FTE required to verify retirement accounts	0.14	0	0

Discussion of Benchmarks: All benchmarks were achieved during Fiscal Year 2012.

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

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

Changes to Authorization Used: SDHC is removing the following waivers identified in the Fiscal Year 2012 Annual Plan for the activity:

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

The correct waivers required for the activity are listed below in the descriptions section.

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	43	< 1,025
Annual cost savings in dollars using the modifed EIV review schedule	$0	$25,793	> $21,207

Discussion of Benchmarks: All benchmarks were achieved during Fiscal Year 2012.

Revision of Benchmarks and Metrics: No revisions were made to benchmarks and metrics.

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

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

Description of Authorization or Regulation Waived: MTW Agreement Attachment C, Section C(4) containing waivers of Section 3(a)(1) and 3(A)(2) of the 1937 Act and 24 CFR 966.4 and 960.257. MTW Agreement Attachment C, Section D(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. 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 indicated in the Ongoing MTW Activities matrix for activity number 23, 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.

MTW, ARRA, and RHF funds were used in the acquisition and rehabilitation of the Vista Verde public housing development in Fiscal Year 2011. The flexibilities of the initiative were not utilized during Fiscal Year 2012, however, SDHC is expecting to convert 112 units from the State-Aided Rental Construction program to the public housing program during Fiscal Year 2013. SDHC anticipates utilizing the flexibilities of this initiative to assist in the conversion and rehabilitation process in mid to late Fiscal Year 2013.

Metric	Baseline 2009	YTD	Benchmark
Total No. of public housing units owned by SDHC	36	75	105

Discussion of Benchmarks: Although the benchmark of creating an additional 30 public housing units was not achieved during Fiscal Year 2012, converting the 112 State-Aided Rental Housing Construction to the public housing program during Fiscal Year 2013 will enable SDHC to supersede the benchmark by 82 units. Reaching the benchmark is contingent upon HUD approval of the transition to public housing. Progress towards achieving the benchmark will be reported in the Fiscal Year 2013 MTW Annual Report.

Revision of Benchmarks and Metrics: No revisions were made to benchmarks and metrics.

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

Changes to Authorization Used: Upon review of the waivers used to conduct the activity, SDHC ascertained the waivers cited in the Fiscal Year 2011 Plan were incorrect. The intent of the current initiative was to build on a previous initiative from the Fiscal Year 2010 Plan requesting the ability to develop and/or acquire public housing units utilizing single fund flexibility as well as acquire public housing sites without prior HUD approval. The objective was to carry forward the flexibilities granted in Fiscal Year 2010 and request to use Broader Uses of Funds Authority as an additional waiver for the public housing development/acquisition initiative of 2011. Thus the Fiscal Year 2011 initiative would replace the 2010 initiative while providing increased flexibility. Instead, SDHC inadvertently transferred incorrect waivers into the final 2011 Plan narrative. Due to the error, the following waivers have been removed: MTW Agreement Attachment C, Section C(4) containing waivers of Section 3(a)(1) and 3(a)(2) of the 1937 Act and 24 CFR 966.4 and 960.257. MTW Agreement Attachment C, Section D(1)(c) containing waivers of Section 8(o)(5) of the 1937 Act and 24 CFR 982.516. The Broader Uses of Funder waiver contained in the MTW Agreement Attachment D has also been removed since the authority is not required for Section 9 activities. The correct waivers are referenced in the ensuing paragraph.

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

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.

9. SPONSOR-BASED VOUCHERS FOR THE HOMELESS

Impact of the Activity: The objective of the Sponsor-Based Voucher Program for the Homeless is to work in partnership with non-profit sponsors to combine comprehensive supportive services with permanent housing using MTW flexibility. In the initiative approved in Fiscal Year 2011, SDHC committed to providing up to 100 zero-bedroom vouchers to house homeless persons while sponsor organizations provide the necessary supportive services. The program targets the homeless of San Diego who lack an adequate nighttime residence, live on the street, cannot afford market-rate housing, and have disabilities and/or substance abuse issues.

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 vouchers 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. 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 vouchers with mental health and substance abuse case management services for homeless individuals.

A third RFP was issued for the remaining 25 vouchers and is set to be awarded to a fourth sponsor in early Fiscal Year 2013. These vouchers will be designed to subsidize units at a building owned by SDHC which will be ground leased and operated by a sponsor incorporating the participants into their scope of services on-site. Program development is not yet complete as the sponsoring agency has not finalized their lease with SDHC. Occupancy and sponsor-based participation is still being determined.

Additional Request for Proposals will be issued in early Fiscal Year 2013 in an effort to expand the program and target specific populations of homeless individuals.

Formal implementation of this Sponsor-Based Voucher Program for the Homeless began in the first quarter of Fiscal Year 2012.

The first phase of implementation involved the creation of contracts and program plans for each partnering agency to ensure the respective sponsor-based voucher programs 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. Supportive services commenced during the outreach process and continue for the duration of program participation.

In addition to the provision of sponsor-based vouchers from SDHC and supportive services from the partnering agencies, internal 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.

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) mirroring the Housing Choice Voucher program rent calculation. 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	0		58		100
Annual percentage of participants who remained housed after 3 months		0%		91%	80%
Annual percentage of participants who remained housed after 6 months		0%		72%	70%
Annual percentage of participants who remained housed after 9 months		0%		52%	60%
Annual percentage of participants who remained housed after 12 months		0%		0%	50%
Average length of program participation	0 Months		8 Months		12 Months

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 2011 MTW Annual Plan. Below is a summary of the dates and the corresponding metrics:

- The proposed benchmark of 100 program participants within the program has a reach date of June 30, 2013. SDHC will continue soliciting additional sponsors via a competitive process during Fiscal Year 2013 and anticipates reaching the benchmark by the aforementioned date, although benchmarks and metrics are scheduled for adjustment due to the increased allocation of vouchers.
- 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 was noted as June 30, 2012.
- 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, 2013.

