Housing Authority of the County of San Mateo

FY 2020 Moving To Work Annual Report

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San Mateo County Board of Supervisors

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SECTION I: Introduction

Overview of the Housing Authority of the County of San Mateo's ongoing MTW goals and objectives

"The San Mateo County (SMC) Department of Housing serves as a catalyst for increasing access to affordable rental housing, increasing the supply of workforce housing, and supporting related community development so that housing exists for people of all income levels in San Mateo County." This is the mission statement for the Agency. It provides the framework which undergirds the Housing Authority of the County of San Mateo's (HACSM) commitment to increasing the affordable housing choices for families, the continual expansion and promotion of economic self-sufficiency for program participants, and the on-going development greater administrative efficiencies throughout the agency.

Having joined the MTW program in 1999, HACSM has now completed its 21st year in the MTW program. With the lessons learned, the successes realized, and the growth and positive changes for the households we serve, the three MTW goals remain firmly embedded as essential characteristics of each strategy proposed, policy decision made, and program operationalized and implemented.

Since HACSM received HUD approval to expand MTW authority from a small carve out of targeted vouchers to its entire HCV portfolio, HACSM has reduced administrative costs, collaborated with other San Mateo County (SMC) Departments and organizations to address the goal of ending homelessness in the local community, expanded and sharpened its focus on activities that increase self-sufficiency of current participants and optimized the overall effectiveness of the agency.

Through collaboration with a broad range of community stakeholders, made possible through the flexibilities of the MTW program, HACSM has been a leader in taking bold steps in support of SMC residents through program innovation and responsiveness. In addition to the MTW program, HACSM actively participates with SMC Continuum of Care and the Center on Homelessness to support permanently disabled individuals in the community who have experienced long term, chronic homelessness. HACSM has also continued to participate with other SMC Departments that provide direct services to the community, including the SMC Health System, the Human Services Agency, the Probation Department, and others, to develop a collaborative, non-siloed, approach to the housing needs of low-income individuals who receive services in the various SMC systems.

As you will see in the updates throughout this annual report, FY2020 has continued to be a challenging year for affordable housing in San

Mateo County, but we have also made great strides to combat the persistent housing challenges. In collaboration with the SMC Housing and Community Development Division, significant gains have been realized in the development, pre-development, and construction of new affordable housing in San Mateo County. Through the use of MTW Activity 2012-26: Affordable Housing Fund, HACSM has been able to support this effort in new housing development and at the same time seen these funds leveraged with other State and local sources to further expand this effort.

While the San Francisco Bay Area is sought after in terms of financial opportunity, the on-going and persistent homelessness is a real and present challenge. In the midst of this pervasive housing challenge, the MTW program has provided HACSM with the crucial flexibility to continue its support in affordable housing development and to collaborate with community partners to end homelessness and expand housing opportunity for low-income families.

Following are examples from FY2020 that further demonstrate the HACSM continued commitments to increasing affordable housing choice, supporting self-sufficiency goals of program participants, and developing administrative efficiencies.

Increasing Affordable Housing Choices

During FY2020 the San Mateo County Board of Supervisors, the governing board for the Housing Authority, considered housing as one of, if not the biggest critical need in the County. HACSM, along with the SMC Housing & Community Development Division, were key stakeholders in developing creative solutions by making new construction of affordable housing a reality through the use of HAP reserves (MTW Activity #: 2012-16: Commitment of MTW Funds for Leveraging in the Creation of Additional Affordable Housing in San Mateo County, or Affordable Housing Funds) and the County's Measure K funds as seed money, as well as awarding Section 8 Housing Choice Vouchers for project-basing to help developers in financing their projects. Due to the extremely challenging housing market, this strategy has been essential to the increase of affordable housing in the community.

Here are two examples of new construction/substantial rehabilitation projects that were completed:

Mosaic Gardens (MidPen Housing Corporation)

Located in Redwood City, CA, Mosaic Gardens, formerly known as Atherton Court, was purchased with Affordable Rental Housing Preservation Program (ARHPP) funds from San Mateo County. The ARHPP also provided funding to assist with rehab activities. The award of 31 Section 8 and 12 HUD-VASH Project-Based Vouchers from HACSM also ensures long-term affordability and sustainability of the units. In total, Mosaic Gardens provides 55 affordable units and on-site supportive services.

Colma Veterans Housing (Mercy Housing)

Located in Colma, CA, Mercy Housing, has completed leasing of this new property designed to provide housing for 65 previously homeless veterans and veteran families.

The Housing Authority leveraged $3.3 million from the Affordable Housing Fund (MTW Activity# 2012-26), and $1.2 million from FY 2016-17 HOME Investment Partnership Program funds from HUD to assist in the development of the property.

In addition to affordable housing, the property also provides critical space for the two local Veterans Administration Medical Centers providing services to San Mateo County veterans: 1) The San Francisco VA Medical Center, offices in San Bruno, CA, and 2) the Palo Alto VA Medical Center campus located in Menlo Park, CA. The property is also located near the Daly City BART, mass transit system.

Construction was completed in the Spring of 2019 and the Housing Authority collaborated with both Veterans Administrations to ensure that veteran households met the HUD-VASH and Section 8 eligibility and property is now fully leased.

Promoting Self-Sufficiency

In FY2020, over 95% of the non-elderly/disabled households who joined the program via the MTW wait list now have a goal plan and are meeting with HACSM staff at least once every six months through office visits, phone calls, email check ins and more. The increased frequency of meeting with families has helped HACSM staff to directly work with families in a focused, more personal way, to stay on track with their short and long-term goals including increasing their income potential through education and employment advancement, personal growth and increased financial knowledge.

HACSM has expanded the self-sufficiency program to include a provision of monetary rewards for participants who complete educational goals as well as increase their credit scores and savings, all of which are fundamental steps for someone striving to be self-sufficient.

Developing Administrative Efficiencies

As previously reported, since 2008, HACSM has continued to refine its internal processes to further support participant families throughout their program participation, including streamlining the rent calculation process, greater use of technology and internal reorganization, to be available to respond to and address emerging issues with and for the participants.

