

**PHA Name: Housing Authority Of The County Of Santa Cruz**

**PHA Code : CA072**

**MTW Supplement for PHA Fiscal Year Beginning: 7/1/2025**

**PHA Program Type: Combined**

**MTW Cohort Number: Asset Building**

**MTW Supplement Submission Type: ~~Annual Submission~~ [Amendment to the Annual Submission](#)**

## B. MTW Supplement Narrative.

The Housing Authority of the County of Santa Cruz (HACSC) is pleased to submit this Fiscal Year (FY) 2025 Moving to Work (MTW) Supplement component of the Annual PHA Plan. HUD designated HACSC as an MTW Agency in September 2022, through the MTW Asset Building Cohort, to test asset building initiatives to encourage growth of savings accounts and/or aim to build credit for assisted households. HACSC's MTW Plan and Application selected the HUD defined "Opt-Out Savings Account" as the initial MTW asset building activity. HACSC has worked for the past two years with HUD and the evaluation team to develop, implement and evaluate the "Opt-Out Savings Account" initiative. HACSC has also actively participated in the "Community of Practice" with HUD, the evaluation team, and other MTW agencies in the Asset Building Cohort to further develop and implement best practices related to asset building.

This supplement identifies the MTW waivers and activities that HACSC has implemented and hopes to implement to achieve the three MTW statutory objectives which are outlined in more detail below in the sections of Economic Mobility, Cost Effectiveness, and Housing Choice.

**Economic Mobility:** Implementation of the Opt-Out Savings Account initiative is the focal point of HACSC initial economic mobility efforts. HACSC plans to use the Opt-Out Savings Account program as the baseline for future economic mobility programs. This initiative will assist HACSC to build and expand upon a network of partnerships with service providers, financial service institutions, and other community-based organizations to promote economic mobility. In the first year, the HACSC partnered with a financial capabilities service organization which has provided individual financial coaching sessions to Opt-Out Savings Program participants. Other activities to support economic mobility include administrative changes to the Housing Choice Voucher program such as alternative income inclusions / exclusions, alternative reexamination schedule, and extension of zero HAP participation from 180 to 360 days. HACSC will continue exploring opportunities to encourage assisted households to seek employment opportunities, increased wages, and build assets.

**Cost Effectiveness:** HACSC is leveraging MTW authority and has implemented a range of waivers to achieve administrative efficiencies and cost effectiveness. These waivers are enabling HACSC to provide more meaningful service to enhance customer service, and to reduce administrative burden for participants and property owners. Program participants benefit from alternative income inclusions / exclusions, alternative reexamination schedule, and self-certification of assets. HACSC conducting certain HQS functions and PBV processes in which third-party assistance was previously required has eliminated administrative time spent coordinating contractors, and support tenants to secure housing. Administrative time savings have allowed HACSC to provide additional resources to our families through the addition of a new Resident Services Coordinator.

**Housing Choice:** HACSC's approach to improving housing choice includes providing housing stability to program participants that are already housed through waivers such as alternative income inclusions / exclusions, alternative reexamination schedule, and Moving On policies to align tenant rent and utility payments between partner agencies. The strategy to promote housing choice and to increase the supply of affordable housing is being achieved through our increase to the PBV program cap and PBV project cap. The ability to expand the PBV program is already providing new housing opportunities to program participants and supporting the development of hundreds of new affordable housing units within our community. Additionally, housing choice will be expanded through implementation of an Agency Specific Waiver to adopt an alternative reasonable cost formula to include Hard Construction Cost (HCD) and Total Development Cost (TDC) for development and construction activities under the local non-traditional activities.

HACSC is excited to be participating in the Asset Building Cohort and implementing MTW waivers that achieve HUD's statutory objectives. These activities align with the HACSC mission and our long-term vision for MTW.

Under the MTW Operations Notice, the Housing Authority of the County of Santa Cruz is authorized to flexibly and interchangeably utilize Public Housing Operating Fund, Capital Fund Program and certain Housing Assistance Payments funds for any purpose authorized under Sections 8 and 9 of the US Housing Act of 1937 and for local, non-traditional activities. The agency may utilize this flexibility over the fiscal year to support activities described in the Annual Plan in accordance with the requirements of the Operations Notice. HACSC intends, per Federal Register Notice FR-6284-N-01, to extend the term of FUP-Youth and FYI voucher assistance for up to an additional 24 months for youth participating in the HACSC Family Self-Sufficiency (FSS) program or who otherwise meet the criteria for extension as

stipulated in FR-6284-N-01.

Development: Casa Pajaro Apartments is a 34-unit apartment complex, located at 127-193 East Front Street in the City of Watsonville, which consists of seventeen 2-bedroom units and seventeen 3-bedroom units. The Housing Authority is providing a loan with Moving to Work funds to the borrower in the amount of \$21,200,000 in order to facilitate the purchase of the property. The Housing Authority is applying a regulatory agreement and declaration of restrictive covenants in which the Authority agrees to provide an award of Project-Based Vouchers (PBV) for thirty-three of the units and the borrower agrees to accept the PBV Award and enter into a Housing Assistance Payment contract. This project is considered 100% affordable through assistance from the PBV program.

The Housing Authority may utilize LNT authority under waiver 17.c. for Housing Development Programs. The Housing Authority has an Option Agreement to acquire "Chanticleer" at 2021 – 2031 Chanticleer Avenue, Santa Cruz, CA 95602 from the seller. The Housing Authority plans to use MTW funds for the acquisition. At the time of purchase, the Housing Authority will record a regulatory agreement and declaration of restrictive covenants in which the property must be used for the development of affordable housing and for the units to be occupied by low-income households with incomes at or below 80% of the Santa Cruz County area median income level. After acquisition, the project is anticipated to consist of the new construction of an estimated 50 affordable units, with the exact amount and AMI levels to be determined pending a feasibility analysis. The proposed unit mix includes 50% two-bedroom and three-bedroom units, with the remaining 50% of units to include studios and one-bedrooms. The Housing Authority is currently conducting the feasibility analysis to determine the cost and source of funds to support the development and construction of the project. The Housing Authority anticipates MTW funds will also be used to support the development and construction costs of this project utilizing LNT authority and will seek other non-MTW funding such as low-income housing tax credits, HOME, CDBG, and other state and local funding.

Additionally, housing choice will be expanded through implementation of an Agency Specific Waiver to adopt an alternative reasonable cost formula to include Hard Construction Cost (HCD) and Total Development Cost (TDC) for development and construction activities under the local non-traditional activities.

**C. The policies that the MTW agency is using or has used (not currently implemented, currently implementing, plan to implement in the submission year, plan to discontinue, previously discontinued).**

<b>1. Tenant Rent Policies</b>	
a. Tiered Rent (PH)	Not Currently Implemented
b. Tiered Rent (HCV)	Not Currently Implemented
c. Stepped Rent (PH)	Not Currently Implemented
d. Stepped Rent (HCV)	Not Currently Implemented
e. Minimum Rent (PH)	Not Currently Implemented
f. Minimum Rent (HCV)	Not Currently Implemented
g. Total Tenant Payment as a Percentage of Gross Income (PH)	Not Currently Implemented
h. Tenant Payment as a Modified Percentage of Income (HCV)	Plan to Implement in the Submission Year <del>Not Currently Implemented</del>
i. Alternative Utility Allowance (PH)	Not Currently Implemented
j. Alternative Utility Allowance (HCV)	Not Currently Implemented
k. Fixed Rents (PH)	Not Currently Implemented
l. Fixed Subsidy (HCV)	Not Currently Implemented
m. Utility Reimbursements (PH)	Not Currently Implemented
n. Utility Reimbursements (HCV)	Not Currently Implemented
o. Initial Rent Burden (HCV)	Plan to Implement in the Submission Year
p. Imputed Income (PH)	Not Currently Implemented
q. Imputed Income (HCV)	Not Currently Implemented
r. Elimination of Deduction(s) (PH)	Not Currently Implemented
s. Elimination of Deduction(s) (HCV)	Not Currently Implemented
t. Standard Deductions (PH)	Not Currently Implemented
u. Standard Deductions (HCV)	Currently Implementing
v. Alternative Income Inclusions/Exclusions (PH)	Not Currently Implemented
w. Alternative Income Inclusions/Exclusions (HCV)	Currently Implementing
<b>2. Payment Standards and Rent Reasonableness</b>	
b. Payment Standards- Fair Market Rents (HCV)	Currently Implementing
c. Rent Reasonableness – Process (HCV)	Not Currently Implemented
d. Rent Reasonableness – Third-Party Requirement (HCV)	Currently Implementing

<b>3. Reexaminations</b>	
a. Alternative Reexamination Schedule for Households (PH)	Not Currently Implemented
b. Alternative Reexamination Schedule for Households (HCV)	Currently Implementing
c. Self-Certification of Assets (PH)	Not Currently Implemented
d. Self-Certification of Assets (HCV)	Currently Implementing
<b>4. Landlord Leasing Incentives</b>	
a. Vacancy Loss (HCV-Tenant-based Assistance)	Not Currently Implemented
b. Damage Claims (HCV-Tenant-based Assistance)	Not Currently Implemented
c. Other Landlord Incentives (HCV- Tenant-based Assistance)	Not Currently Implemented
<b>5. Housing Quality Standards (HQS)</b>	
a. Pre-Qualifying Unit Inspections (HCV)	Not Currently Implemented
b. Reasonable Penalty Payments for Landlords (HCV)	Not Currently Implemented
c. Third-Party Requirement (HCV)	Currently Implementing
d. Alternative Inspection Schedule (HCV)	Plan to Implement in the Submission Year
<b>6. Short-Term Assistance</b>	
a. Short-Term Assistance (PH)	Not Currently Implemented
b. Short-Term Assistance (HCV)	Not Currently Implemented
<b>7. Term-Limited Assistance</b>	
a. Term-Limited Assistance (PH)	Not Currently Implemented
b. Term-Limited Assistance (HCV)	Not Currently Implemented
<b>8. Increase Elderly Age (PH &amp; HCV)</b>	
Increase Elderly Age (PH & HCV)	Not Currently Implemented
<b>9. Project-Based Voucher Program Flexibilities</b>	
a. Increase PBV Program Cap (HCV)	Currently Implementing
b. Increase PBV Project Cap (HCV)	Currently Implementing
c. Elimination of PBV Selection Process for PHA-owned Projects Without Improvement, Development, or Replacement (HCV)	Currently Implementing
d. Alternative PBV Selection Process (HCV)	Not Currently Implemented
e. Alternative PBV Unit Types (Shared Housing and Manufactured Housing) (HCV)	Not Currently Implemented
f. Increase PBV HAP Contract Length (HCV)	Not Currently Implemented
g. Increase PBV Rent to Owner (HCV)	Not Currently Implemented
h. Limit Choice Mobility for PBV Units (HCV)	Currently Implementing