Although benchmarks were either achieved or 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: Baselines, benchmarks, and metrics will be revised during Fiscal Year 2013 according to the changes approved by HUD in the re-proposed activity. SDHC will provide a full analysis on the revised metrics in the Fiscal Year 2013 MTW Annual Report.

Revised Baselines, Benchmarks, and Metrics pending implementation in Fiscal Year 2013 are as follows:

Baselines:
- Annual number of program participants is 39
- Annual percentage of participants who remained housed after 3 months is 74%
- Annual percentage of participants who remained housed after 6 months is 0%
- Annual percentage of participants who remained housed after 9 months is 0%
- Annual percentage of participants who remained housed after 12 months is 0%
- Annual number of participants remaining housed after 12 months is 0
- Average length of program participation is 3 months
- Annual number of families receiving an MTW housing choice voucher and leaving the SBV program is 0

Benchmarks:
- Annual number of program participants will be 1,000 by June 30, 2018
- Annual percentage of participants who remained housed after 3 months will be 80% by June 30, 2018
- Annual percentage of participants who remained housed after 6 months will be 70% by June 30, 2018
- Annual percentage of participants who remained housed after 9 months will be 60% by June 30, 2018
- Annual percentage of participants who remained housed after 12 months will be 50% by June 30, 2018
- Annual number of participants remaining housed after 12 months will be 500 by June 30, 2018
- Average length of program participation will be 12 months by June 30, 2018

Metrics:
- Annual number of program participants
- Annual percentage of participants who remained housed after 3 months
- Annual percentage of participants who remained housed after 6 months
- Annual percentage of participants who remained housed after 9 months
- Annual percentage of participants who remained housed after 12 months
- Annual number of participants remaining housed after 12 months
- Average length of program participation
- Annual number of families receiving an MTW housing choice voucher and leaving the SBV program

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

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

Description of Authorization or Regulation Waived: MTW Agreement Attachment C, Section D(1)(c) containing waivers of Section 8(o)(5) of the 1937 Act and 24 CFR 982.516. MTW Agreement Attachment D, Broader Uses of Funds.

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.

10. 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.

As in Fiscal Year 2011 when the activity was initially implemented, SDHC conducted aggressive outreach to households appearing eligible for FSS participation under the terms of the initiative. The resulting outreach efforts in Fiscal Year 2012 yielded 7,636 invitations sent to the households encouraging the family member to attend an FSS orientation or seek out additional information concerning the program. Although a substantial number of selected households received the correspondence, the response was again minimal.

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		7,636		1,440
No. of adult non-head of households who attended an FSS orientation	0		17		50
No. of adult non-head of households who enroll in FSS	0		2		10
Percent of adult non-head of households enrolled in FSS		0%		0.78%	2%
No. of adult non-head of households who enrolled in a training or education program	0		0		8
No. of adult non-head of households who obtained employment	0		1		2
No. of families with a COP executed by an adult non-head of household who earned an income increase	0		0		2

Discussion of Benchmarks: Although SDHC conducted significant outreach to adult non-head of households during Fiscal Year 2012, benchmarks were not achieved for all metrics. Progress was made towards adult non-head of households attending an FSS orientation with a result of one more individual enrolling in the program, for a total of two since implementation of the activity. One non-head of household participant also obtained employment as a result of FSS participation, thus progressing towards achieving the benchmark by June 1, 2013.

A plausible reason for not achieving the benchmarks includes an outreach hiatus imposed in mid Fiscal Year 2012. Due to organizational adjustments occurring in the Achievement Academy in relation to the FSS Reinvention initiative and streamlining business processes, internal energies temporarily focused on finalizing elements of the changes. Additional outreach efforts ensued shortly after the close of the fiscal year.

Revision of Benchmarks and Metrics: No revisions were made to benchmarks and metrics.
Changes to Data Collection Methodology: No changes were made to the data collection methodology.

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

Description of Authorization or Regulation Waived: MTW Agreement Attachment C, Section 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.

11. 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.

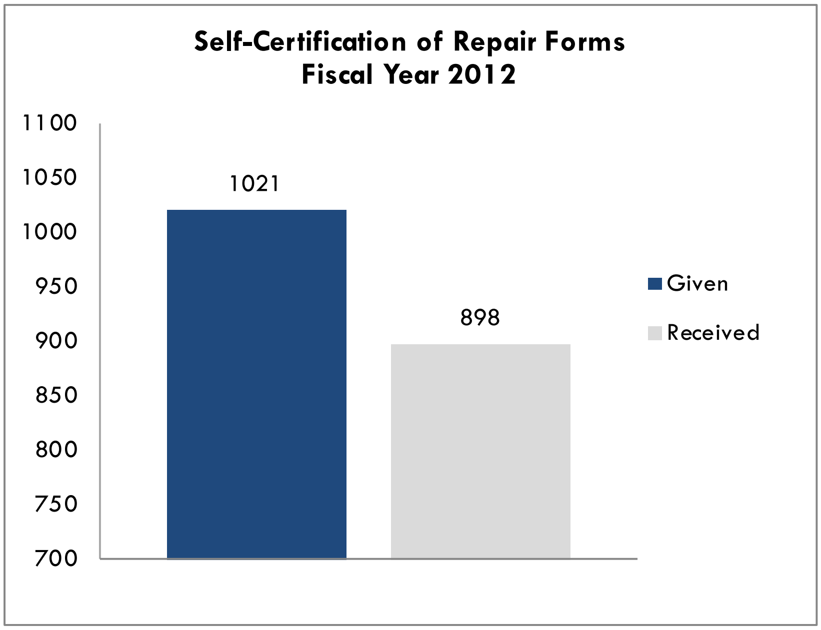
Units passing two consecutive initial and/or annual inspections on the first attempt qualify for placement on the Biennial Inspection Cycle. The unit remains on the biennial cycle as long as the unit continues to pass inspection on the first attempt in subsequent years. Upon a failed inspection, the 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.)