HACSM's long-term vision for the direction and duration of its MTW program

MTW flexibility has given HACSM the ability to combine resources, through the fungibility of the MTW block grant and thus removed significant financial barriers, allowing HACSM the freedom to better address San Mateo County program priorities and the community needs. The following are focus areas that HACSM has identified and that continue to support this vision:

Serve More Families

In FY2020, HACSM continued the expansion of its five-year, MTW Self-Sufficiency program. In FY2020, all new applicants from the waiting list were offered to join the Self-Sufficiency program. These new program participants have access to greatly expanded and enriched case management services and to at least biannual connections with their Self-Sufficiency Coordinators. As discussed in detail in this report, the initiative also includes a comprehensive hardship policy for elderly and/or disabled persons as well as for self-sufficiency participants who need some additional time to achieve their goals. A copy of the Hardship Policy can be found in Appendix I.

Expand Affordable Housing Partnerships and Project-Based Programs

HACSM has continued to actively use its MTW flexibility to assist in the development of new or rehabilitated affordable housing by strategically project-basing HCV vouchers as a key financial component. Project-Based Vouchers' (PBV) contractual obligation for long-term unit availability is also important in our perennially tight housing market. See Activity 2011-16 to learn more about how HACSM is using the MTW program to assist and support this long-term vision.

Expand Community Partnerships and Commitments with Support Service Providers

On an ongoing basis, HACSM reviews the needs of Self-Sufficiency program participants. With the data collected from the assessment, HACSM has strategically expanded the program partnerships with a variety of educational institutions, work force development providers, and county and community health and social service providers. HACSM has an active Program Coordinating Committee that meets on a quarterly basis to further support leveraging of services on behalf of low-income families in our programs.

In October 2019, HACSM hosted its 7th Annual Housing & Resource Expo for all participants in the MTW Self-Sufficiency program, VASH, Foster Youth, Family Unification, formerly homeless individuals and families who participate in the Permanent Supportive program and the Housing Readiness program. The EXPO was a great success, linking 58 community partners ranging from San Mateo Credit Union, San Francisco State University, local colleges and adult education schools, JobTrain, Walgreens, San Francisco International Airport Employment Center, Ravenswood Family Health Center-Dental Care Education, to the Center for Independence of Individuals with Disabilities, and the UC Cooperative Extension Nutrition Education Program. 70 households attended and received information on services, gained linkages with organizations to assist with training, resume writing, interviewing skills and employment opportunities.

SECTION II - General Operating Information

This section provides an overview of HACSM's housing portfolio, leasing, and waiting list information.

Actual New Project Based Vouchers (PBVs)

Property Name	No. of PBVs Plan	Actual	Status At End of Plan Year	RAD?	Description of Project
353 Main Street	81	81	Committed	No	353 Main Street is a 125-unit new construction development in Redwood City, CA. HACSM has committed 19 HUD-VASH vouchers and 62 Section 8 PBVs to the project. Construction is expected to complete in late 2021.
965 Weeks Street	15	15	Committed	No	965 Weeks Street is a 136-unit new construction development in E. Palo Alto, CA. HACSM has committed 15 Section 8 PBVs to the project. The project is in the entitlement process with the City.
Arroyo Green (formerly known as Bradford Senior Housing)	99	99	Committed	No	Arroyo Green is a 117-unit new construction senior housing development in Redwood City, CA. HACSM has committed 10 HUD-VASH PBVs, awarded through HACSM's FY2016 HUD-VASH PBV set-aside award and 89 Section 8 PBVs to the project. Construction is expected to complete in early 2021.

Property Name	No. of PBVs Plan	No. of PBVs Actual	Status At End of Plan Year	RAD?	Description of Project
Belmont Affordable Housing	18	18	Committed	No	Belmont Affordable Housing is a 37-unit new construction development in Belmont, CA. HACSM has committed 18 Section 8 PBVs to the project. The project is working with the City of Belmont on entitlements.
Colma Veterans Housing	65	65	Leased/Issued	No	Colma Veterans Housing is a 66-unit new construction development in Colma, CA. With the exception of the manager unit, all 65 rental units will be assisted with PBV subsidy: 1) 58 HUD-VASH PBVs and 2) 7 Section 8 PBVs.
Downtown San Mateo Opportunity Sites	80	80	Committed	No	Downtown San Mateo Opportunity Sites is a 234-unit new construction development in San Mateo, CA. HACSM has committed 80 Section 8 PBVs to the project. The project is in the entitlement process with the City.
Fair Oaks Common (formerly known as 2821 El Camino)	59	59	Leased/Issued	No	Fair Oaks Commons is a 67-unit new construction development in Redwood City, CA. HACSM has committed 27 HUD-VASH PBVs, awarded through HACSM's FY2016 HUD-VASH PBV set-aside award and 32 Section 8 PBVs to the project. Construction is expected to complete in December 2020.
Firehouse Square	33	33	Leased/Issued	No	Firehouse Square is a 66-unit new construction development in Belmont, CA. HACSM has committed 33 Section 8 PBVs to the project. Construction is expected to complete in 2022.

Property Name	No. of PBVs Plan	No. of PBVs Actual	Status At End of Plan Year	RAD?	Description of Project
Gateway at Millbrae (Formerly known as Bayshore Affordable)	18	18	Committed	No	Bayshore affordable is an 80-unit new construction development in Millbrae, CA. HACSM has committed 18 HUD-VASH vouchers to the project. The project owner is in the process of securing funding in hope of beginning construction in 2021.
Grand & Linden Family Apts.	55	55	Committed	No	Grand & Linden Family Apts is an 84-unit new construction development in So. San Francisco, CA. HACSM has committed 55 Section 8 PBVs to the project. 13 of the 55 PBV units will serve people with disabilities who require supportive services in order to maintain housing. The project is in the entitlement process with the City.
Light Tree Apartments	89	89	Leased/Issued	No	Light Tree Apartments is a 185-unit rehabilitation and new construction development in E. Palo Alto, CA. HACSM has committed 89 Section 8 PBVs to the project. All 89 PBV units are in the “new construction” section of the development. The new construction phase of the project is expected to begin in 2020.
Middlefield Junction	44	44	Committed	No	Middlefield Junction is a 179-unit new construction development in Redwood City, CA. HACSM has committed 44 Section 8 PBVs to the project. 20 of the 44 PBV units will serve people with disabilities who require supportive services in order to maintain housing. The project is in the entitlement process with the City.