<b>10. Family Self-Sufficiency Program with MTW Flexibility</b>	
a.PH Waive Operating a Required FSS Program (PH)	Not Currently Implemented
a. HCV Waive Operating a Required FSS Program (HCV)	Not Currently Implemented
b.PH Alternative Structure for Establishing Program Coordinating Committee (PH)	Not Currently Implemented
b. HCV Alternative Structure for Establishing Program Coordinating Committee (HCV)	Not Currently Implemented
c.PH Alternative Family Selection Procedures (PH)	Not Currently Implemented
c. HCV Alternative Family Selection Procedures (HCV)	Not Currently Implemented
d.PH Modify or Eliminate the Contract of Participation (PH)	Not Currently Implemented
d. HCV Modify or Eliminate the Contract of Participation (HCV)	Plan to Implement in the Submission Year
e.PH Policies for Addressing Increases in Family Income (PH)	Not Currently Implemented
e. HCV Policies for Addressing Increases in Family Income (HCV)	Plan to Implement in the Submission Year
<b>11. MTW Self-Sufficiency Program</b>	
a. PH Alternative Family Selection Procedures (PH)	Not Currently Implemented
a. HCV Alternative Family Selection Procedures (HCV)	Not Currently Implemented
b. PH Policies for Addressing Increases in Family Income (PH)	Not Currently Implemented
c. HCV Policies for Addressing Increases in Family Income (HCV)	Not Currently Implemented
<b>12. Work Requirement</b>	
a. Work Requirement (PH)	Not Currently Implemented
b. Work Requirement (HCV)	Not Currently Implemented
<b>13. Use of Public Housing as an Incentive for Economic Progress (PH)</b>	
Use of Public Housing as an Incentive for Economic Progress (PH)	Not Currently Implemented
<b>14. Moving on Policy</b>	
a. Waive Initial HQS Inspection Requirement (HCV)	Currently Implementing
b. PH Allow Income Calculations from Partner Agencies (PH)	Not Currently Implemented
c. HCV Allow Income Calculations from Partner Agencies (HCV)	Currently Implementing
d. PH Aligning Tenant Rents and Utility Payments Between Partner Agencies (PH)	Not Currently Implemented
e. HCV Aligning Tenant Rents and Utility Payments Between Partner Agencies (HCV)	Currently Implementing
<b>15. Acquisition without Prior HUD Approval (PH)</b>	
Acquisition without Prior HUD Approval (PH)	Not Currently Implemented
<b>16. Deconcentration of Poverty in Public Housing Policy (PH)</b>	
Deconcentration of Poverty in Public Housing Policy (PH)	Not Currently Implemented

<b>17. Local, Non-Traditional Activities</b>	
a. Rental Subsidy Programs	Not Currently Implemented
b. Service Provision	Not Currently Implemented
c. Housing Development Programs	Currently Implementing

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**C. MTW Activities Plan that Housing Authority of The County Of Santa Cruz Plans to Implement in the Submission Year or Is Currently Implementing**

**1.h. – Tenant Payment as a Modified Percentage of Income**

HACSC intends to establish a modified TTP of up to 35% of monthly adjusted income with the goal of achieving cost effectiveness. HACSC is requesting authorization to set the tenants' portion of rent at "up to" 35% of monthly adjusted income. However, depending upon HUD funding levels in FY 2026 and beyond, HACSC may use the flexibility under this waiver to set the modified TTP at some other value above 30% but below 35% of monthly adjusted income. -The purpose of implementing this waiver is to maximize the number of families we can assist through the HCV program based on current program funding levels. HACSC intends to implement a modified TTP in the range of 31% to 35% of monthly adjusted income, at the lowest possible value within that range, while still achieving the cost savings necessary to maximize the number of families that can be served within- funding levels in FY 2026 and beyond.

HACSC will observe the following waiver safe harbors:

- i. The Tenant Payment in public housing and the Tenant Payment in HCV must not exceed 32% of income for non-elderly/non-disabled families if the agency is utilizing flexibility under activities 1.r., 1.t. and/or 1.v. (for 1.g.) or 1.s., 1.u. and/or 1.w. (for 1.h.).
- ii. The Tenant Payment in public housing and the Tenant Payment in HCV must not exceed 35% of income for non-elderly/non-disabled families if the agency is not utilizing flexibility under activities 1.r., 1.t. and/or 1.v. (for 1.g.) or 1.s., 1.u. and/or 1.w. (for 1.h.).
- iv. Agency must conduct an impact analysis.
- v. Agency must implement a hardship policy.

Should HUD approve Activity 1.h. Total Tenant Payment as a Percentage of Gross Income, HACSC will, upon implementation of Activity 1.h, comply with all applicable requirements that limit the combination of waiver 1.h with waivers 1.u and 1.w.

HACSC is requesting a Safe Harbor Waiver to the following safe harbor:

- iii. Agency must exempt elderly and disabled families from rent policy.

**Which of the MTW statutory objectives does this MTW activity serve?**  
Cost effectiveness

**What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.**  
Decreased Expenditures

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**  
All assisted households.

**Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.**  
N/A

**Does this MTW activity require a hardship policy?**  
Yes.  
The hardship policy is attached.

**Does the hardship policy apply to more than this MTW activity?**  
No

<b>Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?</b> <a href="#">No</a>
<b>How many hardship requests have been received associated with this activity in the past year?</b> <a href="#">0</a>
<b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b> <a href="#">Yes.</a> <a href="#">The Safe Harbor Waiver is attached.</a>
<b>Does the MTW activity require an impact analysis?</b> <a href="#">Yes.</a> <a href="#">The impact analysis is attached.</a>
<b>Does the impact analysis apply to more than this MTW activity?</b> <a href="#">No</a>
<b><u>What percentage of income will equal the Total Tenant Payment (TTP)</u></b> <a href="#">Up to 35% of monthly adjusted income</a>
<a href="#">This activity uses adjusted annual income as defined in 24 CFR 5.611.</a>

**1.o. Tenant Rent Policies – Initial Rent Burden**

**Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative**

HACSC will waive the maximum family share at initial occupancy of 40% of the family's monthly income. HACSC will not allow the family share at initial occupancy to exceed 50% of the family's monthly income.

Santa Cruz County is currently the most expensive rental market in the nation. HACSC requests this waiver to promote increased housing choice for households, allowing HCV participants more options in their housing search. Implementation of this activity allows participants to look for housing that may be more costly than otherwise permitted under HUD regulations, but it also gives participants the option to live in lower poverty neighborhoods with access to better schools and employment opportunities

**Which of the MTW statutory objectives does this MTW activity serve?**

Housing choice

**What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.**

Cost neutral.

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**

The MTW activity applies to all assisted households

**Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.**

N/A

**Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

**Does this MTW activity require a hardship policy?**

No

**Does the MTW activity require an impact analysis?**

Yes

**Does the impact analysis apply to more than this MTW activity?**

No

**If the MtW agency plans to implement a new maximum income-based rent percentage (higher than 40% of adjusted monthly income), what is that maximum?**

50%

**1.u. – Standard Deduction (HCV)**

**Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative**

The HACSC intends to establish a standard deduction for medical expenses applicable to all elderly and disabled households with medical expenses exceeding an established threshold. The standard deduction for medical expenses and the threshold at which it applies shall both be indicated in the HACSC Section 8 Administrative Plan. Eligible elderly and disabled families who claim medical expenses at or above the established threshold will be required to sign a self-certification.

This MTW activity doesn't impact the family's eligibility to receive the elderly/disabled and dependent deductions in accordance with §5.611(a)(1) – (a)(2).

[Should HUD approve Activity 1.h. Total Tenant Payment as a Percentage of Gross Income, HACSC will, upon implementation of Activity 1.h, comply with all applicable requirements that limit the combination of waiver 1.h with waiver 1.u.](#)

For purposes of this MTW activity, medical expenses are defined in accordance with 24 CFR §5.603: Health and medical care expenses are any costs incurred in the diagnosis, cure, mitigation, treatment, or prevention of disease or payments for treatments affecting any structure or function of the body. Health and medical care expenses include medical insurance premiums and long-term care premiums that are paid or anticipated during the period for which annual income is computed.

For FY starting 7/1/2024, the proposed standard deduction for medical expenses is \$1,500 for elderly and disabled households with expenses at or above a \$1,500 threshold. HACSC will periodically adjust the amount of the standard medical deduction, adhering to HUD's methodology for calculating inflationary adjustments for the elderly/disabled family deduction, pursuant to a pending HUD Federal Register notice.

The MTW activity applies to all tenant-based units and properties with project-based vouchers.

Households may request a Medical Expense Hardship exemption to the standard deduction in accordance with the HACSC Medical Expense Hardship Policy. Families requesting a hardship exception will be asked to complete a medical expense verification packet, and may be asked to provide supporting documents, receipts, and/or contact information of healthcare providers that can verify the expenses.

Staff currently spend a significant amount of time calculating medical expenses to determine a household's allowable medical expense deduction. By establishing a standard deduction for medical expenses, and by allowing households eligible for the standard deduction to self-certify their medical expenses and applying a standardized deduction, significant staff time will be saved. It's anticipated that savings in staff time previously spent calculating medical expenses can be redirected to direct client services or other programs benefiting the clients served by HACSC.