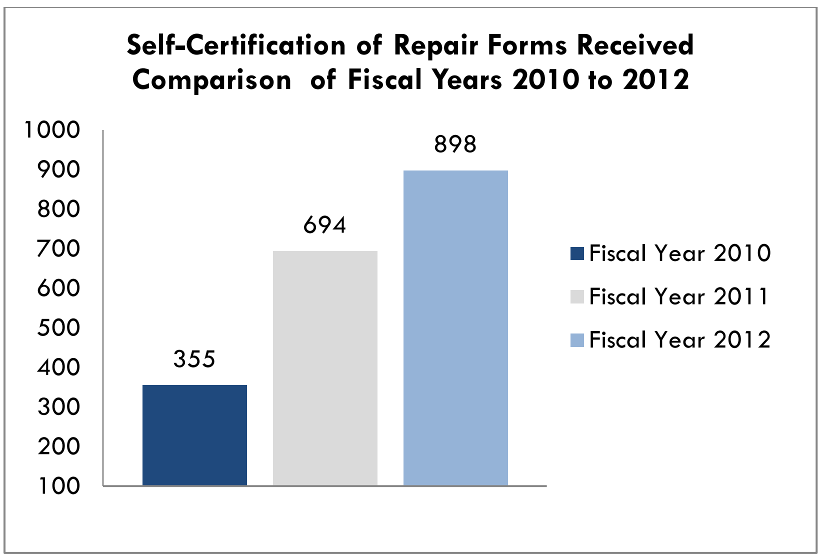
Moreover, inspectors conducting an annual inspection where only a minor fail item prohibits the unit from receiving a "Pass" result have the discretion to allow the tenant and owner the opportunity to complete a Self-Certification of Repair form in lieu of scheduling a second inspection. When the option 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 2012, SDHC reduced the total number of inspections by 3,129 when compared to baseline numbers which translated into saving the 1.6 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.

Self-Certification of Repairs Update

During Fiscal Year 2012, inspectors issued 1,021 Self-Certification of Repair forms for units with minor fail items, and 898 Self-Certification of Repair forms were returned by owners. When comparing the number of Self-Certification of Repair forms received in Fiscal Year 2010 and Fiscal Year 2011, there was a 95 percent increase of forms returned. A comparison from Fiscal Year 2011 to Fiscal Year 2012 indicates another increase of 30 percent, a comprehensive increase of 153 percent in the use of the form since the Fiscal Year 2010 baseline year. SDHC asserts the increase of Self-Certification of Repair forms issued indicates a decline of units failing for major fail items.





Biennial Inspection Cycle Update

Based on monthly data generated during Fiscal Year 2012, the number of units placed on the Biennial Inspection Cycle averaged approximately 7,065. When comparing the number of units on the biennial schedule in July 2011 with the number of units on the biennial schedule in June 2012, SDHC calculated an increase of 13.67 percent, or a positive difference of 850 units. The results indicate landlords and tenants are still responding positively to the Biennial Inspection Cycle.

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 2012 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 a slight increase in the pass rate from 51 percent in Fiscal Year 2011 to 52 percent in Fiscal Year 2012. Although marginal, the percent indicates progress, yet likely remains a byproduct of the biennial inspection cycle.

In the Fiscal Year 2011 Annual Report, SDHC suggested the implementation of the Biennial Inspection Cycle in April 2010 organically created a situation wherein the first-time pass rate decreased due to the reduction of quality units inspected during the fiscal year because of the skipped inspections. In Fiscal Year 2012, approximately 3,500 high-quality units were not inspected while 3,500 high-quality units underwent inspection. Thus, another 7,100 units remained on an annual inspection cycle and were subject to inspection during Fiscal Year 2012. The units on the annual inspection cycle equate to 67 percent of the total units inspected. As a worst case scenario: If all 7,100 units failed inspection and all 3,500 high-quality units passed inspection, the first-time pass rate would equal 33 percent. The theoretical scenario suggests 52 percent, while not an optimal first-time pass rate percentage, can be explained when considering the effects of the biennial inspection cycle on the pass rates.

Metric	Baseline 2009	YTD	Benchmark
Total No. of inspections	20,177	17,048	<16,731
Total No. of annuals	16,890	13,291	<14,000
Total No. of passing annual inspections	12,630	9,058	>7,500
Total No. of units passing inspection the first time	10,391	7,801	8,430
Total No. of failed annual inspections	4,260	4,233	<3,834
Total No. of self-certifications received	0	898	>500
Full-time equivalent to complete all inspections	10	8.4	8.5
Total No. of units on biennial cycle	0	7,118	>6,200
Potential Undesirable Outcomes		**YTD**	**Acceptable Levels**
Pass rate for first inspections conducted on a unit		52%	68%

Discussion of Benchmarks: SDHC continued to reduce the overall number of inspections conducted on MTW units. The reduction of inspections is attributed to an overall increase of units placed on the biennial inspection cycle and the increased use of the self-certification of repairs forms.

Benchmarks indicate the following results:

- When compared to baseline numbers, SDHC decreased the total number of annual inspections conducted by 16 percent due to the biennial inspection cycle. Although the benchmark was superseded by 317 inspections, a high percentage of the increase in inspections was due to mandatory special inspections conducted on units to assess compliance with the electrical outlet (grounded or converted to a two-prong electrical outlet) requirement and smoke alarm (placement within unit) requirement.
- The total number of units on the biennial inspection cycle averaged around 7,100 annually, an average increase of 900 households.
- The number of self-certification of repairs forms received increased by 200 annually.

