



# Memorandum

**TO:** SAN JOSE HOUSING AUTHORITY  
BOARD OF COMMISSIONERS

**FROM:** Leslye Corsiglia

**SUBJECT:** SEE BELOW

**DATE:** March 27, 2013

Approved

Date

3/27/13

**SUBJECT: CITY SUPPORT FOR THE MOVING TO WORK 2014 ANNUAL PLAN AND AN UPDATE ON THE COLOBORATION BETWEEN THE CITY OF SAN JOSÉ AND THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CLARA.**

## RECOMMENDATION

It is recommended that the Board of Commissioners for the Housing Authority of the City of San José take the following actions:

1. Accept this update on the collaboration between the City of San José, the Housing Authority of the City of San José, and the Housing Authority of the County of Santa Clara (HACSC).
2. Authorize the Director of Housing to submit a letter to the HACSC that does the following: 1) supports the Moving to Work 2014 Annual Plan; 2) discusses the City's desire to collaborate with the HACSC to identify ways to house more homeless residents; 3) requests that the HACSC prioritize a portion of its Project Based units for homeless residents, 4) requests that the HACSC continue to provide a portion of turnover vouchers to the chronically homeless as vouchers become available, and 5) requests that the HACSC include City of San José staff on any strategic planning initiative that may impact City of San José residents.
3. Support HACSC efforts to restore HUD funds lost as a result of sequestration.

March 27, 2013

**Subject: The 2014 MTW Annual Plan**

Page 2

## **OUTCOME**

If the U.S. Department of Housing and Urban Development (HUD) approves the Housing Authority of the County of Santa Clara's (HACSC) 2014 Moving to Work (MTW) Plan and the companion Housing Authority of the City of San José (City Housing Authority) 2014 MTW Plan, HACSC will be positioned to reduce program costs and encourage Section 8 families to become more self-sufficient. If the HACSC agrees to involve the City in its strategic planning, this will strengthen current collaboration between the City and the HACSC.

## **BACKGROUND**

The HACSC provides public housing and rental assistance (Section 8) for lower-income families, seniors, and persons with disabilities throughout the County. HACSC also administers and manages the public housing and rental voucher program for the City Housing Authority ("City Program") pursuant to an assignment agreement ("Agreement"). HACSC has an allocation of approximately 16,000 Section 8 vouchers from HUD and 40% of these vouchers are allocated to the City Housing Authority. Note that, in recent years, all San José public housing units have been refinanced with tax credits.

Included in the Agreement between the City of San José Housing Authority and HACSC is a requirement that the HACSC consult with the City and receive City approval of any significant policy decisions regarding administration of the City Program. In response to requests for greater involvement in policy decisions, the HACSC has provided the City with a greater level of detail on policy items and actively sought the City's input on various initiatives. Also, communication between the agencies has become more frequent, with representatives from both the City and the HACSC meeting face-to-face or by telephone several times per month. And, the City and HACSC have discussed the possibility of prioritizing some of HACSC's Project Based units for the homeless. Additionally, the HACSC now has a place at the Board table for representatives from both the City and the County (though as non-voting representatives). Now that City staff is better informed, we are able to provide more fruitful input at Commission meetings.

HACSC staff recently informed the City that the HACSC Board of Commissioners intends to adopt a Strategic Plan in FY 2013-14. As we understand, a multitude of topics will be covered in the Strategic Plan; however, it is expected to formalize HACSC's voucher allocation policies. Due to the significance of these policy decisions, City Housing Authority staff feels it is essential that the City Housing Authority participate as a partner in the development of the Strategic Plan.

## **MOVING TO WORK (MTW) ANNUAL PLAN FY 2014**

MTW is a federal demonstration program, established by Congress in 1996, that links broad federal goals with locally-designed initiatives. The MTW Program encourages selected housing

authorities to propose and, upon HUD approval, implement innovative changes to the way affordable housing programs are administered in order to meet at least one of the following three broad federal goals:

- To decrease costs and increase cost effectiveness in housing program operations;
- To promote participants' economic self-sufficiency; and
- To expand participants' housing choices.

The MTW Annual Plan is a major policy document, which includes numerous guidelines impacting the use, administration management, and oversight of the rental voucher program. Each year, the HACSC releases an MTW Annual Plan that describes new policies and procedures that will be implemented as part of its MTW Program. Through MTW, the HACSC has the ability to implement special programs that meet the housing needs of the local community.

In previous years, the City Housing Authority Board of Commissioners asked HACSC to use its MTW flexibility to designate Section 8 vouchers for the chronically homeless. According to the HACSC, more than 1,150 formerly homeless persons have been housed as a result of the 2008-2013 MTW Annual Plans. This year, the HACSC, in an MOU with the County of Santa Clara, agreed to allocate 100 vouchers to the homeless.

## **ANALYSIS**

As part of the 2014 MTW Annual Plan, the HACSC is proposing two new activities: 1) the Focus Forward Program (FF Program), a voluntary self-sufficiency program similar to the HUD-designed Family Self-Sufficiency (FSS) Program; and 2) the elimination of the HUD requirement of re-determining rent reasonableness when Fair Market Rents (FMRs)<sup>1</sup> decrease by 5%.

### ***Focus Forward Program***

The FF Program is aimed at providing concentrated case management, accelerated training, and immediate monetary incentives to work-focused Section 8 households. If adopted, the FF Program will be voluntary and HACSC plans to limit enrollment to approximately 100 participants the first year. In the event the program is successful, HACSC plans to expand the number of enrollees in future years.