**Which of the MTW statutory objectives does this MTW activity serve?**

Cost effectiveness

**What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.**

Decreased expenditures

<p><b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b></p> <p>The MTW activity applies only to a subset or subsets of assisted households</p>
<p><b>Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households</b></p> <p>New admissions and currently assisted households</p>
<p><b>Does the MTW activity apply to all family types or only to selected family types?</b></p> <p>The MTW activity applies only to selected family types: elderly and disabled.</p>
<p><b>Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?</b></p> <p>The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers: The MTW activity applies to all tenant-based units and all properties with project-based vouchers.</p>
<p><b>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.</b></p> <p>The activity was approved by HUD in October 2024 and HACSC is in the process of implementation. Staff training and Yardi setup are scheduled for Spring 2025, with an anticipated effective date of 7/1/2025.</p>
<p><b>Does this MTW activity require a hardship policy?</b></p> <p>Yes.</p>
<p><b>Does the hardship policy apply to more than this MTW activity?</b></p> <p>No</p>
<p><b>Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?</b></p> <p>No</p>
<p><b>How many hardship requests have been received associated with this activity in the past year?</b></p> <p>0</p>
<p><b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b></p> <p>No</p>
<p><b>Does the MTW activity require an impact analysis?</b></p> <p>Yes</p>
<p><b>Does the impact analysis apply to more than this MTW activity?</b></p> <p>No</p>
<p><b>How much will the single standard deduction be in the Fiscal Year?</b></p> <p>\$1,500 for FY beginning July 1, 2024.</p>

<p><b>1.w. - Alternative Income Inclusions/Exclusions (HCV)</b></p>
<p><b>Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative</b></p> <p>Exclude income from asset-building activities. This change benefits clients, increasing self-sufficiency and housing choice as well as saving tenant time. Additionally, it reduces staff time. Decreased staff paperwork increases operational efficiency and cost-effectiveness.</p> <p><a href="#">Should HUD approve Activity 1.h. Total Tenant Payment as a Percentage of Gross Income, HACSC will, upon implementation of Activity 1.h, comply with all applicable requirements that limit the combination of waiver 1.h with waiver 1.w.</a></p>
<p><b>Which of the MTW statutory objectives does this MTW activity serve?</b></p> <p>Cost effectiveness; Self-sufficiency; Housing choice</p>
<p><b>What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.</b></p> <p>Increased expenditures</p>
<p><b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b></p> <p>The MTW activity applies to all assisted households</p>
<p><b>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.</b></p> <p>The asset-building activities have been implemented, with deposits effective March 2024.</p>
<p><b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b></p> <p>Yes</p>
<p><b>What is the status of the Safe Harbor Waiver request?</b></p> <p>The waiver was previously approved.</p>
<p><b>Please describe the extent to which the Safe Harbor Waiver is supporting the MTW agency's goal in implementing this MTW activity.</b></p> <p>Income attributable to the asset-building activities our PHA has implemented as part of the MTW Asset Building cohort are excluded. This safe harbor waiver contributes to the success of the asset building program.</p>
<p><b>What inclusions or exclusions will be eliminated, modified, or added?</b></p> <p>Income attributable to the asset-building activities our PHA implements as part of the MtW Asset Building Cohort is excluded.</p>

<b>2.b. - Payment Standards- Fair Market Rents (HCV)</b>
<p><b>Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.</b></p> <p>The HACSC shall implement a payment standard between 80% and 120% of Fair Market Rents.</p>
<p><b>Which of the MTW statutory objectives does this MTW activity serve?</b></p> <p>Housing choice</p>
<p><b>What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.</b></p> <p>Neutral (no cost implications)</p>
<p><b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b></p> <p>The MTW activity applies to all assisted households.</p>
<p><b>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation</b></p> <p>The Housing Authority has established payment standards ranging between 80% and 120% of the Fair Market Rent (FMR). This strategic utilization of payment standards offers flexibility within a reasonable range, aiming to accommodate varying housing market conditions for the benefit of program participants.</p>
<p><b>Does this MTW activity require a hardship policy?</b></p> <p>Yes</p>
<p><b>Does the hardship policy apply to more than this MTW activity?</b></p> <p>No</p>
<p><b>Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?</b></p> <p>No</p>
<p><b>How many hardship requests have been received associated with this activity in the past year?</b></p> <p>0</p>
<p><b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b></p> <p>No</p>
<p><b>Does the MTW activity require an impact analysis?</b></p> <p>Yes</p>
<p><b>Does the impact analysis apply to more than this MTW activity?</b></p> <p>No</p>
<p><b>Please explain the payment standards by FMR:</b></p> <p>Currently, PHAs are required to establish payment standards between 90% - 120% Fair Market Rents. The proposed waiver would provide HACSC with greater flexibility to establish payment standards that reflect market rates, resulting in greater housing choice for program families.</p>

<p><b>2.d. - Rent Reasonableness – Third-Party Requirement (HCV)</b></p>
<p><b>Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.</b></p> <p>HACSC no longer requires a third party to conduct rent reasonableness tests and to assist the family in negotiating the rent to owner on units at properties that HACSC owns, manages, and/or controls. HACSC will follow the rent reasonableness process used for all other HCV properties and conduct the test using a database consisting of comparable units or properties. Requiring approval from a third party increases costs and creates potential delays in the availability of needed housing units. Conducting these rent reasonableness tests in- house will achieve greater cost-effectiveness in federal expenditures, improve administrative efficiencies, eliminate confusion for staff and participants, and improve the response time for conducting rent reasonableness analyses. The agency will meet all safe harbor requirements of the Operations Notice including (1) The agency shall establish and make available a quality assurance method to ensure impartiality; (2) The agency shall make available the method used to determine that rents charged by owners to voucher participants are reasonable when compared to similar unassisted units in the market area; and (3) At the Department's request, the agency must obtain the services of a third-party.</p>
<p><b>Which of the MTW statutory objectives does this MTW activity serve?</b></p> <p>Cost effectiveness; Housing choice</p>
<p><b>What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.</b></p> <p>Decreased expenditures</p>
<p><b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b></p> <p>The MTW activity applies only to a subset or subsets of assisted households</p>
<p><b>Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?</b></p> <p>New admissions and currently assisted households</p>
<p><b>Does the MTW activity apply to all family types or only to selected family types?</b></p> <p>The MTW activity applies to all family types.</p>
<p><b>Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?</b></p> <p>The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers.</p>
<p><b>Please describe which tenant-based units and/or properties with project-based vouchers participate in the MTW activity.</b></p> <p>Applies only to units owned or controlled by the PHA.</p>
<p><b>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation</b></p> <p>The Housing Authority has implemented the waiver and no longer uses a third party to conduct rent reasonable tests for at properties owned and/or controlled by the Agency.</p>
<p><b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b></p> <p>No</p>

**Please explain or upload a description of the quality assurance method.**

The HACSC has developed and implemented procedures for the conduct of regularly scheduled quality control of PHA-owned rent reasonableness assessments, including establishing the sampling size and frequency within the procedures and designating quality control roles and responsibilities.

An explanation is provided in lieu of an uploaded document.

**Please explain or upload a description of the rent reasonableness determination method.**

Reasonable rent is currently determined using information produced by Affordable Housing.com, a national rent reasonableness system, via the AffordableHousing.Com database. The AffordableHousing.com database meets HUD regulatory requirements for rent comparisons based on comparable unassisted units, including information about each unit's location, size, type, age, quality/condition, utilities and amenities. HACSC may institute a change to which database is used for Rent Reasonableness determinations but will always utilize a national rent reasonableness system that meets HUD regulatory requirements.

An explanation is provided in lieu of an uploaded document.

<p><b>3.b. - Alternative Reexamination Schedule for Households (HCV)</b></p>
<p><b>Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.</b></p> <p>Reducing the frequency of household certifications allows participants to keep more of their income as their income increases. It also reduces the burden on both participants and Housing Specialists in acquiring, submitting, and processing paperwork. This waiver gives tenants a longer time with stable rent to allow for better financial planning and housing security. Tenants have a greater ability to save for and accomplish life goals such as pursuing education and rent independence or home ownership. To enhance self-sufficiency and increase housing choice, HACSC will not perform an interim reexamination for earned and/or unearned income increases that occur between regularly scheduled reexaminations, regardless of the amount of the increase, unless requested by the family. This waiver, approved by HUD prior to HUD issuing the new HOTMA Final Rule updates to 24 CFR 982.505, supersedes the HOTMA updates which are in conflict with this approved waiver and at odds with the administrative efficiencies created by HACSC's implemented alternative reexamination schedule. Per our existing waiver, HACSC will only apply increases in the payment standard amount outside of regular re-examinations for contract rent increases in which the gross rent would result in an increase in the family share, or in the case of a hardship.</p> <p>There is no limit to the number of interim reexaminations a family may request per year, without requesting a hardship, for qualifying events.</p> <p>The activity meets all of the applicable safe harbor requirements in the Operations Notice including (1) Reexaminations must occur at least every three years; (2) The agency must allow at least one interim adjustment per year at the request of the household, if the household gross income has decreased 10% or more; (3) Agency must implement an impact analysis; and (4) Agency must include a hardship policy.</p>
<p><b>Which of the MTW statutory objectives does this MTW activity serve?</b></p> <p>Cost effectiveness; Self-sufficiency</p>
<p><b>What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.</b></p> <p>Increased expenditures</p>
<p><b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b></p> <p>The MTW activity applies to all assisted households</p>
<p><b>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation</b></p> <p>HACSC has implemented the waiver with no changes to the waiver request as submitted. With HACSC's waiver of certain provisions of 24 CFR Part 982.516(a) and (c), HACSC has introduced an Alternative Reexamination Schedule to streamline reevaluation processes. Under this initiative, MTW households reliant on fixed-income sources undergo reexaminations at least every three years, non-fixed income MTW households every two years, and all other households annually. Fixed income is defined as stable and primary income sources such as Social Security, Disability Insurance, employment pensions, Veterans Affairs benefits, or similar. As this waiver was written and implemented, HACSC conducts interim adjustments to redetermine subsidy only when the household experiences a qualifying event. Qualifying events are described in the HCV Administrative Plan and include decreases in income, increases in income when requested by the household, changes in household composition, and changes to the contract rent. This waiver, approved by HUD prior to HUD issuing the new HOTMA Final Rule updates to 24 CFR 982.505, supersedes the HOTMA updates which are in conflict with this approved waiver and at odds with the administrative efficiencies created by HACSC's implemented alternative reexamination schedule. Per our existing waiver, HACSC will only apply increases in the payment standard amount outside of regular re-examinations for contract rent increases in which the gross rent would result in an increase in the family share, or in the case of a hardship.</p>
<p><b>Does this MTW activity require a hardship policy?</b></p> <p>Already provided.</p>
<p><b>Does the hardship policy apply to more than this MTW activity?</b></p>