- In Fiscal Year 2011, SDHC asserted the decrease of passing annual inspections coincided with the implementation of the biennial inspection cycle. To validate the assertion, SDHC compared the total number of annual inspections conducted with the number of annuals passing and the number annuals failing inspection. The comparison was completed using both baseline numbers and Fiscal Year 2011 numbers. In the baseline years, 75 percent of annuals conducted passed inspection with 25 percent failing inspection. Fiscal Year 2011percentages indicated 67 percent and 33 percent respectively. In Fiscal Year 2012, the pass/fail ratio was consistent with Fiscal Year 2011 statistics: 68 percent and 32 percent. The findings are offered as further support that the reduction in quality units impacts the overall pass rates for inspections conducted on a unit.

Revision of Benchmarks and Metrics: No revisions were made to benchmarks and metrics.

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

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

Description of Authorization or Regulation Waived: MTW Agreement Attachment C, Section D(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.

12. 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 1,720 affordable housing units in which the regulations under standard HQS requirements apply. In order to reduce cost and achieve greater cost effectiveness in Federal expenditures, SDHC received permission from HUD to conduct inspections and determine rent reasonableness for SDHC-owned units using MTW waivers.

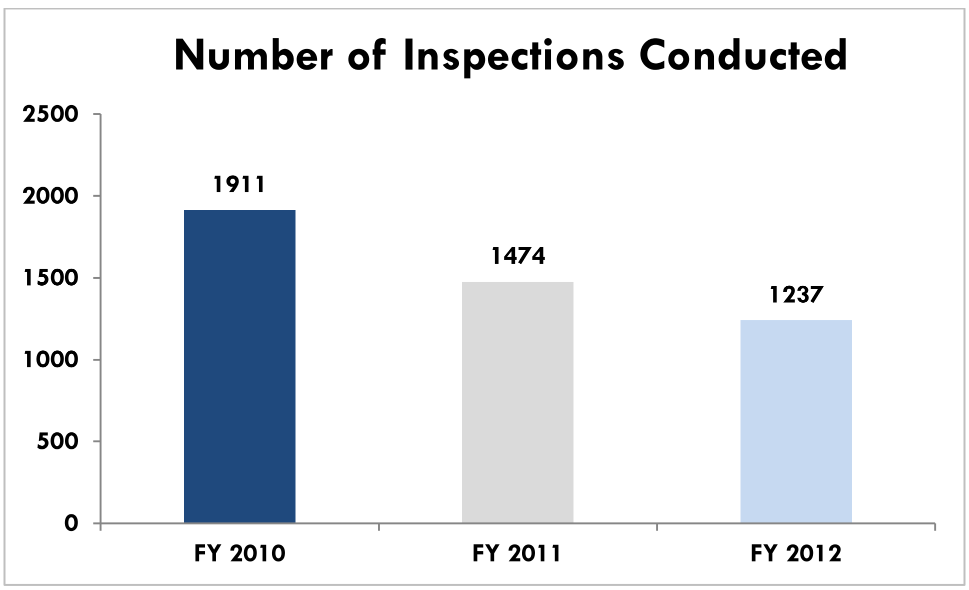
Metric	Baseline 2009		YTD		Benchmark
	No.	%	No.	%	
Annual number and percentage of inspections conducted in-house on SDHC-owned properties	0	0%	985	80%	> 1,500
Annual cost and percentage of total cost for inspections conducted in-house on SDHC-owned properties	$0	0%	$22,655	78%	> $34,500
Annual number and percentage of inspections conducted by a 3rd party company on SDHC-owned properties	4,597	100%	252	20%	< 500
Annual cost and percentage of total cost for inspections conducted by a 3rd party company on SDHC-owned properties	$128,000		$6,518	22%	< $19,200
Potential Undesirable Outcomes			**YTD**		**Acceptable Levels**
			No.	%	
Annual number and percentage of total in-house inspections conducted on SDHC-owned units requiring special inspections			33	3%	10%
Annual number and percentage of tenant complaints related to in-house inspections on SDHC-owned units			0	0%	1%

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

In the Fiscal Year 2011 Annual Report, SDHC hypothesized the decreased number of inspections resulted from implementation of the Biennial Inspections Cycle, a component of the Revised Inspection Protocol initiative. The total number of inspections conducted on SDHC-owned units was compared for Fiscal Year 2010 and Fiscal Year 2011 which were 1,911 and 1,474 respectively, a difference of 437. In Fiscal Year 2010, zero SDHC-owned units participated in the biennial inspection cycle while approximately 575 units were added to the cycle in Fiscal Year 2011, therefore resulting in a significant decrease in annual inspections conducted on the units.

At the close of Fiscal Year 2012, around 1,162 SDHC-owned units were occupied by voucher assisted tenants. Of these assisted units, 719 units (62 percent of total units) were eligible for the biennial inspection cycle. The resulting number of inspections totaled 1,237 which is a 16 percent reduction of total inspections conducted last year.

Consider a hypothetical scenario: If half of the biennial units (360) were inspected in Fiscal Year 2012 and passed inspection on the first attempt, the 443 non-biennial units were inspected twice (886), the resulting number of inspections totals 1,246 which is comparable to the 1,237 data analysis measurement. Based on this information, SDHC attributes the overall decrease in inspections primarily to the biennial inspection cycle.



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

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

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

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

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.

13. 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) during the "off" years per the published COLA rate.

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

Metric	Baseline 2009	YTD	Benchmark
Annual staff time in hours required to process full recertifications and off-year adjustments for Triennial households	9,500	4,152	< 4,750
Annual costs for printing, copying, and mailing recertification packets and off-year rent adjustment documents to Triennial households	$10,000	$4,886	< $5,000

Potential Undesirable Outcomes	YTD	Acceptable Levels
Annual number of interims being completed for Triennial households	438	2,800

Discussion of Benchmarks: All benchmarks were achieved during Fiscal Year 2012.