Property Name	No. of PBVs Plan	Actual	Status At End of Plan Year	RAD?	Description of Project
Montara (formerly known as Bay Meadows)	46	46	Leased/Issued	No	Montara is a 68-unit new construction development in San Mateo, CA. HACSM has committed 12 HUD-VASH PBVs, awarded through HACSM's FY2016 HUD-VASH PBV set-aside award and 34 Section 8 PBVs to the project. Construction is expected to complete in December 2020.

702	702	Planned/Actual Total Vouchers Newly Project-Based

* Figures in the "Planned" column should match the corresponding Annual MTW Plan.

** Select "Status at the End of Plan Year" from: Committed, Leased/Issued

Describe differences between the Planned and Actual Number of Vouchers Newly Project-Based:

Additional Project-Based commitments:

In December 2019, HACSM issued an RFP for 250 Housing Choice and HUD-VASH project-based units. Out of six proposals HACSM received, four projects were selected, awarding 194 vouchers in total. These newly awarded PBV units are included in the above table.

Actual Existing Project-Based Vouchers

Property Name	No. of PBVs Planned*	Actual	Status At End of Plan Year	RAD?	Description of Project
636 El Camino	47	47	Leased/Issued	No	A family property including 20 MHSA units, located in South San Francisco
Alma Point	33	33	Leased/Issued	No	A senior property located in Foster City
Coastside Senior Housing	39	39	Leased/Issued	No	A senior property located in Half Moon Bay
Delaware Pacific	30	30	Leased/Issued	No	A family property including 10 MHSA units, located in San Mateo
Delaware Place	16	16	Leased/Issued	No	A family property located in San Mateo
Edgewater Isle	91	91	Leased/Issued	No	A senior property located in San Mateo
El Camino Village	30	30	Leased/Issued	Yes	A family property located in Colma El Camino Village was formerly a Public Housing Property. The RAD PB application was finalized December 1, 2017 and all units were transitioned to RAD PB status
Gateway Apartments	81	81	Leased/Issued	No	A family property located in Menlo Park. Gateway is a formerly Mod Rehab property
Half Moon Village	114	114	Leased/Issued	No	A senior property located in Half Moon Bay

Property Name	No. of PBVs Planned*	Actual	Status At End of Plan Year	RAD?	Description of Project
Hillside Terrace	18	18	Leased/Issued	No	A family property located in Daly City
Magnolia Plaza	48	48	Leased/Issued	No	A senior property located in South San Francisco
Midway Village	150	150	Leased/Issued	No	A formerly Public Housing family project, located in Daly City
Mosaic Garden	39	39	Leased/Issued	No	A family property located in Redwood City. Of the 39 PBV units, 9 are HUD-VASH PBVs.
Newell Housing	10	10	Leased/Issued	No	A family property located in East Palo Alto
Oceanview	31	31	Leased/Issued	No	A senior property located in Pacifica
Pacific Oaks	50	50	Leased/Issued	No	A senior property located in Pacifica
Redwood Oaks	33	33	Leased/Issued	No	A family property located in Redwood City
Rotary Terrace	8	8	Leased/Issued	No	A senior property located in South San Francisco. All 8 units serve seniors with dual eligibility from Medicaid and The Health Plan of San Mateo.
Sequoia Belle Haven	69	69	Leased/Issued	No	A senior property, located in Menlo Park
St. Matthew	18	18	Leased/Issued	No	A family property, located in San Mateo
Sweeney Lane	26	26	Leased/Issued	No	A family property, located in Daly City

Property Name	No. of PBVs Planned*	Actual	Status At End of Plan Year	RAD?	Description of Project
The Woodlands	13	13	Leased/Issued	No	A family property, located in East Palo Alto
Willow Terrace	11	11	Leased/Issued	No	A family property, located in Menlo Park
	1005	1005	Planned/Actual Total Existing Project-Based Vouchers		

* Figures and text in the "Planned" column should match the corresponding Annual MTW Plan.

** Select "Status at the End of Plan Year" from: Committed, Leased/Issued

Differences between the Planned and Actual Existing Number of Vouchers Project-Based

N/A

Actual Other Changes to MTW Housing Stock in the Plan Year

N/A

General Description of All Actual Capital Expenditures During the Plan Year

HACSM no longer has Public Housing. We received $0 in operating subsidy, $0 in capital funds, and $0 for RHF

Leasing Information

Actual Number of Households Served

Snapshot and unit month information on the number of households the MTW PHA actually served at the end of the Plan Year.

NUMBER OF HOUSEHOLDS SERVED THROUGH:	NUMBER OF UNIT MONTHS OCCUPIED/LEASED*		NUMBER OF HOUSEHOLDS SERVED**	
	Planned	Actual	Planned	Actual
MTW Public Housing Units Leased	0	0	0	0
MTW Housing Choice Vouchers (HCV) Utilized	51,708	50,073	4,309	4,173
Local, Non-Traditional: Tenant-Based	408	360	34	30
Local, Non-Traditional: Property-Based	528	493	44	41
Local, Non-Traditional: Homeownership	0	0	0	0
Planned/Actual Totals	52,644	50,926	4,387	4,244

* “Planned Number of Unit Months Occupied/Leased” is the total number of months the MTW PHA planned to have leased/occupied in

each category throughout the full Plan Year (as shown in the Annual MTW Plan).

** "Planned Number of Households to be Served" is calculated by dividing the "Planned Number of Unit Months Occupied/Leased" by the number of months in the Plan Year (as shown in the Annual MTW Plan).

Figures and text in the "Planned" column should match the corresponding Annual MTW Plan.

Describe any differences between the planned and actual households served:

N/A

LOCAL, NON-TRADITIONAL CATEGORY	MTW ACTIVITY NAME/NUMBER	NUMBER OF UNIT MONTHS OCCUPIED/LEASED*		NUMBER OF HOUSEHOLDS TO BE SERVED*	
		Planned	Actual	Planned	Actual
Tenant-Based	Provider Based Assistance Program / Activity #2011-27	408	360	34	30
Property-Based	Provider Based Assistance Program / Activity #2011-27	528	493	44	41
Homeownership	N/A	0	0	0	0
	Planned/Actual Totals:	936	853	78	71

* The sum of the figures provided should match the totals provided for each Local, Non-Traditional category in the previous table. Figures should be given by individual activity. Multiple entries may be made for each category if applicable.