Under HUD's standard rent calculation method, when households earn additional income, their portion of rent increases (while the HACSC's portion decreases). Due to this methodology, HUD's standard rent calculation method can become a disincentive for households to become more self-sufficient. However, the FF Program proposes a simplified rent calculation method

---

<sup>1</sup> The FMR is the 40th percentile of gross rents for typical, non-standard rental units as adjusted for local housing markets and bedroom size.

March 27, 2013

**Subject: The 2014 MTW Annual Plan**

Page 4

designed to incentivize income growth by providing rent savings as the household income increases.

Using MTW authority, HACSC is proposing the FF Program's use of a Tiered Rent Schedule that builds in all allowances and deductions used in HUD's standard rent calculation method. The participant's rent portion will be identified in a simple chart of gross annual income tiers. The tiers (or ranges) allow a participant to realize modest income gains without their rent portion being increased. For example, a household with an annual income of \$20,000 would be required to pay \$458 for their portion of the rent. However, due to the Tiered Rent Schedule, the same household may earn up to \$24,999 and their portion of rent would not be increased. HACSC believes the Program will encourage participants to become more self-sufficient because households can earn additional income without paying more rent.

As opposed to the 5-year FSS Program, the FF Program will utilize a two-year participation period. HACSC believes that by setting the FF Program contract term to two years – during which time the participant receives monetary incentives in the form of rent portion reductions and more focused, meaningful attention in support of their efforts – participants will be motivated to complete their goals because they are able to see more immediate results and benefits.

***Eliminate requirement to re-determine Rent Reasonableness when FMRs Decrease by 5%***

HACSC proposes to eliminate the HUD requirement to certify the rent of each individual affected unit when there is a 5% or greater decrease in the annually published FMRs. Currently, in years when there is a significant decrease to the FMRs, HUD requires Housing Authorities to review the rents of all affected units. In addition, if it is determined that a modification to the rent is required, HACSC staff must renegotiate the rent with the landlord on the tenant's behalf. Re-certifying and renegotiating rents places a significant administrative burden on HACSC staff and therefore HACSC proposes exemption from the HUD requirement.

Staff supports the two activities proposed in the HACSC MTW Plan. Regarding the proposed Focus Forward Program, staff believes the combination of case management, accelerated, realistic timelines for goal completion, and monetary incentives set the framework for the program to be successful. In addition, staff also supports the notion of eliminating the requirement of re-determining a tenant's rent when FMRs decrease by less than 5%. By waiving this requirement, the HACSC will lower staff costs. Furthermore, the relationship between the tenant and landlord will not be impacted due to a mid-lease rent negotiation brought on by HUD's current requirement.

In addition to supporting these two activities, staff recommends that the City Housing Authority Board reaffirm its position that the City, City Housing Authority and HACSC should work in partnership to house additional homeless residents and to seek opportunities to help the community respond to concerns surrounding homeless encampments. The flexibility that comes with the MTW designation has helped many MTW Agencies, including the HACSC, reduce the number of homeless people in their communities. Staff welcomes the opportunity to partner with the HACSC and other stakeholders to develop future MTW activities.

***Prioritize turnover vouchers for the chronically homeless***

As part of the 2013 MTW Plan, the HACSC Board approved a Memorandum of Understanding with the County of Santa Clara that committed 100 turnover vouchers to serve chronically homeless individuals. The HACSC released the first 25 vouchers in February of this year. Since that time, the HACSC received 14 applications, has issued six vouchers and one person has been housed.

On March 20th, the HACSC released the Board packet for the March 26, 2013 Board of Commissioner's meeting. In the packet, the HACSC staff recommended a freeze on vouchers for the chronically homeless in excess of the 100 vouchers included in the MOU. We understand that this action is one of several options being considered due to the impact of sequestration, which will have serious impacts on the Section 8 Voucher Program. However, we urge the HACSC to allocate a minimum of 1/3 of all turnover vouchers when the HACSC is in a position to assist additional households.

While we understand the budgetary realities and the reasons for a freeze, we recommend that the HACSC continue to maintain a policy to distribute a portion of available vouchers to the homeless as vouchers become available for release.

**EVALUATION AND FOLLOW-UP**

Housing Department staff will continue to work with the Housing Authority of Santa Clara County to ensure that City priorities are considered throughout the MTW process. Additionally, the Department will work with our Office of Intergovernmental Relations and our federal lobbyist to protect the Section 8 Program from the impacts of federal budget cuts. As appropriate, staff will report back to the Neighborhood Services Committee when presenting updates on the City's Homeless Program efforts.

**PUBLIC OUTREACH/INTEREST**

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater.  
**(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

March 27, 2013

**Subject: The 2014 MTW Annual Plan**

Page 6

The proposed action meets Criterion 2 for public outreach. On February 20, 2013, HACSC posted the draft Plan on its website and held numerous stakeholder meetings throughout the County. Moreover, HACSC is scheduled to hold a Public Hearing on March 22, 2013 when the community and stakeholders can comment on the 2014 MTW Plan. Finally, the proposed 2014 MTW Plan will be presented to the HACSC Board of Commissioners at their meeting on April 9, 2013 and due to HUD by April 15, 2013.

Additionally, the City will post this memorandum to the City's website for the April 9, 2013 Council meeting.

### **COORDINATION**

This Memorandum has been coordinated with the Office of the City Attorney.

### **CEQA**

Not a Project, File No.PP10-068, General Procedure & Policy Making.

/s/

LESLYE CORSIGLIA

Executive Director, San José Housing Authority

For questions, please contact Leslye Corsiglia, Director of Housing at (408) 535-3851