Please note: Revision to the definition of a Triennial family increased the population significantly, by approximately 2,400 households. SDHC may adjust benchmarks during Fiscal Year 2013 to accommodate the change in definition.

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

14. 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 from high-poverty areas to low-poverty areas.
3. Providing resources, information, and guidance to families expressing interest in moving to low-poverty neighborhoods.
4. Increasing the payment standards in low-poverty areas.

Nine low-poverty zip codes were identified as target areas for participants seeking to relocate to an area of low-poverty. Informational flyers concerning the Choice Communities program 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.

To date, 141 households have moved out of high/medium-poverty areas into low-poverty areas since implementation of the activity in January 2010. Out of the 141 households, four families moved out of Choice Communities during Fiscal Year 2012. Two families moved out of Choice Communities areas into high/medium-poverty areas, one family was terminated after six months of zero HAP, and one family lost assistance due to program non-compliance issues.

Metric	Baseline 2009		YTD		Benchmark
	No.	%	No.	%	
Total No. and percentage of participants moving from high/medium to low areas of poverty	33	3%	54	4%	10%
No. and percentage of participants moving to Choice Communities participating in Security Deposit program	0	0%	52	96%	> 90%
No. and percentage of participants receiving Choice Communities payment standards	0	0%	624	100%	100%
No. and percentage of participants moving to a new unit received Moving for Opportunities counseling	0	0%	246	18%	25%
No. and percentage of Choice Communities tenants exceeding the 40% affordability cap at move-in	0	0%	14	26%	25%
No. of Security Deposit program loans	0		52		50
Dollars loaned under the Security Deposit program	$0		$65,294		$50,000
Average dollars loaned under the Security Deposit program	$0		$1,256		$700
Annual leasing success rate	94%			97%	> 80%
Percent of participants moving into Choice Communities who remain in unit at least 1 year by 6/30/2011	0%			95%	80%

Discussion of Benchmarks: All benchmarks were either met or exceeded with the exception of two: The benchmark for the metric measuring the *total percentage of participants moving from high/medium to low areas of poverty* and the *percentage of participants moving to a new unit receiving Moving for Opportunities counseling*.

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 2012, 1,384 moves were processed with 54 of those households moving into Choice Communities. In order to reach the ten percent benchmark, a total of 138 households would have had to move into Choice Communities. 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, 54 households moved into Choice Communities which represents a 64 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 18 percent may indicate households are positively responding to the initiative without requiring specific guidance from the CCHA concerning Choice Communities. 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. Although SDHC did not reach the benchmark, one may suggest the shortfall offers a more compelling, positive outcome of the initiative: Participants are engaging in higher levels of self-determination by realizing and understanding the importance of residing in low-poverty areas and the positive impacts brought forth by relocating to these areas of opportunity.

Revisions to Benchmarks or Metrics: SDHC proposed an amendment to the Fiscal Year 2012 Plan and received approval to decrease payment standards to less than 90 percent of the Fair Market Rents (FMRs) in high-poverty zip codes. The added flexibility to the Choice Communities initiative further encourages program participants to relocate to low-poverty areas. SDHC added a metric to measure the leasing success rate to ensure leasing success rates remain above the industry standard of 80 percent. SDHC's current leasing success rate is 94 percent.

Modified Benchmarks and Metrics from the Fiscal Year 2011 Report included the following:

Benchmarks:

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

Metrics:

- Total number and percentage of participants moving from high/medium to low areas of poverty
- Number and percentage of participants moving to Choice Communities participating in Security Deposit program
- Number and percentage of participants moving to Choice Communities receiving increased payment standards
- Number and percentage of participants moving to a new unit received Moving for Opportunities counseling
- Number and percentage of Choice Communities tenants exceeding the 40% affordability cap at move-in
- Total number of security deposit loans issued
- Total dollars loaned under the Security Deposit program
- Average dollars loaned under the Security Deposit program
- Percent of participants moving into Choice Communities who remain in unit at least one year

Revised Benchmarks and Metrics are as follows:

Benchmarks:

- 10% of moving participants will move from a high-poverty area to a low-poverty area by June 30, 2012
- Number and percentage of participants moving to Choice Communities participating in the Security Deposit program will be greater than 90% by June 30, 2012
- Number and percentage of participants receiving Choice Communities payment standards will be 100% by June 30, 2012
- Number and percentage of participants moving to a new unit receiving Moving for Opportunities counseling will be 25% by June 30, 2012

- Number and percentage of Choice Communities tenants exceeding the 40% affordability cap at move-in will be 25% by June 30, 2012
- Number of security deposit loans issued will be 50 by June 30, 2012
- Total dollars loaned under the Security Deposit program will be $50,000 by June 30, 2012
- Average dollars loaned will be at least $700 per participant by June 30, 2012
- 80% of moving participants will stay in the new unit at least one year by June 30, 2012
- The leasing success rate will remain above 80%

Metrics:

- Total number and percentage of participants moving from high/medium to low areas of poverty
- Number and percentage of participants moving to Choice Communities participating in Security Deposit program
- Number and percentage of participants moving to Choice Communities receiving increased payment standards
- Number and percentage of participants moving to a new unit received Moving for Opportunities counseling
- Number and percentage of Choice Communities tenants exceeding the 40% affordability cap at move-in
- Total number of security deposit loans issued
- Total dollars loaned under the Security Deposit program
- Average dollars loaned under the Security Deposit program
- Percent of participants moving into Choice Communities who remain in unit at least one year
- The annual average leasing success rate

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.

15. STANDARDIZE UTILITY ALLOWANCES BY UNIT SIZE

Impact of Activity: Impact of the Activity: The Utility Allowance calculation was simplified in order to streamline certification and leasing processes as well as reduce the complexity of the Utility Allowance for ease of administration, especially as related to landlords and tenants. The streamlined Utility Allowance is only offered to tenants currently responsible for utilities as prescribed in the lease and HAP contract. The activity has had a positive impact on program administration; calculation error rates were reduced and significant staff time savings were seen as a result of the implementation.