<b>No</b>
<b>Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?</b> <b>No</b>
<b>How many hardship requests have been received associated with this activity in the past year?</b> <b>0</b>
<b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b> <b>No</b>
<b>Does the MTW activity require an impact analysis?</b> <b>Yes</b>
<b>Does the impact analysis apply to more than this MTW activity?</b> <b>No</b>
<b>What is the recertification schedule? Other:</b>  <p>The Housing Authority will conduct reexaminations for fixed-income households at least every three years, conduct reexaminations for non-fixed income households under MTW flexibility at least every two years, and all other households will have a reexamination conducted annually. Fixed Income means primary or sole source of income that comes from stable and fixed sources such as Social Security, Social Security Disability Insurance, employment pensions, Veterans Affairs benefits, or similar. Zero income families are not considered to be fixed income; zero income families will have reexaminations conducted annually.</p> <p>In between reexaminations, the HACSC will conduct any number of interim adjustments to redetermine subsidy when the household experiences a qualifying event. Qualifying events will include decreases in income, without regard to a specified threshold, increases in income (when requested by the household), changes in household composition, and changes to the contract rent. When interim adjustments are conducted, HACSC may apply payment standards and utility allowances in effect at the time of the effective date of the adjustment. HACSC will reserve the right to conduct reexaminations more frequently either for administrative or financial reasons. HACSC will not perform an interim reexamination for both earned and unearned income increases that occur between regularly scheduled reexaminations, regardless of the amount of the increase, unless requested by the family.</p> <p>Families may also request an interim reexamination under the HACSC hardship policy. A hardship may be requested if a family has experienced a decrease in income because of changed circumstances, including loss or reduction of employment, death in the family, or reduction in or loss of earnings or other assistance; and/or, the family has experienced an increase in expenses, because of changed circumstances, for medical costs, childcare, transportation, education, or similar items.</p>
<b>How many interim recertifications per year may a household request?</b> <b>2 or more</b>
<b>Please describe briefly how the MTW agency plans to address changes in family/household circumstances under the alternative reexamination schedule.</b>  <p>The HACSC will conduct reexaminations for fixed-income families at least every three years and will conduct reexaminations for all remaining (non-fixed-income families) at least every two years. Between reexaminations, the HACSC will conduct interim adjustments to redetermine subsidy when the household experiences a qualifying event. Qualifying events are described in the HCV Administrative Plan and include decreases in income, increases in income (when requested by the household) changes in household composition, and changes to the contract rent. When interim adjustments are conducted, HACSC may apply payment standards and utility allowances in effect at the time of the effective date of the adjustment. HACSC will reserve the right to conduct reexaminations more frequently either for administrative or for financial reasons.</p>

**3.d. - Self-Certification of Assets (HCV)**

**Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.**

At reexamination, the agency will allow the self-certification of assets up to \$50,000. Reduced documentation requirements will reduce staff time for processing, thereby increasing operational efficiency and cost effectiveness. Reducing documentation saves time for staff and the majority of tenants whose assets are below a level that makes a difference in qualifying for support.

**Which of the MTW statutory objectives does this MTW activity serve?**

Cost effectiveness

**What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.**

Decreased expenditures

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**

The MTW activity applies to all assisted households

**Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.**

The Housing Authority has implemented this waiver and is allowing households to self-certify assets up to \$50,000. This initiative simplifies the asset verification process, empowering eligible households to self-report assets within the specified threshold.

**Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

**Please state the dollar threshold for the self-certification of assets.**

\$50,000.

**5.c. - Third-Party Requirement (HCV)**

**Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.**

HACSC eliminated the requirement for third-party inspections on units at properties the PHA owns, manages, and/or controls, which will save staff time, increase operational efficiency, and increase cost effectiveness. Additionally, it may increase housing choice for tenants through a faster inspection process. With third-party inspections, delays are beyond HACSC's control. HACSC has certified HQS Inspectors on staff and plans to utilize them for PHA-owned unit inspections. This will increase efficiency and reduce staff time. This change will allow HACSC to operate more efficiently and strategically to serve its mission and focus on innovative programs and services to tenants. [HACSC will comply with all waiver safe harbors.](#)

**Which of the MTW statutory objectives does this MTW activity serve?**

Cost effectiveness; Housing choice

**What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.**

Decreased expenditures

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**

The MTW activity applies only to a subset or subsets of assisted households

**Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?**

New admissions and currently assisted households

**Does the MTW activity apply to all family types or only to selected family types?**

The MTW activity applies to all family types

**Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?**

The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers.

**Please describe which tenant-based units and/or properties with project-based vouchers participate in the MTW activity.**

Applies only to units owned or controlled by the PHA.

**Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.**

The Housing Authority has removed the requirement for third-party inspections on all units, both PBV and HCV, owned or controlled by the Agency. This strategic move is streamlining operations, reducing staff workload, and enhancing cost efficiency by eliminating the need for external inspections.

**Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

**Please explain or upload the description of the quality assurance method:**

HACSC has developed and implemented procedures for the conduct of regularly scheduled quality control of PHA-owned PBV and HCV unit inspections, including establishing the sampling size and frequency within the procedures and designating quality control inspector roles and responsibilities. An explanation is provided in lieu of an upload.

<b>5.d. Housing Quality Standards – Alternative Inspection Schedule (HCV)</b>
<p><b>Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative</b></p> <p>HACSC proposes to modify the frequency of inspections for both HCV and PBV Units, to be conducted every three years instead of every two years. This change will result in the ability to reallocate staff time to better meet the needs of residents and participants and working with the community to assess and help meet other housing needs. Participants and/or property owners will continue to be able to request an inspection at any time. This change does not allow any alteration of the Housing Quality Standards, nor does it prohibit the Housing Authority from requiring an inspection at any time for health, safety and accessibility issues. This change will save staff time thus allowing staff to devote more time to supporting participants and the housing issues in the larger community and reduce the burden on participants and property owners who need to schedule time to open up the unit to our inspectors.</p>
<p><b>Which of the MTW statutory objectives does this MTW activity serve?</b></p> <p>Cost Effectiveness</p>
<p><b>What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.</b></p> <p>Decreased expenditures</p>
<p><b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b></p> <p>The MTW activity applies to all assisted households.</p>
<p><b>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.</b></p> <p>N/A</p>
<p><b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b></p> <p>No</p>

**9.a. - Increase PBV Program Cap (HCV)**

**Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.**

The HACSC proposes to project-base the lower of fifty percent (50%) of the total authorized units or fifty percent (50%) of annual budget authority of its vouchers to attach the funding to specific affordable units through the Project Based Voucher program.

The Project-Based Voucher (PBV) program allows a Housing Authority to use up to twenty percent (20%) percent of its vouchers to attach the funding to specific affordable units. PHAs may project base an additional ten percent (10%) of vouchers that are excepted from this cap, for units designated for homeless, veterans, supportive services, or in a low poverty census tract.

Benefits to Development: Project basing gives developers a guarantee of a future source of stable income for a development, which can be integral to the financing package that makes constructing or rehabilitating affordable housing possible. In markets facing a housing shortage, this is one of the only tools housing authorities have to spur the construction of new, quality, affordable units. Many families with tenant-based vouchers struggle to find a unit in the private rental market due to an extreme scarcity of rental housing and property owner reluctance to participate in the voucher program. Scarcity of rental units leads to tenant-based vouchers often expiring before a household can secure a unit, and results in loss of voucher assistance. Committing vouchers to affordable properties through the PBV program ensures those units will be available exclusively to voucher households. Since the PBV program promotes construction of affordable housing in high opportunity low poverty neighborhoods, increasing the PBV cap allows more low-income households, often including children, to benefit from good neighborhoods that are likely to have better schools, parks, healthcare, jobs, transportation, and other assets that improve outcomes for low-income families. Families are not required to stay in PBV units and may move into any unit of their choosing in the private market using a tenant-based voucher at the end of their initial lease term, freeing up the PBV unit for the next eligible household waiting for assistance.

**Which of the MTW statutory objectives does this MTW activity serve?**

Housing choice

**What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.**

Neutral (no cost implications)

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**

The MTW activity applies to all assisted households

**Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.**

This waiver has been implemented as planned, and HACSC is continuing to spur new affordable housing production with awards of project-based vouchers to projects selected through the RFP process. HACSC has introduced a new PBV Request for Proposals and will continue to expand the PBV portfolio. Before the end of FY 2024-25, HACSC's total commitment of PBVs is anticipated to exceed 30% of our ACC Authorized Units.

**Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

**What percentage of total authorized HCV units will be authorized for project-basing?**

50.00%

**9.b. - Increase PBV Project Cap (HCV)**

**Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.**

Allows more than the greater of twenty-five units or 25% of the units at a complex to receive Project-Based Voucher assistance. Under current regulations, "excepted" units that are for the elderly or those providing supportive services are already exempt from this cap. This activity would allow units that may not be serving the excepted populations to go above the cap up to 100% of the units at a project. This will increase housing choice and contribute to the development of additional affordable housing production available to households eligible for the Section 8 Program. The HACSC will continue to be subject to Notice PIH 2013-27 where applicable, or successor notices.

**Which of the MTW statutory objectives does this MTW activity serve?**

Housing choice

**What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.**

Neutral (no cost implications)

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**

The MTW activity applies to all assisted households

**Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.**

The Housing Authority initially implemented this waiver in FY 2023-24 to allow more than the greater of twenty-five units or 40% of the units at a complex to receive PBV assistance and introduced a new PBV Request for Proposals. The Housing Authority has since reduced the PBV Project Cap back down to the greater of 15 units or 40 percent of the units at the project. The waiver as approved still allows HACSC to award up to 100% of the units at a project.

**Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

<p><b>9.c. - Elimination of PBV Selection Process for PHA-owned Projects Without Improvement, Development, or Replacement (HCV)</b></p>
<p><b>Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.</b></p> <p>Under this waiver, the HACSC eliminated the independent third-party selection process and competitive process in the award of PBV's to properties owned or controlled by the agency when the agency is not engaged in an initiative to improve, develop, or replace a public housing property or site. All other PBV selection and approval requirements, including HQS compliance, NEPA review and subsidy layering review are still applicable and must be conducted. The HACSC will comply with the following Safe Harbor requirements (1) A subsidy layering review must be conducted; (2) The agency must complete site selection requirements; (3) HQS inspections must be performed by an independent entity according to 24 CFR 983.59(b) or 24 CFR 983.103(f), unless MTW waiver 5.c. or an Agency-Specific Waiver is implemented; (4) The agency is subject to Notice PIH 2013-27 where applicable, or successor; and (5) Property must be owned by a single-asset entity of the agency, see Notice PIH 2017-21. The HACSC has an approved MTW waiver to conduct its own inspections for PHA-owned or controlled units.</p>
<p><b>Which of the MTW statutory objectives does this MTW activity serve?</b></p> <p>Cost effectiveness</p>
<p><b>What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.</b></p> <p>Decreased expenditures</p>
<p><b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b></p> <p>The MTW activity applies only to a subset or subsets of assisted households</p>
<p><b>Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?</b></p> <p>New admissions and currently assisted households</p>
<p><b>Does the MTW activity apply to all family types or only to selected family types?</b></p> <p>The MTW activity applies to all family types</p>
<p><b>Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?</b></p> <p>The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers</p>
<p><b>Please describe which tenant-based units and/or properties with project-based vouchers participate in the MTW activity.</b></p> <p>Applies only to units owned or controlled by the PHA.</p>
<p><b>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation</b></p> <p>The HACSC eliminated the independent third-party selection process and competitive process in the award of PBV's to properties owned or controlled by the agency when the agency is not engaged in an initiative to improve, develop, or replace a public housing property or site.</p>
<p><b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b></p> <p>No</p>

**9.h. - Limit Choice Mobility for PBV Units (HCV)****Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative**

HACSC will limit moves from PBV units using a Housing Choice Voucher for 24 months after PBV move-in for applicants coming from site-based waiting lists or from non-waiting list referral programs. PBV Residents coming from the HCV waiting list will continue to have portability with a Housing Choice Voucher after 12 months. This change ensures that households electing to move into a PBV unit cannot convert to an HCV after only one year, effectively bypassing the HCV waitlist. Additionally, it decreases the administrative burden for staff after initial intake. HACSC will comply with all safe harbor requirements including (1) Portability under this activity must not be restricted for more than 24 months; (2) The agency must have a clear and uniform policy in place to address how move requests are received and how they are approved/denied for PBV households; and (3) Participants must still retain the ability to request a tenant-based voucher for reasonable accommodation according to existing rules.