Figures and text in the "Planned" column should match the corresponding Annual MTW Plan.

HOUSEHOLDS RECEIVING LOCAL, NON-TRADITIONAL SERVICES ONLY	AVERAGE NUMBER OF HOUSEHOLDS PER MONTH	TOTAL NUMBER OF HOUSEHOLDS IN THE PLAN YEAR
N/A	N/A	N/A

Discussion of any actual issues and solutions utilized in the MTW housing programs listed.

HOUSING PROGRAM	DESCRIPTION OF ACTUAL LEASING ISSUES AND SOLUTIONS
MTW Public Housing	N/A

HOUSING PROGRAM	DESCRIPTION OF ACTUAL LEASING ISSUES AND SOLUTIONS
MTW Housing Choice Voucher	All residents of San Mateo County continued to experience an extremely tight rental market and high rents. One of the persistent challenges is that voucher holders have to compete with high wage technology and biotech workers within the same limited housing market. To address this situation, HACSM has increased its project-based voucher allocation to secure additional long-term affordable units, and has collaborated with affordable housing developers, and private market landlords. Through its' MTW authority, HACSM created a MTW activity, titled the Leasing Success Program, to provide financial incentives to owners of rental property who choose to participate in the program. In the Spring of 2019, HACSM completed a rent study and determined that the subsidy amounts should be increased for all bedroom sizes to address participant rent burdens and the challenging rental market and proposed the implementation for July 2019. HACSM has also continued to offer the Renting Success Workshop, free to all voucher holders to share new methods and approaches for a successful housing search. And, HACSM renegotiated a contract with Abode Services to assist, upon referral, new applicants and relocating participants in their housing search.
Local, Non-Traditional	Providers in the Local Non-Traditional programs who do not own their own rental properties face the same issues as described above. In these instances, they have established relationships with a handful of private market landlords who are willing to work specifically with participants in their programs.

Wait List Information

Actual Waiting List Information

Snapshot information on the actual status of MTW waiting lists at the end of the Plan Year. The "Description" column should detail the structure of the waiting list and the population(s) served.

WAITING LIST NAME	DESCRIPTION	NUMBER OF HOUSEHOLDS ON WAITING LIST	WAITING LIST OPEN, PARTIALLY OPEN OR CLOSED	WAS THE WAITING LIST OPENED DURING THE PLAN YEAR
Federal MTW Housing Choice Voucher Program	Community-Wide	6439	Open	Yes
Federal MTW Housing Choice Voucher Program (Project-Based, 636 El Camino)	Site Based	53	Closed	No
Federal MTW Housing Choice Voucher Program (Project-Based, Alma Point)	Site Based	541	Closed	No
Federal MTW Housing Choice Voucher Program (Project-Based, Coastside Senior Housing)	Site Based	11	Closed	No
Federal MTW Housing Choice Voucher Program (Project-Based, Colma Veterans Village)	Site Based	3	Closed	No
Federal MTW Housing Choice Voucher Program (Project-Based, Delaware Place)	Site Based	296	Closed	No
Federal MTW Housing Choice Voucher Program (Project-Based, Delaware Pacific)	Site Based	262	Closed	No
Federal MTW Housing Choice Voucher Program (Project-Based, Edgewater Isle)	Site Based	543	Closed	No
Federal MTW Housing Choice Voucher Program (Project-Based, Fair Oaks Commons)	Site Based	963	Closed	Yes

WAITING LIST NAME	DESCRIPTION	NUMBER OF HOUSEHOLDS ON WAITING LIST	WAITING LIST OPEN, PARTIALLY OPEN OR CLOSED	WAS THE WAITING LIST OPENED DURING THE PLAN YEAR
Federal MTW Housing Choice Voucher Program (Project-Based, Gateway Apartments)	Site Based	402	Closed	No
Federal MTW Housing Choice Voucher Program (Project-Based, Hillside Terrace)	Site Based	311	Closed	No
Federal MTW Housing Choice Voucher Program (Project-Based, Half Moon Village)	Site Based	578	Closed	No
Federal MTW Housing Choice Voucher Program (Project-Based, Magnolia Plaza)	Site Based	398	Closed	No
Federal MTW Housing Choice Voucher Program (Project-Based, Midway Village)	Site Based	77	Closed	No
Federal MTW Housing Choice Voucher Program (Project-Based, Mosaic Garden)	Site Based	791	Closed	No
Federal MTW Housing Choice Voucher Program (Project-Based, Newell)	Site Based	85	Closed	No
Federal MTW Housing Choice Voucher Program (Project-Based, Oceanview)	Site Based	196	Closed	No

WAITING LIST NAME	DESCRIPTION	NUMBER OF HOUSEHOLDS ON WAITING LIST	WAITING LIST OPEN, PARTIALLY OPEN OR CLOSED	WAS THE WAITING LIST OPENED DURING THE PLAN YEAR
Federal MTW Housing Choice Voucher Program (Project-Based, Pacific Oaks)	Site Based	166	Closed	No
Federal MTW Housing Choice Voucher Program (Project-Based, Redwood Oaks)	Site Based	211	Closed	No
Federal MTW Housing Choice Voucher Program (Project-Based, Rotary Terrace)	Site Based	62	Closed	No
Federal MTW Housing Choice Voucher Program (Project-Based, Sequoia Belle Haven)	Site Based	381	Closed	No
Federal MTW Housing Choice Voucher Program (Project-Based, St. Matthew)	Site Based	1,067	Closed	No
Federal MTW Housing Choice Voucher Program (Project-Based, Sweeney Lane)	Site Based	3,979	Closed	No
Federal MTW Housing Choice Voucher Program (Project-Based, Serenity Senior Housing)	Site Based	423	Closed	No
Federal MTW Housing Choice Voucher Program (Project-Based, Willow Terrace)	Site Based	596	Closed	No

WAITING LIST NAME	DESCRIPTION	NUMBER OF HOUSEHOLDS ON WAITING LIST	WAITING LIST OPEN, PARTIALLY OPEN OR CLOSED	WAS THE WAITING LIST OPENED DURING THE PLAN YEAR
Federal MTW Housing Choice Voucher Program (Project-Based, The Woodlands)	Site Based	122	Closed	No
Federal MTW Public Housing Units (Formerly Public Housing, now RAD PBV)	Site Based	180	Closed	No

Describe any duplication of applicants across waiting lists:

In addition to the Housing Choice Voucher Program, HACSM has site-based waiting lists for its Project Based Properties. Household can choose to apply for multiple waiting lists thus resulting in duplication across the waiting lists.