Hardship Policy:

The hardship policy for the standardized utility allowances allowed families experiencing a monthly increase of $50 or more in the family share due to the revised utility allowance structure to request and qualify for exemption from a monthly increase beyond $50. At the close of Fiscal Year 2012, zero families requested a hardship exemption due to the new policy. SDHC does not anticipate receiving any hardship requests since two 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 2012:

Metric	Baseline 2009	YTD	Benchmark
Annual staff time in hours to determine utility allowances in recertifications	1,057	234	< 211
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: SDHC was successful in meeting the benchmark related to the utility allowance calculation error rate. The simplicity of the standardized utility allowance schedule eliminates a majority of the potential for rent calculation errors.

The number of annual reexaminations effected by the Standardized Utility Allowance initiative increased due to administering HUD-VASH, FUP, NED, Enhanced, and Project-Based vouchers as MTW. Since the number of annual reexaminations increased, the benchmark was not reached as anticipated. However, since the biennial reexamination schedule proceeds effective with July 1, 2012 reexaminations, therefore reducing the number of reexamination conducted on an annual basis, the benchmark is not revised for the Fiscal Year 2013 reporting cycle.

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

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

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

Description of Authorization or Regulation Waived: MTW Agreement Attachment C, Section C(11) containing waivers of Sections 3(a)(2), 3(a)(3)(A), and Section 6(l) of the 1937 Act and 24 CFR 5.603, 5.611, 5.628, 5.630, 5.632, 5.634, 960.255, and 966 Subpart A. MTW Agreement Attachment C, Section D(2)(a) containing waivers of Sections 8(o)(1), 8(o)(2), 8(o)(3), 8(o)(10) and 8(o)(13)(H)-(I) of the 1937 Act and 24 CFR 982.508, 982.503, and 982.518.

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 utilizes an alternative utility allowance schedule when calculating the Housing Assistance Payment and tenant rent to owner.

16. 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 2012 activity removing retirement accounts as an asset. The initial number of households with assets $10,000 or greater was 410. With the introduction of the new initiative, the number of households reduced even further to 174.

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		472		< 500
Annual staff time in hours required to conduct third party verification of income during recertification	481		38		< 105
Annual number and percentage of third party verification of assets conducted during recertification	695		28	18%	< 50
Annual staff time in hours required to conduct third party verification of assets in recertification	87		4		< 7
Asset income calculation error rate		13%		1%	7%

Discussion of Benchmarks: All benchmarks were achieved during Fiscal Year 2012.

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

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.

17. 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 per year due to a reduction in income; multiple decreases per year 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 at least a 10 percent reduction of the rent portion. A household does not qualify for an interim adjustment if the change in the rent portion is less than 10 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.

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.

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 2012, 19 households requested a hardship exemption for this component of the local interim policy and 5 received approval for the exemption.

In the Fiscal Year 2012 Amended Plan, SDHC received permission to modify the original activity as approved in Fiscal Year 2010. Two additional components will be implemented in early Fiscal Year 2013. The two additional components of the activity are as follows:

1. 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.
2. 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.

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

Metric	Baseline 2009	YTD	Benchmark
Annual number of "decrease in income" interims conducted	1,867	1,019	< 1,680
Annual staff time in hours required to process "decrease in income" interims	700	382	< 630
Annual number of families who are required to apply for unemployment while requesting "decrease in income" interims	N/A	660	
Potential Undesirable Outcomes		**YTD**	**Acceptable Levels**
Annual number of hardships requested related to "decrease in income" interims		19	20

Discussion of Benchmarks: All benchmarks were achieved during Fiscal Year 2012 with the exception of the benchmark measuring the average annual income of Work-Able families which actually decreased when compared to baseline numbers. A potential reason for the decrease to household income may include the state of California's policy changes to cash aid in the form of the institution of expedited time limits on benefits (in terms of benefit-eligible family members) as well as an overall reduction of benefit amounts per household. The state's policy changes were effective in July/August 2011. Rental assistance program participants as a whole were affected by the policy changes with a cumulative program-wide reduction of around $3.5 million in state-funded benefits between July 2011 and June 2012. Since the Work-Able population accounts for the majority of cash aid recipients within the rental assistance program, one may infer the decrease in the average annual income among Work-Able families directly correlates to the reduction in cash aid benefits. SDHC will continue to monitor the average annual income of Work-Able families over the course of the next fiscal year, but anticipates the average income will increase due to implementation of Path to Success which will compel families to increase household income in order to pay the progressive minimum rents.

Revision of Benchmarks and Metrics: After analyzing and reviewing the finalized data collected during Fiscal Year 2012, SDHC determined the metrics utilized were less meaningful than originally intended. Therefore, the metrics for the Fiscal Year 2013 reporting timeframe are revised to focus more on client impact in terms of a self-sufficiency mechanism while continuing to measure the administrative requirements of the revised policy.

The metric measuring the number of “decrease of income” interims conducted by staff does not measure the success of the initiative in terms of increasing self-sufficiency among program participants. Measuring the average annual income among work-able families portrays the success of the activity since families are incentivized to maintain current income levels, at minimum. The metric measuring the number of families required to apply for unemployment benefits was also removed for the same reason.

The metric measuring the staff hours to process “decrease of income” interims was revised to include the staff hours utilized to process “increase of income” interims as well. Since an “increase of income” interim is required if the household benefits from a decrease to the rent portion, it is important to capture the staff time spent on all income change interims.

A metric was added to measure the staff time required to evaluate hardship requests. The addition of the metric compliments the metric measuring the annual staff time required to process income change interims and offers a complete depiction of the administrative impact of the initiative.