**Which of the MTW statutory objectives does this MTW activity serve?**

Cost effectiveness

**What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.**

Decreased expenditures

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**

The MTW activity applies to all assisted households

**Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation**

The Housing Authority has not yet implemented this waiver.

**Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

<p><b>10.d. HCV – Modify or Eliminate the Contract of Participation (HCV)</b></p>
<p><b>Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative</b></p> <p>The agency is authorized to modify the terms of or eliminate the FSS Contract of Participation (HUD-52650), in lieu of a local form. The agency may modify the terms of the Contract of Participation to align with adjustments made to its MTW FSS Program using MTW flexibility. Further, the agency may discontinue use of the Contract of Participation and instead employ a locally-developed agreement that codifies the terms of participation. The proposed activity will meet all of the applicable safe harbor requirements in the Operations Notice.</p>
<p><b>Which of the MTW statutory objectives does this MTW activity serve?</b></p> <p>Self Sufficiency</p>
<p><b>What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.</b></p> <p>Increased expenditures</p>
<p><b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b></p> <p>The MTW activity applies only to a subset or subsets of assisted households.</p>
<p><b>Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households</b></p> <p>New admissions and currently assisted households</p>
<p><b>Does the MTW activity apply to all family types or only to selected family types?</b></p> <p>The MTW activity applies only to selected family types.</p>
<p><b>Please select the family types subject to this MTW activity:</b></p> <p>Other – another specifically defined target population or populations. Please describe this target population: Participants in the FSS Program</p>
<p><b>Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?</b></p> <p>The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers.</p>
<p><b>Please describe which tenant-based units and/or properties with project-based vouchers participate in the MTW activity.</b></p> <p>The MTW activity applies to all tenant-based units and to all properties with project-based vouchers</p>
<p><b>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.</b></p> <p>N/A</p>
<p><b>Does this MTW activity require a hardship policy?</b></p> <p>No</p>
<p><b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b></p> <p>No</p>
<p><b>Does the MTW activity require an impact analysis?</b></p> <p>No</p>

**10.e. FSS Program with MTW Flexibility Activities – Policies for Addressing Increases in Family Income**

**Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative**

HACSC proposes to increase the FSS Program incentives for income growth, resident participation, education and training outcomes. These new incentives could motivate and support residents to realize a higher degree of economic independence. HACSC proposes two parts to the escrow payment: (1) The existing monthly deposit to a participant's escrow account when they have increased earned income that results in a Total Tenant Payment (TTP) over the baseline set when they join FSS. (2) Specific dollar amounts, to be established annually, payable to a participant's escrow account based on specific achievements such as completion of financial literacy education, completion of vocational training, or maintaining employment for specified periods of time. Some of these incentive payments result in an immediate deposit to the escrow account while others would not be calculated and paid until a successful program graduation.

**Which of the MTW statutory objectives does this MTW activity serve?**

Self Sufficiency

**What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.**

Increased expenditures

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**

The MTW activity applies only to a subset or subsets of assisted households.

**Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households**

New admissions and currently assisted households

**Does the MTW activity apply to all family types or only to selected family types?**

The MTW activity applies only to selected family types.

**Please select the family types subject to this MTW activity:**

Other – another specifically defined target population or populations. Please describe this target population:  
Participants in the FSS Program

**Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?**

The MTW activity applies to all tenant-based units and to all properties with project-based vouchers.

**Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.**

N/A

**Does this MTW activity require a hardship policy?**

No

**Does the hardship policy apply to more than this MTW activity?**

No.

**Has the MTW agency modified the hardship policy since the last submission of the MTW Supplement?**

N/A

**How many hardship requests have been received associated with this activity in the past year?**

N/A

**Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

**Does the MTW activity require an impact analysis?**

No

**Does the impact analysis apply to more than this MTW activity?**

N/A

**10.e. - Policies for Addressing Increases in Family Income:**

**How will the MTW agency treat increased earnings for families participating in the FSS Program with MTW flexibility**

HACSC proposes two parts to the escrow payment:

(1) The existing monthly deposit to a participant's escrow account when they have increased earned income that results in a Total Tenant Payment (TTP) over the baseline set when they join FSS. This would be no change to how it is calculated without MTW flexibility.

(2) In addition to the standard increases to the escrow account, specific incentive payment amounts, to be established annually, payable to a participant's escrow account based on specific achievements such as completion of financial literacy education, completion of vocational training, or maintaining employment for specified periods of time. Some of these incentive payments result in an immediate deposit to the escrow account while others would not be calculated and paid until a successful program graduation.

**14.a. - Waive Initial HQS Inspection Requirement (HCV)**

**Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.**

HACSC may, at their discretion, waive the initial HQS inspection requirement for PSH residents transitioning into voucher-based assistance who are remaining in their unit. Waiving the initial HQS inspection will decrease costs and increase efficiency, allowing the PSH household to transition to voucher-based assistance seamlessly without the disruption of inspection. Participants retain the right to request inspection at any time. [HACSC will comply with all waiver safe harbors.](#)

**Which of the MTW statutory objectives does this MTW activity serve?**

Cost effectiveness; Housing choice

**What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.**

Decreased expenditures

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**

The MTW activity applies only to a subset or subsets of assisted households

**Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?**

Currently assisted households only

**Does the MTW activity apply to all family types or only to selected family types?**

The MTW activity applies only to selected family types

**Please select the family types subject to this MTW activity.**

Other – another specifically defined target population or populations.

**If Other Selected in Previous Question: Please describe this target population in the text box.**

Only residents of Permanent Supportive Housing Programs.

**Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?**

The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers.

**Please describe which tenant-based units and/or properties with project-based vouchers participate in the MTW activity.**

Tenant-based Permanent Supportive Housing units from which resident will transition into a tenant-based or project-based voucher unit.

**Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation**

The Housing Authority has implemented this waiver and now allows discretion for PSH residents transitioning to voucher-based assistance and staying in their current unit to potentially bypass the Initial HQS inspection. This streamlined approach aims to enhance efficiency and minimize costs during transitions, while participants retain the option to request an inspection at their convenience.

**Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

**14.b.HCV - Allow Income Calculations from Partner Agencies (HCV)**

**Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.**

HACSC may, at their discretion, utilize the income calculations and documentation from partner agencies for PSH households transitioning to voucher-based assistance, provided that income calculations must be determined in accordance with 24 CFR 5.609 and that any income calculations accepted from partner agencies must have been calculated within the past year. Utilizing the income calculations and documentation from partner agencies will decrease costs and increase efficiency, allowing the PSH household to transition to voucher-based assistance quickly and seamlessly without completing redundant paperwork and procuring verification documents, which can be extremely challenging for vulnerable populations. The Agency shall comply with all Safe Harbor provisions including 14.b.iv: Screenings for lifetime sex offender status and convictions of drug-related criminal activity for manufacture or production of methamphetamine on the premises of federally assisted housing must continue and are not waivable.

**Which of the MTW statutory objectives does this MTW activity serve?**

Cost effectiveness

**What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.**

Decreased expenditures

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**

The MTW activity applies only to a subset or subsets of assisted households

**Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?**

Currently assisted households only

**Does the MTW activity apply to all family types or only to selected family types?**

The MTW activity applies only to selected family types

**Please select the family types subject to this MTW activity.**

Other – another specifically defined target population or populations.

**If Other Selected in Previous Question: Please describe this target population in the text box.**

Only residents of Permanent Supportive Housing Programs transitioning to a voucher.

**Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?**

The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers

**Please describe which tenant-based units and/or properties with project-based vouchers participate in the MTW activity.**

Tenant-based Permanent Supportive Housing units from which resident will transition into a tenant-based or project-based voucher unit.

**Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation**

The Housing Authority has implemented a waiver allowing the use of partner agency income calculations and documentation, aligning with 24 CFR 5.609 (defining annual income) and within a one-year timeframe. This measure is aimed at streamlining transitions, reducing costs, and simplifying the process for PSH households by eliminating redundant paperwork and easing document verification burdens, especially for vulnerable populations.

**Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

<b>14.c.HCV - Aligning Tenant Rents and Utility Payments Between Partner Agencies (HCV)</b>
<p><b>Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.</b></p> <p>HACSC may, at their discretion, adjust the subsidy for PSH residents transitioning into voucher-based assistance to align the tenant's portion of rent with the PSH program they are transitioning from. If a PSH tenant is transitioning from a program with a different subsidy structure, the transition could result in a significant increase in the tenant's contribution of rent, potentially resulting in displacement from their current unit. Having the flexibility to align the voucher subsidy with the subsidy from the PSH program will avoid increases in tenant rent burden and the potential for displacement.</p>
<p><b>Which of the MTW statutory objectives does this MTW activity serve?</b></p> <p>Housing choice</p>
<p><b>What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.</b></p> <p>Increased expenditures</p>
<p><b>Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?</b></p> <p>The MTW activity applies only to a subset or subsets of assisted households</p>
<p><b>Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?</b></p> <p>Currently assisted households only</p>
<p><b>Does the MTW activity apply to all family types or only to selected family types?</b></p> <p>The MTW activity applies only to selected family types</p>
<p><b>Please select the family types subject to this MTW activity.</b></p> <p>Other – another specifically defined target population or populations.</p>
<p><b>If Other Selected in Previous Question: Please describe this target population in the text box.</b></p> <p>Only residents of Permanent Supportive Housing Programs transitioning to a voucher.</p>
<p><b>Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?</b></p> <p>The MTW activity applies to specific tenant-based units and/or properties with project-based vouchers</p>
<p><b>Please describe which tenant-based units and/or properties with project-based vouchers participate in the MTW activity.</b></p> <p>Tenant-based Permanent Supportive Housing units from which resident will transition into a tenant-based or project-based voucher unit.</p>
<p><b>Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation</b></p> <p>The Housing Authority has implemented a waiver enabling the adjustment of subsidies for PSH residents transitioning to voucher-based assistance, aligning with the tenant's previous rent contributions from their PSH program. This measure aims to prevent substantial increases in tenant rent payments during transitions between programs with varying subsidy structures, thereby mitigating the risk of displacement for affected individuals.</p>
<p><b>Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?</b></p> <p>No</p>

**17.c. - Housing Development Programs**

**Describe the MTW activity, the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.**

HACSC intends to use MTW funding to acquire, renovate and/or build affordable units that are not public housing units. Eligible activities may include gap financing or construction costs for development of affordable housing, conducted by the PHA or a PHA-controlled affiliate or by a non-PHA affordable housing developer, including but not limited to development of tax credit units, or affordable units funded with any other local, state, or federal funds. HACSC will not spend more than 10% of its HAP budget on local, non-traditional activities. Families receiving housing or services through local, non-traditional activities must meet the definition of low-income. Local, non-traditional development activities will be conducted in accordance with the applicable requirements of PIH Notice 2011-45 and the MTW Operations Notice. The Agency shall comply with Safe Harbor provisions requiring compliance with Section 30 of the 1937 Housing Act and that any MTW Funding awarded to a third-party provider must be competitively awarded.

**Which of the MTW statutory objectives does this MTW activity serve?**

Housing choice

**What are the cost implications of this MTW activity? Pick the best description of the cost implications based on what you know today.**

Increased expenditures

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**

The MTW activity applies to all assisted households

**Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation**

The Housing Authority has provided \$8 million of LNT funding for the construction of a 20-unit affordable housing development called Natural Bridges in Santa Cruz. That development is helping the Housing Authority reach its goal of providing new affordable housing opportunities to program participants in the community. Construction at Natural Bridges was completed in December 2024, and the process of moving tenants in has commenced.

**Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

Table 17.c.1

**Housing Development Programs that the MTW Agency plans to commit Funds to in Fiscal Year**

Name of Development and Address	MTW Role: Acquisition, Rehabilitation or New Construction	Type of MTW Agency Financing: Gap Financing, Tax Credit Partnership or Other	Number of Affordable Units	Total Number of Units	Number of Units by Affordability 80% AMI	Number of Units by Affordability 50% AMI	Number of Units by Affordability 30% AMI	Number of Units by Affordability Other
Chanticleer 2021-2031 Chanticleer Ave Santa Cruz, CA 95062	New Construction	TBD	50	50	0	0	0	N/A
Portola 3501 Portola Avenue Santa Cruz CA 95062	Acquisition	TBD	0	0	0	0	0	0

**Housing Development Programs that the MTW Agency plans to spend funds on in Fiscal Year**

Name of Development and Address	MTW Role: Acquisition, Rehabilitation or New Construction	Type of MTW Agency Financing: Gap Financing, Tax Credit Partnership or Other	Number of Affordable Units	Total Number of Units	Number of Units by Affordability 80% AMI	Number of Units by Affordability 50% AMI	Number of Units by Affordability 30% AMI	Number of Units by Affordability Other
Chanticleer 2021-2031 Chanticleer Ave Santa Cruz, CA 95062	New Construction	TBD	50	50	0	0	0	N/A
Portola 3501 Portola Avenue Santa Cruz CA 95062	Acquisition	TBD	0	0	0	0	0	0

Table 17.c.2

## Housing Development Programs that the MTW Agency committed funds to in prior Fiscal Year

Name of Development and Address	MTW Role: Acquisition, Rehabilitation or New Construction	Type of MTW Agency Financing: Gap Financing, Tax Credit Partnership or Other	Number of Affordable Units	Total Number of Units	Number of Units by Affordability 80% AMI	Number of Units by Affordability 50% AMI	Number of Units by Affordability 30% AMI	Number of Units by Affordability Other
Natural Bridges Apartments 415 Natural Bridges Drive Santa Cruz, CA 95060	New Construction	Gap Financing or Construction	20	20	0	20	0	0
Chanticleer 2021-2031 Chanticleer Ave Santa Cruz, CA 95062	Acquisition	TBD	50	50				
Portola 3501 Portola Avenue Santa Cruz CA 95062	Acquisition	TBD	0	0	0	0	0	0

## Housing Development Programs that the MTW Agency spent funds on in prior Fiscal Year

Name of Development and Address	MTW Role: Acquisition, Rehabilitation or New Construction	Type of MTW Agency Financing: Gap Financing, Tax Credit Partnership or Other	Number of Affordable Units	Total Number of Units	Number of Units by Affordability 80% AMI	Number of Units by Affordability 50% AMI	Number of Units by Affordability 30% AMI	Number of Units by Affordability Other
Natural Bridges Apartments 415 Natural Bridges Drive Santa Cruz, CA 95060	New Construction	Gap Financing or Construction	20	20	0	20	0	0
Chanticleer 2021-2031 Chanticleer Ave Santa Cruz, CA 95062	Acquisition	TBD	50	50				
Portola 3501 Portola Avenue Santa Cruz CA 95062	Acquisition	TBD	0	0	0	0	0	0

<b>D.</b>	<b>Safe Harbor Waivers.</b>										
<b>D.1</b>	<p><b>Will the MTW agency submit a request for approval of a Safe Harbor Waiver this year?</b></p> <p><del>No.</del> <a href="#">Yes</a></p>										
<b>E.</b>	<b>Agency-Specific Waiver(s).</b>										
<b>E.1</b>	<p><b>Agency-Specific Waiver(s) for HUD Approval:</b></p> <p>The MTW demonstration program is intended to foster innovation and HUD encourages MTW agencies, in consultation with their residents and stakeholders, to be creative in their approach to solving affordable housing issues facing their local communities. For this reason, flexibilities beyond those provided for in Appendix I may be needed. Agency-Specific Waivers may be requested if an MTW agency wishes to implement additional activities, or waive a statutory and/or regulatory requirement not included in Appendix I.</p> <p>In order to pursue an Agency-Specific Waiver, an MTW agency must include an Agency-Specific Waiver request, an impact analysis, and a hardship policy (as applicable), and respond to all of the mandatory core questions as applicable.</p> <p>For each Agency-Specific Waiver(s) request, please upload supporting documentation, that includes: a) a full description of the activity, including what the agency is proposing to waive (i.e., statute, regulation, and/or Operations Notice), b) how the initiative achieves one or more of the 3 MTW statutory objectives, c) a description of which population groups and household types that will be impacted by this activity, d) any cost implications associated with the activity, e) an implementation timeline for the initiative, f) an impact analysis, g) a description of the hardship policy for the initiative, and h) a copy of all comments received at the public hearing along with the MTW agency's description of how the comments were considered, as a required attachment to the MTW Supplement.</p> <p><b>Will the MTW agency submit a request for approval of an Agency-Specific Waiver this year?</b></p> <p>Yes.</p> <table border="1" data-bbox="253 1146 1484 1461"> <thead> <tr> <th data-bbox="253 1146 1102 1194">Title</th> <th data-bbox="1102 1146 1484 1194">Supporting Documents Attached</th> </tr> </thead> <tbody> <tr> <td data-bbox="253 1194 1102 1249"><del>E.1.a PBV Independent Entity Requirements</del></td> <td data-bbox="1102 1194 1484 1249"><del>2</del></td> </tr> <tr> <td data-bbox="253 1249 1102 1346"><del>E.1.b Alternative Development Cost Limits</del></td> <td data-bbox="1102 1249 1484 1346">4</td> </tr> <tr> <td data-bbox="253 1346 1102 1400"><del>E.1.c PBV Subsidy Standards</del></td> <td data-bbox="1102 1346 1484 1400"><del>2</del></td> </tr> <tr> <td data-bbox="253 1400 1102 1461"><a href="#">E.1.d Place HCV families on PHA-Managed PBV Site-Based Waitlists</a></td> <td data-bbox="1102 1400 1484 1461"><a href="#">2</a></td> </tr> </tbody> </table>	Title	Supporting Documents Attached	<del>E.1.a PBV Independent Entity Requirements</del>	<del>2</del>	<del>E.1.b Alternative Development Cost Limits</del>	4	<del>E.1.c PBV Subsidy Standards</del>	<del>2</del>	<a href="#">E.1.d Place HCV families on PHA-Managed PBV Site-Based Waitlists</a>	<a href="#">2</a>
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<del>E.1.c PBV Subsidy Standards</del>	<del>2</del>										
<a href="#">E.1.d Place HCV families on PHA-Managed PBV Site-Based Waitlists</a>	<a href="#">2</a>										

<p><b>E.2</b></p>	<p><b>Agency-Specific Waiver(s) for which HUD Approval has been received: Does the MTW agency have any approved Agency-Specific Waivers?</b></p> <p>Yes:</p> <p><b>A. <u>Allow use of Tenant Income Certification (TIC) for PBV eligibility determination.</u></b></p> <p><b>Has there been a change in how the waiver is being implemented from when it was originally approved?</b></p> <p>Yes.</p> <p><b>If there has been a change, please provide a description of what has changed.</b></p> <p>HACSC initially implemented as approved, however we revised the waiver effective 7/1/2024 to: For PBV units that also are subject to the requirements of the Low-Income Housing Tax Credit (LIHTC) Program, HACSC proposes to use the TIC form required under the LIHTC Program as verification of the family's income and assets. Owners of PBV units that receive LIHTCs must comply with Federal LIHTC regulations, which are similar to HCV regulations regarding verification of income and assets when determining and recertifying income eligibility of residents. The TIC will only be used as verification of income and assets.</p> <p><b>This MTW activity applies to:</b></p> <p><input checked="" type="checkbox"/> Both new admissions and currently assisted households</p>
	<p><b>B. <u>Extend Zero HAP participation from 180 days to 360 days.</u></b></p> <p><b>Has there been a change in how the waiver is being implemented from when it was originally approved?</b></p> <p>No.</p>
	<p><b>C. <u>PBV Subsidy Standards</u></b></p> <p><b><u>Has there been a change in how the waiver is being implemented from when it was originally approved?</u></b></p> <p><u>No.</u></p>
	<p><b>D. <u>PBV Independent Entity Requirements</u></b></p> <p><b><u>Has there been a change in how the waiver is being implemented from when it was originally approved?</u></b></p> <p><u>No.</u></p>
	<p><b>E. <u>Alternative Development Cost Limits</u></b></p> <p><b><u>Has there been a change in how the waiver is being implemented from when it was originally approved?</u></b></p> <p><u>No.</u></p>

