



Memorandum

TO: SAN JOSE HOUSING AUTHORITY
BOARD OF COMMISSIONERS

FROM: Jacky Morales-Ferrand

SUBJECT: SEE BELOW

DATE: March 3, 2015

Approved

Date

3/4/15

SUBJECT: SUPPORT FOR THE MOVING TO WORK 2016 ANNUAL PLAN AND AN UPDATE ON THE COLLABORATION BETWEEN THE CITY OF SAN JOSE HOUSING AUTHORITY 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 (City Housing Authority) take the following actions:

1. Accept the update on the collaboration between the City Housing Authority and the Housing Authority of the County of Santa Clara (HACSC); and
2. Authorize the City Housing Authority's Interim Executive Director to submit a letter to the HACSC that:
 - a. Supports the Moving to Work (MTW) Annual Plan;
 - b. Recommends an amendment to MTW activity 2009-5 to allow the issuance of vouchers to chronically homeless households already housed in other short-term subsidy programs; and
 - c. Recommends that the HACSC seek HUD approval to create flexibility in awarding Project Based Vouchers to projects that receive funding from either the City or County under a competitive process to facilitate homeless housing.

OUTCOME

If the U.S. Department of Housing and Urban Development (HUD) approves the Housing Authority of the County of Santa Clara's (HACSC) 2016 Moving to Work (MTW) Plan and the companion City Housing Authority 2016 MTW Plan, HACSC will be positioned to reduce program costs and encourage Section 8 families to become more self-sufficient.

BACKGROUND

Among other activities, the HACSC provides public housing and rental assistance (Section 8) for lower-income families, seniors, and persons with disabilities throughout the County. The 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 17,000 Section 8 vouchers from HUD and 40% of these vouchers are allocated to the City Housing Authority. In recent years, all of the public housing projects located in San José have been refinanced with tax credits, are funded with rental vouchers, and are now owned by private entities controlled by HACSC.

Included in the Agreement between the City Housing Authority and HACSC is a requirement that the HACSC consult with the City Housing Authority and receive City Housing Authority 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 and City Housing Authority with a greater level of detail on policy items and actively sought the City’s input on various initiatives. The City Housing Authority and the HACSC continue to collaborate several times per month to facilitate communication. Housing Department staff also participate in monthly HACSC Board meetings as non-voting members.

Moving to Work (MTW) Annual Plan FY 2016

Established by Congress in 1996, the MTW is a federal demonstration program 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 a 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.

ANALYSIS

As part of the 2016 MTW Annual Plan, the HACSC is proposing a restriction on Head of Household (HOH) changes. In an effort to encourage more families towards self-sufficiency, HACSC is proposing to implement an activity that will allow the current HOH to leave the

program and transfer their voucher to a remaining non-elderly, non-disabled family member **only if** that family member joins HACSC's Family Self-Sufficiency (FSS) Program or any successor program. Currently, HUD's regulations do not place any limitations on transfers of vouchers within a family. This allows a head of household to transfer the voucher from generation to generation as a type of legacy. HACSC can only terminate a voucher for non-compliance. HACSC believes that by requiring participation in the FSS program, more families will achieve self-sufficiency and leave the voucher program, and therefore reduce the number of families who transfer the voucher to their family members. Under the FSS program, low-income families are provided opportunities for education, job training, counseling and other forms of social service assistance, while living in assisted housing, to obtain skills necessary to achieve self-sufficiency. If the family member is successful and is able to leave the voucher program, this will allow HACSC to reach more eligible households currently on the Housing Choice Voucher (HCV) waiting list.

The Housing Department supports the activity proposed in the HACSC MTW Plan. The modification will allow HACSC to decrease costs and increase cost effectiveness in housing program operations. Further, as stated by HACSC, the new activity will lead to more families achieving self-sufficiency through HACSC's FSS program.

The City will continue its collaboration with HACSC to identify options for housing more than 4,700 City residents who are unhoused on any given day in San José. In addition to the changes proposed by the HACSC MTW Plan, staff is recommending two additional changes to the 2016 MTW Plans:

Issue Vouchers to Individuals in Short-Term Housing Programs

Currently, the City and County sponsor a number of rental coupon programs that provide short-term rental assistance and support to approximately 200 homeless families and individuals. Funding for the City-sponsored programs comes from the Federal Home Program and the City's general fund. In both cases, the support is time-limited – typically two years in duration – and requires participants to eventually exit the program and transition into an affordable or market-rate home. While some participants are able to transition out of the program and become independent, the most vulnerable individuals and families in these programs would return to homelessness almost immediately, unless they continue to receive a combination of subsidy and support provided by the City.

In 2009, HUD granted HACSC approval to create the Chronically Homeless Direct Referral (CHDR) program. The CHDR program utilizes a housing first model to assist the chronically homeless population through a more targeted and efficient system than the standard voucher waiting list process. The CHDR participants are referred for tenant-based housing assistance and are connected to case management services with local service providers. Since the program's inception, 266 households have been housed. To qualify for a voucher under this program, the household must be chronically homeless at the time of entry and can not, by definition, transfer from a transitional housing program.