Original Baselines, Benchmarks, and Metrics include the following:

Baselines:

- Annual number of “decrease of income” interims conducted is 1,867
- Annual staff time in hours required to process “decrease of income” interims is 700
- Annual number of families required to apply for unemployment while requesting “decrease of income” interims is 0

Benchmarks:

- Annual number of “decrease of income” interims conducted will decrease by 5 percent by June 30, 2012
- Annual staff time in hours required to process “decrease of income” interims will decline by 5% to less than 630 hours by June 30, 2012

Metrics:

- Annual number of “decrease in income” interims conducted
- Annual staff time in hours required to process “decrease in income” interims
- Annual number of families required to apply for unemployment while requesting "decrease in income" interims

Revised Baselines, Benchmarks, and Metrics are as follows:

Baselines:

- Average annual income of a work-able family is $18,971
- Annual staff time in hours required to process “income change” interims is 700
- Annual staff time in hours required to evaluate hardship requests is 0

Benchmarks:

- Average annual income of a work-able family will be at least $20,868 by June 30, 2017
- Annual staff time in hours required to process "income change" interims will decline by 5% to less than 630 hours by June 30, 2012.
- Annual staff time in hours required to evaluate hardship requests will be less than 42 hours by June 30, 2012

Metrics:

- Average annual income of a work-able family
- Annual staff time in hours required to process "income change" interims
- Annual staff time in hours required to evaluate hardship requests

A possible undesirable outcome of the local interim policy surrounds the potential for adverse effects on the households affected by the policy. SDHC will continue to measure the number of hardships requested for income-related interims to monitor the impact of the initiative on non-elderly/non-disabled households.

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".

18. 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. This model is most advantageous to non-elderly/non-disabled participants as their assistance contains a 15-year time limit per Federal Regulations. Elderly/disabled households have a lower income requirement than non-elderly/non-disabled households in order to increase program accessibility. Participants purchasing a home under the HCV Homeownership Program continue to receive Housing Assistance Payments to assist with a portion of the mortgage payment. SDHC also provided for a down payment assistance/repairs grant of an amount equal to 24 months of Housing Assistance Payments if the non-elderly/non-disabled participant purchases a foreclosed unit, as an incentive to purchase such units. A secondary foreclosure incentive provides two months of mortgage payments for use towards the purchase of the home. Other programs offered by SDHC may be used in conjunction with the HCV Homeownership Program for qualifying households, such as another down payment assistance grant and soft-second mortgages.

As noted in the Fiscal Year 2011 MTW Annual Report, a lesson learned while administering the Homeownership Program surrounded the calculation and issuance of the Down Payment Assistance/Repairs Foreclosure Incentive. The previous practice was to calculate the foreclosure incentive based on the HAP and loan amount. The formula used proved to be administratively burdensome and time consuming for staff. Also, last minute changes with the loan at times effected the calculation. For those reasons, SDHC eliminated the calculation and changed the incentive amount to a flat $10,000 effective beginning Fiscal

Year 2012. The proposed amount of $10,000 is still subject to funding availability and may change at a future date, if determined necessary.

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

Metric	Baseline 2008 No.	YTD No.	YTD %	Benchmark
Annual No. Purchased Foreclosed Homes	0	3	30%	4
Annual No. Purchased Regular Market Homes	0	7	70%	2
Total Purchased Homes		10	100%	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
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 2012 in terms of overall homes purchased. Seven homes (six regular market and 1 foreclosure) were purchased by program participants during the fiscal year for a total of ten 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 the majority of homes purchased in Fiscal Year 2012 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.

Revision of Benchmarks and Metrics: No revisions were made to benchmarks and metrics.

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

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

Description of Authorization or Regulation Waived: MTW Agreement Attachment C, Section D(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.

19. 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:

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

Metric	Baseline 2009	YTD		Benchmark	
	No.	No.	%	No.	%
No. of project based units authorized in developments serving the chronically homeless and percent of benchmark	16	34	16%	216	100%
No. of project based units authorized in developments serving low-income families and percent of benchmark	23	181	81%	223	100%
Total No. of authorized project based units and percent of benchmark	39	215	451%	439	1026%
Administration time required to administer project based vouchers	.3 FTE	2 FTE		2 FTE	

Discussion of Benchmarks: Benchmarks were not achieved during Fiscal Year 2012 since only three additional project-based vouchers were allocated to the program. In Fiscal Year 2013, SDHC committed 89 project-based vouchers to the Connections Housing development, 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 allocation of vouchers to Connections Housing will assist SDHC towards reaching the benchmark for the metric measuring the number of project-based units serving the chronically homeless. Two opportunities to increase the number of project-based vouchers utilized within developments are currently under exploration, but a commitment of vouchers did not exist at the close of Fiscal Year 2012. SDHC will continue to seek additional opportunities to increase the number of project-based vouchers in developments during Fiscal Year 2013.

Revision of Benchmarks and Metrics: No revisions were made to benchmarks and metrics.

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

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

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

MTW Agreement Attachment C, Section D(2)(d) containing waivers of Sections 8(o)(7) and 8(o)(13)(F)-(G) of the 1937 Act and 24 CFR 982 Subpart L and 983 Subpart E. MTW Agreement Attachment C, Section D(7) containing waivers of Section 8 of the 1937 Act and 24 CFR 982 and 983.

Waivers utilized for the expansion of the project-based program enabled SDHC to project base up to 100 percent of a development.