<b>F.</b>	<b>Public Housing Operating Subsidy Grant Reporting.</b>			
<b>F.1</b>	Total Public Housing Operating subsidy amount authorized, disbursed by 9/30, remaining, and deadline for disbursement, by Federal Fiscal Year for each year the PHA is designated an MTW agency.			
<b>Federal Fiscal Year (FFY)</b>	<b>Total Operating Subsidy Authorized Amount</b>	<b>How Much PHA Disbursed by the 9/30 Reporting Period</b>	<b>Remaining Not Yet Disbursed</b>	<b>Deadline</b>
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>N/A</b>

<b>G.</b>	<b>MTW Statutory Requirements.</b>	
<b>G.1</b>	<b>75% Very Low Income – Local, Non-Traditional.</b> HUD will verify compliance with the statutory requirement that at least 75% of the households assisted by the MTW agency are very low-income for MTW public housing units and MTW HCVs through HUD systems. The MTW PHA must provide data for the actual families housed upon admission during the PHA's most recently completed Fiscal Year for its Local, Non-Traditional program households.	
	<b>Income Level</b>	<b>Number of Local, Non-Traditional Households Admitted in the Fiscal Year*</b>
	80%-50% Area Median Income	0
	49%-30% Area Median Income	0
	Below 30% Area Median Income	0
	Total Local, Non-Traditional Households	0

\*Local, non-traditional income data must be provided in the MTW Supplement form until such time that it can be submitted in IMS-PIC or other HUD system.

<b>G.2</b>	<b>Establishing Reasonable Rent Policy.</b>	
	<b>Has the MTW agency established a rent reform policy to encourage employment and self-sufficiency?</b> Yes	
<b>G.3</b>	<b>Substantially the Same (STS) – Local, Non-Traditional.</b>	
	Please provide the total number of unit months that families were housed in a local, non-traditional rental subsidy for the prior full calendar year.	0
	Please provide the total number of unit months that families were housed in a local, non-traditional housing development program for the prior full calendar year.	0

**Number of units developed under the local, non-traditional housing development activity that were available for occupancy during the prior full calendar year:**

PROPERTY NAME/ ADDRESS	0/1 BR	2 BR	3 BR	4 BR	5 BR	6+ BR	TOT AL UNIT S	Popu- lation Type	if 'Populatio n Type' is Other	# of Section 504 Accessible (Mobility)**	# of Section 504 Access ible (Hearin g/ Vision)	Was this Property Made Available for Initial Occupancy during the Prior Full Calendar Year?	What was the Total Amount of MTW Funds Invested into the Property?
	0	0	0	0	0	0	0						

<b>G.4</b>	<b>Comparable Mix (by Family Size) – Local, Non-Traditional.</b>
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To demonstrate compliance with the statutory requirement to continue serving a 'comparable mix" of families by family size to that which would have been served without MTW, the MTW agency will provide the number of families occupying local, non-traditional units by household size for the most recently completed Fiscal Year in the provided table.

Family Size:	Occupied Number of Local, Non-Traditional units by Household Size
1 Person	0
2 Person	0
3 Person	0
4 Person	0
5 Person	0
6+ Person	0
<b>Totals</b>	<b>0</b>

<b>H.</b>	<b>Public Comment</b>
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No public comment received. A summary of the public hearing and proof of public notice is attached.

<b>I.</b>	<b>Evaluations.</b>
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No known evaluations.

**Housing Authority of the County of Santa Cruz  
Impact Analysis**

**1.h. Tenant Payment as Modified Percentage of Income**

**Waiver Description:**

**Describe the MTW activity (including what specifically the agency is proposing to waive), the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.**

HACSC intends to establish a modified TTP of up to 35% of monthly adjusted income with the goal of achieving cost effectiveness. HACSC is requesting authorization to set the tenants' portion of rent at "up to" 35% of monthly adjusted income. However, depending upon HUD funding levels in FY 2026 and beyond, HACSC may use the flexibility under this waiver to set the modified TTP at some other value above 30% but below 35% of monthly adjusted income. The purpose of implementing this waiver is to maximize the number of families we can assist through the HCV program based on current program funding levels. HACSC intends to implement a modified TTP in the range of 31% to 35% of monthly adjusted income, at the lowest possible value within that range, while still achieving the cost savings necessary to maximize the number of families that can be served within funding levels in FY 2026 and beyond.

HACSC currently has HUD approval to utilize flexibility under activities 1.u. Standard Deductions and 1.w. Alternative Income Inclusions/Exclusions. Should HUD approve this activity (1.h. Total Tenant Payment as a Percentage of Gross Income) HACSC would comply with all applicable requirements that limit the combination of waivers 1.h with 1.u. or 1.w.

HACSC will observe the following safe harbors:

- i. The Tenant Payment in public housing and the Tenant Payment in HCV must not exceed 32% of income for non-elderly/non-disabled families if the agency is utilizing flexibility under activities 1.r., 1.t. and/or 1.v. (for 1.g.) or 1.s., 1.u. and/or 1.w. (for 1.h.).
- ii. The Tenant Payment in public housing and the Tenant Payment in HCV must not exceed 35% of income for non-elderly/non-disabled families if the agency is not utilizing flexibility under activities 1.r., 1.t. and/or 1.v. (for 1.g.) or 1.s., 1.u. and/or 1.w. (for 1.h.).
- iv. Agency must conduct an impact analysis. \*
- v. Agency must implement a hardship policy. \*

HACSC is requesting a Safe Harbor Waiver to the following safe harbor:

*iii. Agency must exempt elderly and disabled families from rent policy.*

**Which of the MTW statutory objectives does this MTW activity serve?**

Cost effectiveness

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**

The MTW activity applies to all assisted households.

**Impact on the agency's finances (e.g., how much will the activity cost, and any change in the agency's per family contributions).**

The activity will result in reduced agency expenditures. The increase in TTP will benefit the agency's finances and decrease the agency's per family contribution. If implemented at the 35% level for all households, the agency is estimated to save approximately \$7.9 million per year due to the decreased HAP costs. This

**Housing Authority of the County of Santa Cruz  
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decrease in the average HAP will allow HACSC to provide rental assistance to more households within our total available funding. This cost savings is roughly equivalent to the cost of housing nearly 300 families per year. Therefore, this waiver could allow HACSC to avoid termination of assistance for existing families if there are reductions in funding.

**Impact on affordability of housing costs for affected families (e.g. any change in how much affected families will pay towards their housing costs.)**

The following estimates are based on implementation of a 35% TTP for all families.

Program wide, families are expected to see a median increase of \$116 to their TTP. The median rent burden is expected to increase from 30% to 35%.

**Elderly families** are expected to see a median increase of \$65 to their TTP. The median rent burden is expected to increase from 29% to 34%.

**Disabled families** are expected to see a median increase of \$61 to their TTP. The median rent burden is expected to increase from 29% to 34%.

**Impact on the agency's waitlist(s) (e.g., any change in the amount of time families are on the waitlist)**

This MTW activity may benefit wait list applicants by reducing wait times. To the extent that this waiver can allow HACSC to achieve cost effectiveness and maximize the number of families assisted within our available budget, these cost savings will allow us to pull families from the wait list sooner than we would be able to without the waiver.

**Impact on the agency's termination rate of families (e.g., any change in the rate at which families non-voluntarily lose assistance from the agency)**

This MTW activity would not impact the termination rate of families.

**Impact on the agency's current occupancy level in public housing and utilization rate in the HCV program**

This MTW activity may allow the agency to maintain or increase our utilization rate in the HCV program. By reducing the average cost per households, we can assist more households (and maximize utilization) within funding constraints.

**Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency, and/or housing choice**

This MTW activity would support the goal of cost effectiveness.

**Impact on the agency's ability to meet the MTW statutory requirements**

This MTW activity would positively impact the agency's ability to meet the statutory requirements by increasing cost effectiveness.

**Impact on the rate of hardship requests and the number granted and denied as a result of this activity.**

This MTW activity requires a hardship policy and may increase the number of hardship requests.

**Across the other factors above, the impact on protected classes (and any associated disparate impact).**

None

**Implementation timeline.**

Upon approval of the Amended MTW Supplement.

**Description of a hardship policy, if needed. The MTW agency must adopt a written policy for determining when a requirement or provision of an MTW activity constitutes a financial or other hardship for the family. The agency must include this policy as an attachment to its MTW Supplement**

Revised 10/22/2025

S:\Programs\Moving to Work (MTW)\MtW Supplement\2025\Work in Progress\October 2025 Amended Annual Submission\Word Versions of Amendment to Annual Submission Files\1.h. Tenant Payment as Modified Percentage of Income - Impact Analysis.docx

**Housing Authority of the County of Santa Cruz  
Impact Analysis**

**to the Annual PHA Plan. The agency may use a single hardship policy, as applicable, for multiple MTW waivers or develop different hardship policies for different MTW waivers as it finds appropriate.**

The hardship policy is described in the attached Hardship Policy.

## **Hardship Policy**

### **Activity 1.h. – Tenant Payment as a Modified Percentage of Income**

The MTW Operations Notice requires that HACSC implement a hardship policy for MTW activity 1.h. The Housing Authority of the County of Santa Cruz (HACSC) will utilize this hardship policy during its intake and recertification processes.

Activity 1.h. allows HACSC to establish a total tenant payment (TTP) based on up to 35% of monthly adjusted income.

It is not anticipated that any household's assistance will be terminated as a result of this activity, however, if this situation arises, HACSC will consider if a household qualifies for a hardship exemption at the time of potential termination of assistance that is due to this activity.

HUD requires that the hardship policy address the following potential situations:

- The family has lost eligibility for or is awaiting an eligibility determination for a federal, state, or local assistance program. This includes a family member who is a noncitizen lawfully admitted for permanent residence under the Immigration and Nationality Act who would be entitled to public benefits but for Title IV of the Personal Responsibility and Work Opportunity Act of 1996.