Actual Changes to Waiting List in the Plan Year

Please describe any actual changes to the organizational structure or policies of the waiting list(s), including any opening or closing of a waiting list, during the Plan Year.

WAITING LIST NAME	DESCRIPTION OF ACTUAL CHANGES TO WAITING LIST
N/A	N/A

Information on Statutory Objectives and Requirements

75% of Families Assisted Are Very Low Income

HUD will verify compliance with the statutory requirement that at least 75% of the households assisted by the MTW PHA are very low income for MTW public housing units and MTW HCVs through HUD systems. The MTW PHA should provide data for the actual families housed upon admission during the PHA's Plan Year reported in the "Local, Non-Traditional: Tenant-Based"; "Local, Non-Traditional: Property-Based"; and "Local, Non-Traditional: Homeownership" categories. Do not include households reported in the "Local, Non-Traditional Services Only" category.

INCOME LEVEL	NUMBER OF LOCAL, NON-TRADITIONAL HOUSEHOLDS ADMITTED IN THE PLAN YEAR
80%-50% Area Median Income	0
49%-30% Area Median Income	0
Below 30% Area Median Income	39

Maintain Comparable Mix

HUD will verify compliance with the statutory requirement that MTW PHAs continue to serve a comparable mix of families by family size by first assessing a baseline mix of family sizes served by the MTW PHA prior to entry into the MTW demonstration (or the closest date with available data) and compare that to the current mix of family sizes served during the Plan Year.

BASELINE MIX OF FAMILY SIZES SERVED (upon entry to MTW)					
FAMILY SIZE	OCCUPIED PUBLIC HOUSING UNITS	UTILIZED HCVs	NON-MTW ADJUSTMENTS*	BASELINE MIX NUMBER	BASELINE MIX PERCENTAGE
1 Person	N/A	1471	0	1471	38%
2 Person	N/A	1041	0	1041	27%
3 Person	N/A	570	0	570	15%
4 Person	N/A	434	0	434	11%
5 Person	N/A	201	0	201	5%
6+ Person	N/A	148	0	148	4%
TOTAL	N/A	3865	0	3865	100%

* “Non-MTW Adjustments” are defined as factors that are outside the control of the MTW PHA. An example of an acceptable “Non-MTW Adjustment” would include demographic changes in the community’s overall population. If the MTW PHA includes “Non-MTW Adjustments,” a thorough justification, including information substantiating the numbers given, should be included below.

Describe the justification for any “Non-MTW Adjustments” given above:

The baseline number represents all HCV households served in May 2010, when HACSM expanded the MTW activities to all HCV households.

MIX OF FAMILY SIZES SERVED (in Plan Year)				
FAMILY SIZE	BASELINE MIX PERCENTAGE**	NUMBER OF HOUSEHOLDS SERVED IN PLAN YEAR	PERCENTAGE OF HOUSEHOLDS SERVED IN PLAN YEAR	PERCENTAGE CHANGE FROM BASELINE YEAR TO CURRENT PLAN YEAR
1 Person	38%	1885	44%	6%
2 Person	27%	1181	28%	1%
3 Person	15%	462	11%	-4%
4 Person	11%	369	9%	-2%
5 Person	5%	203	5%	0%
6+ Person	4%	144	3%	-1%
TOTAL	100%	4244	100%	0%

** The "Baseline Mix Percentage" figures given in the "Mix of Family Sizes Served (in Plan Year)" table should match those in the column of the same name in the "Baseline Mix of Family Sizes Served (upon entry to MTW)" table.

The "Total" in the "Number of Households Served in Plan Year" column should match the "Actual Total" box in the "Actual Number of Households Served in the Plan Year" table in Section II.B.i of this Annual MTW Report.

The percentages in this column should be calculated by dividing the number in the prior column for each family size by the "Total" number of households served in the Plan Year. These percentages will reflect adjustment to the mix of families served that are due to the decisions of the MTW PHA. Justification of percentages in the current Plan Year that vary by more than 5% from the Baseline Year must be provided below.

Describe the justification for any variances of more than 5% between the Plan Year and Baseline Year:

N/A

Number of Households Transitioned to Self-Sufficiency in the Plan Year

Number of households, across MTW activities, that were transitioned to the MTW PHA's local definition of self-sufficiency during the Plan Year.

MTW ACTIVITY NAME/NUMBER	NUMBER OF HOUSEHOLDS TRANSITIONED TO SELF SUFFICIENCY*	MTW PHA LOCAL DEFINITION OF SELF SUFFICIENCY
MTW Self Sufficiency Program/Activity #2000-1	61	Household reached the end of their voucher term, and/or reached an income level that HACSM paid $0 subsidy for a maximum period of 90 days.
Housing Readiness Program/Activity #2009-2	14	Household reached the end of their voucher term, and/or reached an income level that HACSM paid $0 subsidy for a maximum period of 90 days.
Tiered Subsidy Table/Activity #2010-9	Included in row 1 & 2 above	The household reached an income level such that HACSM paid $0 subsidy for a maximum period of 90 days.
	75	(Households Duplicated Across MTW Activities)
	75	Total Households Transitioned to Self Sufficiency

Figures should match the outcome reported where metric SS#8 is used in Section IV of this Annual MTW Report.

The HACSM definition of Self-Sufficiency includes the following:

- The household has reached an income level such that HACSM is no longer providing subsidy on behalf of the family for a period of 90 days, or
- The household has reached the end of the voucher's time limit and will be graduating from the FSS program.

SECTION III: Proposed MTW Activities

All proposed activities that are granted approval by HUD are reported on in Section IV as 'Approved Activities. No new activities are proposed at this time.