SECTION VII: SOURCES AND USES OF FUNDING

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

Fiscal Year 2012 Sources and Uses of Funding			
Item	**Sources**	**Planned**	**Actual**
1	Section 8 Voucher Funds	185,380,583	186,458,525
2	Public Housing Capital Funds	5,556,486	4,892,807
3	Public Housing Operating Funds	13,865,602	14,109,258
	Totals	**204,802,671**	**205,460,589**
Item	**Uses**	**Planned**	**Actual**
4	Administration & Operations	12,752,292	13,008,902
5	Housing Assistance Payments	145,978,524	140,898,744
6	Housing Development/Site Acquisition	17,009,065	735,358
7	MTW Choice Communities (Marketing Materials)	38,000	0
8	Achievement Academy (Operations & Administrative)	2,676,499	962,806
9	Achievement Academy (Job Development & Placement)	40,000	171,755
10	Achievement Academy (Individual Savings Accounts)	30,000	67,610
11	MTW Homeownership Program Foreclosure Incentive	100,000	38,815
12	MTW Security Deposit Assistance Program	50,000	66,169
13	MTW Rent Reform/DASH	100,000	115,630
14	MTW Smart Corner Prepayment Section 8 & 9	5,000,000	4,658,000
15	MTW Maya Affordable Housing Loan Payoff	2,300,000	2,300,000
16	Property Management & Routine Maintenance Expenses	188,803	285,914
17	Site Improvement at Public Housing sites	111,505	0
18	Section 8 & Public Housing Reserves	18,427,983	42,150,886
	Totals	**204,802,671**	**205,460,589**

Comments	
1 Received less voucher funding than anticipated; supplemented by reserves	10 Program expenses higher than anticipated
2 Received less capital funds than anticipated	11 Incentive expenses less than anticipated
3 Received less operating funds than anticipated; supplemented by reserves	12 Program expenses higher than anticipated
4 Administration and operations expenses higher than anticipated	13 Rent reform implementation costs higher than anticipated
5 Lower HAP expenses than anticipated	14 Actual refinance cost lower than anticipated
6 Vista Verde rehabilitation; no other development or acquisition activities	15 No variance
7 No production of additional program marketing materials	16 Property management and maintenance expenses higher than anticipated
8 Operations and administrative expenses lower than anticipated	17 No major site improvements
9 Job placement expenses higher than anticipated	18 Lower HAP expenses and no public housing acquisition activities
Reserve Levels by Program	
Section 8 Voucher Reserves: $24,259,677	Public Housing Reserves: $17,891,209

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

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

Small Business Development Training
The Business Initiatives Strategies (BIS) Program offers an 11 week class educating participants on how to start /expand a small business and create/ update a solid business plan. This program provides basic skills training and knowledge to underserved entrepreneurs, and also identifies and expands linkages to critical community resources linked to small business development to further connect

participants with opportunities for additional small business training, technical assistance, and access to mainstream financial institutions to boost economic development

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

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

Income Supports

THRIVE Initiative
THRIVE is a partnership between the United Way, the County of San Diego, and South Bay Community Services. The purpose of the initiative is to enhance the accessibility of benefits screening and tax preparation services. Benefits screening and application assistance is currently offered for an array of program such as CalFresh (food stamps), CalWorks, Women Infants and Children (WIC), California Healthy Families, Child Care Assistance, MediCal, and Supplemental Nutrition Assistance Program (SNAP). During the Fiscal Year 2012, SDHC assisted 296 housing residents with the eligibility process for these programs. Of those screened, 51 participants applied for CalWorks and CalFresh, resulting in the amounts of $126,120 per year in CalWorks and $173,978 per year in CalFresh. 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 2012 tax season in April, 932 (468 Federal and 464 State) tax returns were completed at all three Achievement Academy sites, yielding more than $793,542 in total refunds, including over $640,466 in EITC and Child Tax Credits. Tax preparation services were also offered to unassisted low-income residents of San Diego. Please note: Although 932 tax returns were completed, 744 were completed on-site at the San Diego Housing Commission.

Financial Education

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

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

Financial Coaching Training

All SDHC program coordinators 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:

Metric	Baseline 2009 No.	YTD No.
No. of unduplicated program participants receiving services	546	1,692
No. of unduplicated program participants attending financial education related workshops	134	147
No. of hours of financial education related workshops attended by program participants	972	1,260
No. of unduplicated program participants attending employment related workshops	42	187
No. of hours of employment related workshops attended by program participants	237	2,280
No. of unduplicated program participants attending homeownership related workshops	25	19
No. of hours of homeownership related workshops attended by program participants	25	33
No. of unduplicated program participants attending small business related workshops	20	20
No. of hours of small business related workshops attended by program participants	43	26
No. of unduplicated program participants who received income support screening services	0	296
No. of unduplicated program participants who received income tax preparation services	0	468
No. of persons who completed their FSS Contract of Participation and graduated	39	21
Dollar value of escrow accounts disbursed to FSS graduates	$319,818	$212,567
No. of FSS escrow accounts	307	195
Dollar value of FSS escrow accounts	$767,250	$540,552
No. of IDA accounts	191	330
Dollar value of IDA account savings	$97,818	$150,656
Dollar value of IDA account matches	$228,193	$338,834
No. of program participants who obtained employment as a result of job placement services	0	88

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

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

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

Metric	Baseline	YTD
Annual No. of adult participants enrolled in the asset building program with an IDA funded by MTW funds	0	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	109
Annual No. of MTW IDA participants who developed a credit improvement plan	0	45
Annual No. of MTW IDA participants who made at least nine monthly deposits to their IDA during a twelve-month period	0	26
Annual No. of MTW IDA participants who completed ten hours of financial skills education	0	37

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

SAN DIEGO HOUSING COMMISSION
SDHC

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 2012:

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.

Richard C. Gentry 9.13.12

Richard C. Gentry
President & Chief Executive Officer

Date

San Diego Housing Commission 1122 Broadway, Suite 300 San Diego, CA 92101 619.231.9400 www.sdhc.org

APPENDIX B
FORMER PUBLIC HOUSING UNITS MATRIX

Street Name	Total PH Units	Manager Units	Street Name	Total PH Units	Manager Units
Former Public Housing 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**	