A hardship will be considered to exist if the loss of eligibility, or impending eligibility determination, for a federal, state, or local assistance program has an impact on the family's ability to pay the tenant's portion of rent.

For a family waiting for a determination of eligibility, the hardship period will end as of the first of the month following:

- (1) implementation of federal, state, or local assistance program, if approved, or
- (2) the decision to deny assistance. A family whose request for assistance for a federal, state, or local assistance program is denied may request a hardship exemption based upon one of the other allowable hardship circumstances.

- The family would be evicted because it is unable to pay the tenant's portion of rent. For a family to qualify under this provision, the cause of the potential eviction must be the family's inability to pay rent to the owner or tenant-paid utilities.
- Family income has decreased because of changed family circumstances, including the loss of employment. In most instances, family income decreases will not constitute a hardship exemption, as the tenant portion of rent will also decrease proportionally. However, HACSC may determine that a family income decrease or change in family circumstance results in a temporary or ongoing hardship. Individual family circumstances will be considered on a case-by-case basis.
- The family has experienced an increase in expenses, because of changed circumstances, for medical costs, childcare, transportation, education, or similar items. In most instances, family expense increases will not constitute a hardship exemption.

However, HACSC may determine that a family increase in expenses or changed circumstances results in a temporary or ongoing hardship. Individual family circumstances will be considered on a case-by-case basis.

- A death has occurred in the family. HACSC may determine that a death in the family results in a temporary or ongoing hardship. Individual family circumstances will be considered on a case-by-case basis.

#### Request for Hardship

When a family requests a hardship exemption, the PHA must suspend the modified TTP beginning the first of the month following the family's request. The PHA then determines whether the financial hardship exists and whether the hardship is temporary or long-term.

#### Temporary Hardship

HACSC defines temporary hardship as a hardship expected to last 90 days or less. If the HACSC determines that a qualifying financial hardship is temporary, HACSC must suspend the modified TTP for the 90-day period beginning the first of the month following the date of the family's request for a hardship exemption. At the end of the 90-day suspension period, the family must resume payment of the modified TTP. HACSC also may determine that circumstances have changed and the hardship is now a long-term hardship.

#### Long-term Hardship

Long-term hardship is defined as a hardship expected to last more than 90 days. If HACSC determines that the financial hardship is long-term, HACSC must exempt the family from the modified TTP requirement for so long as the hardship continues. The exemption will apply from the first of the month following the family's request until the end of the qualifying hardship.

#### No Financial Hardship

If HACSC determines that the family is not eligible for a hardship exemption, HACSC will reinstate the modified TTP.

#### Determination of Hardship

When a hardship is determined to exist, the modified TTP is suspended, and the TTP reverts to the standard TTP under 24 CFR 5.628.

#### Grievance Policy

If HACSC determines that the family is not eligible for a hardship exemption, the family may request a secondary review. The secondary review and final determination issuing therefrom will be by the agency Executive Director.

**AGENCY SPECIFIC WAIVER**

**Waiver Title:** Place Families on PHA Voucher Program Waiting Lists

**Regulation to Waive:** 24 CFR 982.204

**Describe the MTW activity (including what specifically the agency is proposing to waive), the MTW agency's goals for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.**

HACSC seeks to waive 982.204 to allow HACSC to place families assisted through any HACSC-managed low-income housing or rental assistance program on HACSC-managed waiting lists for Housing Choice Voucher (HCV) or Project Based Voucher (PBV) assistance automatically. Applicable programs may include, but are not limited to, the following programs: HCV (including special purpose vouchers), PBV (including special purpose vouchers), EHV, VASH, Stability Vouchers, Shelter Plus Care, or Mod Rehab.

This waiver would achieve administrative efficiencies and increase housing choice.

HACSC may create a local preference for families that are at risk of losing rental assistance or have lost rental assistance due to the termination of funding or a change in eligibility criteria for such programs. Families that meet this preference would be added to the waiting lists without requiring the families to complete a pre-application and request to add their name to the waiting lists. Instead, HACSC would add families to the lists automatically.

Families will be permitted to remove their names from the waiting lists at any time and any housing opportunity offered to them would be accepted only on a voluntary basis. This waiver solely relates to the placement of families on the waiting lists and does not waive eligibility determinations unless the family is continuously assisted. In this context, continuously assisted is defined as a family receiving assistance under any 1937 Housing Act program within the past 30 days prior to selection from the waiting list.

Eligibility determinations, including verifying income, assets, and any other mandatory eligibility criteria under the voucher program, would be reviewed in all other circumstances prior to admitting a family.

A specific example of how HACSC will utilize this waiver is offering opportunities for continued assistance to EHV-assisted families whose rental assistance program is ending. The flexibility under this waiver will expand the universe of possible PBV units which may be offered to such families, increasing the likelihood that they will have continued rental assistance after the EHV program funding is exhausted. Time is of the essence so that opportunities may begin to be offered as soon as possible while EHV program funding is running out.

No hardships are anticipated due to implementation of this waiver.

An impact analysis is required and is attached.

**This MTW activity serves the following statutory objectives:**

Housing Choice

**Cost Implications**

Neutral (no cost implications)

**Different policy by household status/family types/sites? Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households**

The MTW activity applies only to a subset or subsets of assisted households

**If previous question is a subset.**

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**Household Status. Does the MTW activity apply only to new admissions, only to currently assisted households, or to both new admissions and currently assisted households?**

New admissions and currently assisted households

**If waiver doesn't apply to all assisted households:**

**Family Types. Does the MTW activity apply to all family types or only to selected family types?**

The MTW activity applies to all family types.

**If not all assisted households are selected.**

**For HCV activities:**

**Does the MTW activity apply to all HCV tenant-based units and properties with project-based vouchers?**

The MTW activity applies to all HCV tenant-based units and all PHA-owned properties with site-based waiting lists for project-based vouchers

**Does the MTW agency need a Safe Harbor Waiver to implement this MTW activity as described?**

No

**Does this MTW activity require a Hardship Policy:**

No

**Does the MTW activity require an impact analysis?**

Yes

**Does the impact analysis apply to more than this MTW activity?**

No

**Based on the Fiscal Year goals listed in the activity's previous Fiscal Year's narrative, provide a description about what has been accomplished or changed during the implementation.**

N/A

**Comments received at the public hearing for the Agency-Specific waiver and the agency's description of how the comments were considered.**

No comments were received regarding this Agency Specific Waiver.

**Housing Authority of the County of Santa Cruz  
Impact Analysis**

**E.1 IMPACT ANALYSIS**

**Waiver Type:** Agency Specific Waiver

**Waiver Title:** Place Families on PHA Voucher Program Waiting Lists

**Regulation to Waive:** 24 CFR 982.204

**Describe the MTW activity (including what specifically the agency is proposing to waive), the MTW agency's goal(s) for the MTW activity, and, if applicable, how the MTW activity contributes to a larger initiative.**

HACSC seeks to waive 982.204 to allow HACSC to place families assisted through any HACSC-managed low-income housing or rental assistance program on HACSC-managed waiting lists for Housing Choice Voucher (HCV) or Project Based Voucher (PBV) assistance automatically. Applicable programs may include, but are not limited to, the following programs: HCV (including special purpose vouchers), PBV (including special purpose vouchers), EHV, VASH, Stability Vouchers, Shelter Plus Care, or Mod Rehab.

This waiver would achieve administrative efficiencies and increase housing choice.

HACSC may create a local preference for families that are at risk of losing rental assistance or have lost rental assistance due to the termination of funding or a change in eligibility criteria for such programs. Families that meet this preference would be added to the waiting lists without requiring the families to complete a pre-application and request to add their name to the waiting lists. Instead, HACSC would add families to the lists automatically.

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A specific example of how HACSC will utilize this waiver is offering opportunities for continued assistance to EHV-assisted families whose rental assistance program is ending. The flexibility under this waiver will expand the universe of possible PBV units which may be offered to such families, increasing the likelihood that they will have continued rental assistance after the EHV program funding is exhausted. Time is of the essence so that opportunities may begin to be offered as soon as possible while EHV program funding is running out.

No hardships are anticipated due to implementation of this waiver.

An impact analysis is required and is attached.

**Which of the MTW statutory objectives does this MTW activity serve?**

Housing Choice

**Does the MTW activity under this waiver apply to all assisted households or only to a subset or subsets of assisted households?**

The MTW activity applies to a subset or subsets of assisted households.

**Does the MTW activity apply to all family types or only to selected family types?**

This MTW activity applies to all family types.

**Housing Authority of the County of Santa Cruz  
Impact Analysis**

**Impact on the agency's finances (e.g., how much will the activity cost, and any change in the agency's per family contributions).**

No change to agency's finances. No change to agency's per family contributions.

**Impact on affordability of housing costs for affected families (e.g. any change in how much affected families will pay towards their housing costs.)**

No change in housing costs for families.

**Impact on the agency's waitlist(s) (e.g., any change in the amount of time families are on the waitlist)**

This MTW activity may reduce the amount of time that families are on the waiting list as this will expand the number of PBV units that a family may be eligible for.

**Impact on the agency's termination rate of families (e.g., any change in the rate at which families non-voluntarily lose assistance from the agency)**

This MTW activity may reduce the termination rate of families because it will allow families more flexibility to live in PBV units and changing their family size or composition may no longer result in them needing to vacate a PBV unit.

**Impact on the agency's current occupancy level in public housing and utilization rate in the HCV program**

This MTW activity is anticipated to improve the utilization rate of PBV units by expanding the pool of eligible families.

**Impact on meeting the MTW statutory goals of cost effectiveness, self-sufficiency, and/or housing choice**

This MTW activity improves housing choice.

**Impact on the agency's ability to meet the MTW statutory requirements**

This MTW activity positively impacts the agency's ability to meet the MTW statutory requirements.

**Impact on the rate of hardship requests and the number granted and denied as a result of this activity.**

The agency anticipates that there will be no hardships associated with this waiver.

**Across the other factors above, the impact on protected classes (and any associated disparate impact).**

None.

**Implementation timeline.**

Upon approval of the MTW Supplement.

**Description of a hardship policy, if needed. The MTW agency must adopt a written policy for determining when a requirement or provision of an MTW activity constitutes a financial or other hardship for the family. The agency must include this policy as an attachment to its MTW Supplement to the Annual PHA Plan. The agency may use a single hardship policy, as applicable, for multiple MTW waivers or develop different hardship policies for different MTW waivers as it finds appropriate.**

The agency anticipates that there will be no hardships associated with this waiver.