SECTION IV: Approved MTW Activities

A. Implemented Activities

MTW Activity Number	MTW Activity Title
2000 – 1	MTW Self-Sufficiency Program
2009 – 2	Housing Readiness Program (HRP)
2000 – 3	Eliminate 40% Affordability Cap at Initial Move-In/Lease Up
2010 – 6	Triennial Recertification Schedule for Elderly/Disabled Families
2010 – 7	Simplify Rent Calculation Process
2010 – 8	Simplify Third Party Verification Process

MTW Activity Number	MTW Activity Title
2010 – 9	Tiered Subsidy Tables (TST)
2010 – 10	Simplify HQS Process for HACSM-owned or Affiliated Properties
2011 – 15	Institute Biennial Inspection Schedule for Units Under Contract
2011 – 16	Expand the Section 8 Project-Based Voucher Program
2011 – 17	Revise Eligibility Standards
2012 – 21	Change Qualifications for Full-Time Student Status
2012 – 22	Include Foster Care, KinGap, and Adoption Assistance Payments in Annual Income Calculation
2012 – 23	Modify Head of Household (HOH) Changes Policy
2012 – 24	Change Automatic Termination of HAP Contract from 180 to 90 Days
2012 – 26	Commitment of MTW Funds for Leveraging in the Creation of Additional Affordable Housing in San Mateo County
2011 – 27	Provider Based Program
2014 – 29	Revise Child Care Expense Deduction
2015 – 30	Standard Proration for Ineligible Household Members
2015 – 31	Local Referral Process for Supportive Service Exception Units, in Project Based Voucher (PBV)

MTW Activity Number	MTW Activity Title
	Complexes
2015 – 32	Revised EIV Income Report Review Schedule
2015 – 33	Local PBV Inspection Process
2015 – 35	Leasing Success Program

Activity #2000-1: MTW Self-Sufficiency Program

Approved by HUD:	FYE2000
Implemented by HACSM:	5/1/2000
Amended:	N/A

Description of the activity

In May 2000, HACSM implemented its' first MTW activity. The MTW self-sufficiency program was originally developed in collaboration with the San Mateo County (SMC) Human Service Agency to respond to the welfare reforms of the Clinton presidency. It was fashioned to focus almost exclusively on improving families' economic self-sufficiency in preparation for the conclusion of their welfare assistance. The core design of HACSM's original MTW program consisted of limiting Housing Choice Voucher assistance to a maximum of six years, while at the same time offering self-sufficiency services to those participants. In FY2010 HACSM changed the voucher term to a maximum of five years. Through December 2013, in order to reach the target population, HACSM only accepted new admissions through a referral process. The referring agencies included the SMC welfare and social service departments, drug treatment facilities, and local homeless shelters. In addition to referring eligible families for admission to the MTW program, these same referring agencies signed agreements with HACSM to provide appropriate case management services to the family throughout the term of their housing assistance.

In FY2014, upon HUD approval, HACSM implemented several revisions to this activity, including the following: 1) January 2014, HACSM opened its HCV waitlist and with this opening began the enrollment of all new households in the MTW Self-Sufficiency program, eliminating the direct referral process; 2) All new program participants from the HACSM HCV waiting list are automatically invited to enroll in the MTW Self-Sufficiency program, and 3) HACSM expanded the number of vouchers allocated to the 5-year time limited program from 300 up to 800 vouchers.

With the exception of elderly and disabled households, all MTW Self-Sufficiency participants are required to participate in the HACSM Family Self-Sufficiency (FSS) program with the goal of helping families to be gainfully employed and free of welfare assistance 12 months prior to the end of the FSS contract. Non-compliance with the FSS contract could be cause for termination of housing assistance. HACSM collaborates with county and non-profit service providers to prepare MTW households to be economically self-sufficient upon graduation.

With the flexibility afforded through the MTW program, HACSM designed a local method by which escrow is calculated for the FSS program participants at the time of graduation. In FY14, due to the fact that this MTW Activity #2000-4 (Escrow Accounts) was so integrally related to the self-sufficiency goals of program participants, HACSM combined these two activities under Activity #2000-1 for reporting purposes.

The revised, MTW HACSM escrow calculation method considers several activities that support a family's increasing self-sufficiency, which are often necessary for an individual to be job-ready and positioned for higher paying positions, instead of only recognizing increases in earned income. The maximum escrow credit and pay out at graduation is $3,500 per family. Because escrows are only calculated and credited at the end of the FSS Contract term, interim withdrawals were eliminated.

The HACSM-designed calculation methodology is as follows:

- *Employment*: In order to qualify, at program exit, the family must achieve either: 1. The lesser of $1,500 or a 15% increase over the above stated Earned Income baseline if the baseline amount is more than $2000, or 2. A $10,000 increase over the above stated Earned Income baseline if the baseline amount is $2000, or less. HACSM will calculate escrow based on a dollar for dollar match up to $1,000. ($1,000 maximum per family under this category)
- *Education/Vocational Degree Attainment*: $500 for each completed education/vocational goal. ($1,000 maximum per family under this category)
- *Personal Enrichment/Job Preparation*: $25 for each workshop, skill improvement training completed. ($250 maximum per family under this category)
- *Path to Citizenship*: $250 for each goal completed per family member in this process ($500 maximum per family under this category)
- Budgeting/Saving Series:
  - Attend a HACSM-sponsored budgeting class within the first six months of program entry. ($25)
  - Prepare and submit to HACSM a personal budget for six months following the budgeting class. ($100)
  - Establish (open) a new savings account within the first year of program entry or a secured credit card to re-establish credit. Once credit has been established, open a savings account. ($25)
  - Establish a pattern of savings by: a. Increase savings balance over the savings baseline by at least $1500, AND b. During the final 12 months of participation, make a minimum of 10 monthly deposits of at least $25, AND c. Any monthly withdrawals may not cause the deposit amount to be less than $25. ($400)

Note: Retirement accounts will not be considered as savings accounts.
($500 maximum per family under this category)

- *Improve Credit Score:* $1 for each credit score point improved over the Credit Score baseline. ($250 maximum per family under this category)
- *Personal Participant Pay Point from Individual Training and Service Plan (ITSP).* Qualifying goals include: Transportation, child care, fulfilling student loan obligations, expunging criminal records, completing the full LENA program and resolving outstanding child support payments. $250 for each Personal Participant goal completed. ($500 maximum per family under this category)

Since this activity's original implementation, portability was generally not approved due to the five-year time limit and HACSM's inability to enforce other PHAs compliance with this unique aspect of the HACSM MTW-approved activity. However, in FY15 due to households joining the program via the wait list, under the hardship policy, HACSM will consider a received request based on the following conditions: 1) Approved reasonable accommodation, 2) Participation, as a full-time student, in a training program that is more than 35 miles from the nearest San Mateo County border, or 3) Full Time employment that is more than 35 miles from the nearest San Mateo County border. (See Appendix I for the full hardship policy)

Impact of the activity

In FY2020, a total of 791 households received rental subsidy under the MTW_Self Sufficiency Program. Of that total, 524 households have an active Contract of Participation and received self-sufficiency services. During the same period, 61 families had successfully graduated from the program.