In an effort to assist additional chronically homeless individuals/families that have been identified in short-term housing programs, the Housing Department recommends that HACSC seek HUD approval to amend MTW activity 2009-5 to transfer chronically homeless participants who are currently housed through temporary subsidies to the CHDR program. This would ensure that chronically homeless participants would avoid a return to the streets, while also allowing short-term subsidies to serve as critical bridge funding to immediately help chronically homeless individuals or families when other more suitable, long-term subsidies may not be available.

Modify Project Based Voucher Solicitation Regulations for supportive housing developments

Project Based Vouchers (PBVs) represent a steady source of income for selected affordable housing developments and are a much needed resource in funding permanent supportive housing. Given the scarcity of funds at the local level to subsidize affordable housing, developers would benefit from additional resources to fund affordable housing. Further, many homeless participants who have vouchers are finding it difficult to find a landlord willing to accept a voucher. Currently, strict solicitation requirements imposed by HUD bind HACSC PBVs allocation policy, which on occasion leads to awards of PBVs to projects that do not intend to house chronically homeless participants. To better target PBVs to serve the community's most vulnerable homeless population, the City Housing Authority requests that HACSC seek HUD approval to allow more flexibility in awarding PBVs to projects that have or will have received funding from either the City or County under another competitive process that provide supportive housing for homeless individuals and families.

Future Policy Considerations

In addition to working on the 2016 MTW Annual Plan, the City Housing Authority has been and will continue to work with HACSC on the following policy initiatives:

Voucher Allocation Policy

The HACSC will be considering several major policy actions in the coming year, including a voucher allocation policy, which will outline how future housing subsidies will be allocated. This discussion will include decisions about the use of traditional Section 8 vouchers (where the voucher belongs to the tenant and is mobile) and Project Based Vouchers (where the subsidy is tied to the unit, not the tenant). The City Housing Authority requests that HACSC involve City of San José staff on any strategic planning initiative that may impact San José residents.

Release of up to 1,700 Section 8 Vouchers

In addition to the development of the Voucher Allocation policy, HACSC is also deliberating on a separate strategy for the issuance of 1,700 Section 8 vouchers – accumulated over the past two years through program attrition – in an effort to meet the Agency's goal of a 95% lease-up rate.

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Since this plan will be implemented prior to the adoption of the new voucher allocation policy, the City Housing Authority recommends that a significant number of the 1,700 vouchers be dedicated to serving the homeless population. This action would align well with HACSC's recent endorsement of the Community Plan to End Homelessness and meet an urgent and growing community need.

Sponsor Based Voucher Program (SBV)

Despite the fact that the City Housing Authority staff participated in the MTW process for the development of the 2016 MTW Plan, staff has been informed that HACSC has insufficient time to consider some of the City's proposed activities for implementation in the coming year. With this in mind, the City Housing Authority requests that HACSC immediately begin researching and analyzing a Sponsor Based Voucher Program (SBV) for potential inclusion in the 2017 MTW Plan.

SBV programs have been employed by other MTW agencies throughout the nation, using MTW flexibility to optimize the mix of comprehensive supportive services with permanent housing for homeless families and individuals. In such programs, the local housing authority provides the homeless vouchers to sponsor (nonprofit) organizations that provide the needed combination of housing and services.

SBVs differ from traditional Section-8 vouchers by allowing the assistance to be attached to a sponsoring agency rather than the unit or development. In the SBV program, sponsoring agencies have the option to use their own units to house participants or may locate units to be master-leased. Sponsors are required to have a program plan that defines eligibility, leasing requirements, and termination policies and procedures. Further, sponsors are charged with developing written service protocols and define how they will conduct client management. If such a program was considered locally, HACSC would provide program oversight and evaluation and monitor the sponsor for compliance with program requirements.

EVALUATION AND FOLLOW-UP

City Housing Authority staff will continue to work with the HACSC to ensure that City priorities are considered throughout the MTW process. As appropriate, staff will return to the City Council if action is needed to provide formal City comments and direction.

PUBLIC OUTREACH

The HACSC has used email to notify stakeholders of the pending program modifications and the City will post this memorandum to the City's website for the March 17, 2015 Council meeting. Additionally, on February 17, 2015, HACSC posted the draft MTW Plan on its website and hosted two community meetings to solicit input from community stakeholders. Moreover,

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HACSC is scheduled to hold a Public Hearing on March 9, 2015, where the community and stakeholders can comment on the 2016 MTW Plan. Finally, the proposed 2016 MTW Plan will be presented to the HACSC Board of Commissioners at their meeting on March 24, 2015, and is due to HUD by April 15, 2015.

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/

JACKY MORALES-FERRAND
Interim Director of Housing

For questions, please contact Jacky Morales-Ferrand, Interim Director of Housing at (408) 535-3851.