Although not a part of the Standard Metrics, HACSM has also been monitoring the housing outcomes for families exiting the program. In FY2020, of the 61 households who graduated from the program, none of the families expressed that they would have to enter shelter or become homeless upon graduation. Some increased their earned income to the point where HACSM was not contributing any housing subsidy, some were able to remain in the same unit paying the full rent amount, several were able to secure an affordable below-market-rate unit from one of the cities within San Mateo County, others moved in with friends or family, and some made the decision to relocate to a jurisdiction with a lower cost of living.

There were 187 families who requested a hardship program extension in FY2020. Based on the HACSM's hardship policy, all requests were approved.

Standard HUD Metrics

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
SS #1: Increase in Household Income				
Average earned income of households affected by this policy in dollars (increase)	As established in FY2010, the average earned income of households at entry was $17,858	Expected ***increase*** in average earned income of $500 annually of households affected by this policy prior to implementation.	Average earned income per households is $36,065	Yes
SS #2: Increase in Household Savings				
Average amount of savings/escrow of households affected by this policy in dollars (increase)	As established in FY2013, the average savings per household was $569	Expected $100 increase in savings per household	Average Savings per household is $3,032	Yes
SS #3: Increase in Positive Outcomes in Employment Status (Household)				
Employed Full Time	In FY2013, 9 households who graduated from the program were employed full time at program entry	Expected number of households employed full time: 15	188	Yes
Employed Part Time	FY2013, 2 households who graduated from the program were employed part time at program entry	Expected number of households employed part time: 10	119	Yes
Enrolled in an Educational Program	FY2013, 5 households who graduated from the program were enrolled in an education program	Expected number of households enrolled in education program: 10	103	Yes
Enrolled in Job Training	FY2013, 5 households who graduated from the program were enrolled in a job training program	Expected number of households enrolled in job training program: 10	308	Yes

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
Unemployed	FY2013, 8 households who graduated from the program were unemployed at program entry	Expected number of households unemployed: 10	217	No [1]
SS #4: Households Removed from Temporary Assistance for Needy Families (TANF)				
Number of households receiving TANF assistance (decrease)	131 families were receiving TANF at program entry. In FY2013, 83 families were receiving TANF	Decrease in the number of families receiving TANF by 10 families per year	47	Yes
SS #5: Households Assisted by Services that Increase Self-Sufficiency				
Number of households receiving services aimed to increase self-sufficiency (increase)	In FY2013, 19 families completed financial, employment, and educational workshops	HACSM expects 30 of the households receiving self-sufficiency services after implementation	524	Yes
SS #6: Reducing Per Unit Subsidy Costs for Participating Households				
Average amount of Section 8 and/or 9 subsidy (or local, non-traditional subsidy) per household affected by this policy in dollars (decrease)	In FY2012, the average amount of Section 8 subsidy per household was $1,331	HACSM expects the average subsidy per household after implementation to remain consistent at $1,331	$2,045	No [2]
SS #8: Households Transitioned to Self-Sufficiency				
Number of households transitioned to self-sufficiency (increase)	0 households transitioned to self-sufficiency prior to implementation	Expected number of households transitioned to self-sufficiency: 10/year	61	Yes
* Narrative of Challenges, if not Achieved and Potential New Strategy [1] *Unemployed:* (1) The unemployed number fluctuates from year to year because HACSM continues to admit new households to the program. For example, 146 new				

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
households were admitted to the MTW Housing Readiness Program during the reporting period. Newly admitted households who are unemployed are also added to the total. HACSM expects the outcome will improve as these families gain employment during their terms of assistance. (2) The COVID pandemic has hugely affected job opportunities for the MTW Self-Sufficiency participants. [2] *Average amount of Section 8 subsidy per household*: In FY2020, the HACSM housing market continued to represent one of the most challenging in the nation. The trend has continued over multiple years, and as such the average subsidy for the HRP program is in alignment with SMC as a whole.				

Changes to the metrics, baselines or benchmarks

HACSM did not make any changes to the baselines or benchmarks during this fiscal year.

Changes to the data collection methodology

HACSM did not make any changes to the data collection methodology or data collected for this activity.

Activity #2009-2: Housing Readiness Program (HRP)

Approved by HUD:	FYE2009
Implemented by HACSM:	7/1/2008
Amended:	N/A

Description of the activity

Through partnerships with San Mateo County's Center on Homelessness and other providers of homeless services, HACSM is able to serve up to 150 homeless families who may not otherwise qualify other homeless programs. Homeless families join the program through a referral process. In the original program design, new program participants received rental subsidy for up to three years while at the same time having continued access to various supportive services programs, provided by the homeless services partners. In August 2016, HACSM aligned the Housing Readiness Program with the MTW Self-Sufficiency Program (Activity #2000-1) and expanded the term of participation for all new HRP participants from three years up to five years. In addition to the extended term of participation, at the time of initial lease up, the new households are encouraged to join the FSS program and meet with the FSS Coordinators to establish their goal plan and execute an FSS Contract of Participation. These households are also eligible for escrow monies upon successful graduation from the FSS program.

Impact of the activity

In FY2020, a total of 129 households received rental subsidy under the MTW_Housing Readiness Program. Of that total, 85 households have an active Contract of Participation and received self-sufficiency services. During the same period, 14 families had successfully graduated from the program.

There were 24 families who requested a hardship program extension in FY2020. Based on the HACSM's hardship policy, all requests were approved.

Standard HUD Metrics

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
SS #1: Increase in Household Income				
Average earned income of households affected by this policy in dollars (increase)	Average earned income of households affected by this policy in FY2013 was $19,339	Expected average earned income in households affected by this policy after implementation is $20,500	$34,074	Yes
SS #2: Increase in Household Savings				
Average amount of savings/escrow of households affected by this policy in dollars (increase)	Average savings per household at program entry in FY2013 was $249	Expected increase in savings per household: $100	$2,102	Yes
SS #3: Increase in Positive Outcomes in Employment Status (Household)				
Employed Full Time	In FY2012, 11 households employed full time	Expected number of households employed full time: 11	22	Yes
Employed Part Time	In FY2012, 12 households employed part time	Expected number of households employed part time: 10	19	Yes
Enrolled in an Educational Program	In FY2012, 0 households enrolled in an education program	Expected number of households enrolled in education program:10	12	Yes
Enrolled in Job Training	In FY2012, 0 households enrolled in a job training program	Expected number of households enrolled in job training program: 10	75	Yes
Unemployed	In FY2012, 11 households unemployed	Expected number of households unemployed: 10	44	No [1]
SS #4: Households Removed from Temporary Assistance for Needy Families (TANF)				
Number of households receiving TANF assistance (decrease)	In FY2012, 13 households were receiving TANF at program entry	Expected average of households receiving TANF: 10 Households	22	Yes

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
SS #5: Households Assisted by Services that Increase Self-Sufficiency				
Number of households receiving services aimed to increase self-sufficiency (increase)	0 families were receiving self-sufficiency services prior to implementation of the activity	HACSM expects 40 households to receive self-sufficiency services after implementation of the activity	85	Yes
SS #6: Reducing Per Unit Subsidy Costs for Participating Households				
Average amount of Section 8 and/or 9 subsidy (or local, non-traditional subsidy) per household affected by this policy in dollars (decrease)	In FY2012, the average amount of Section 8 subsidy per household: $908	HACSM expects the average subsidy per household after implementation to remain consistent with overall MTW program at: $1,200	$2,110	No [2]
SS #8: Households Transitioned to Self-Sufficiency				
Number of households transitioned to self-sufficiency (increase)	0 households transitioned to self-sufficiency prior to implementation	Expected number of households transitioned to self-sufficiency: 10/year	14	Yes

* Narrative of Challenges, if not Achieved and Potential New Strategy

[1] *Unemployed:* (1) The unemployed number fluctuates from year to year because HACSM continues to admit new households to the program. For example, 7 new households were admitted to the MTW Housing Readiness Program during the reporting period. Newly admitted households who are unemployed are also added to the total. HACSM expects the outcome will improve as these families gain employment during their terms of assistance. (2) The COVID pandemic has hugely affected job opportunities for the Housing Readiness participants.

[2] *Average amount of Section 8 subsidy per household*: In FY2020, the HACSM housing market continued to be one of the most challenging in the nation. Rental rate continued to climb annually. As a result, subsidy per household has also increased.

Changes to the metrics, baselines or benchmarks

HACSM did not make any changes to the baselines or benchmarks during this fiscal year.

Changes to the data collection methodology

HACSM did not make any changes to the data collection methodology or data collected for this activity.

Activity #2000-3: Eliminate 40% Affordability Cap at Initial Move-in/Lease Up

Approved by HUD:	FYE2000
Implemented by HACSM:	5/1/2000
Amended:	N/A

Description of the activity

The original MTW contract, executed in 2000, allowed HACSM to eliminate limits on the proportion of household income that could be spent on housing costs for its initial 300 time-limited MTW clients. In the FY2009 MTW Annual Plan, HACSM received HUD approval to expand this initiative to the entire HCV program.

This MTW activity is designed to support a family's ability to have greater housing choice, through having access to cities throughout San Mateo County. Prior to July 2009, whether HCV applicants leasing up for the first time, or participants in the relocation process, were unable to secure housing outside high poverty areas due to the restrictive 40% affordability cap.

Although the hard affordability cap has been eliminated, HACSM continues to play a major role in negotiating rents on behalf of the participant when needed and has established safeguards to ensure the tenant portion of rent is affordable to the participant. Safeguards include, but are not limited to:

- Discussion of rent affordability with the participant before move-in
- Outreach to property owners to increase housing availability
- A calculation tool that shows the tenant portion of rent in relation to his/her income with the addition of excluded income sources that might mitigate the higher rent burden
- Required supervisory approval procedures on a case-by-case basis for instances where the tenant rent burden is over 50% of their monthly adjusted income
  Impact of the activity

In FY2020, San Mateo County continued to be one of ***the*** highest cost of living communities in our nation. Current participants and new voucher holders searching for affordable housing in San Mateo County are faced with an extremely challenging and competitive housing market. Since implementation, HACSM has found that this activity has provided some necessary relief to those engaged in a search for affordable housing in San Mateo County.

Throughout the reporting period, HACSM continued to monitor the lease up statistics, voucher utilization, and the prevailing rent burden for participants to ensure that vouchers are being utilized and participants are not facing an overly burdensome cost for housing. Upon review of the 186 new HAP Contracts for households seeking units on the open market (not in PBV units) in FY2020, 104 households were paying 30% or less of their monthly adjusted income towards their rent, 72 households were paying between 31-40% of their monthly adjusted income towards their rent, and 10 households were paying 50% or more of their monthly adjusted income towards their rent. It is important to note that, as discussed in the design of this activity above, all HAP contracts that could result in a household's paying more than 50% of their monthly adjusted income toward their rent received additional supervisory review and one-on-one discussions with the household. This is an additional step that HACSM staff take to support the household on a case-by-case basis. In FY2020, HACSM denied 3 Request for Tenancy Approvals due to affordability. Without this activity, the reality of finding a unit would be even more bleak with the current San Mateo County housing market.

Standard HUD Metrics

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
HC #5: Increase in Resident Mobility				
Number of households able to move to a better unit and/or neighborhood of opportunity as a result of the activity (increase).	0 families.	HACSM expects that 20 households will be able to move to a better unit and/or neighborhood of opportunity after implementation	54	Yes
Narrative of Challenges, if not Achieved and Potential New Strategy				

Changes to the metrics, baselines or benchmarks

HACSM did not make any changes to the baselines or benchmarks during this fiscal year.

Changes to the data collection methodology

HACSM did not make any changes to the data collection methodology or data collected for this activity.

Activity #2010-6 (Revised): Triennial Recertification Schedule for Elderly Disabled Families

Approved by HUD:	FYE2010
Implemented by HACSM:	7/1/2009
Amended:	FY2014

Description of the activity

Building upon the success of the original activity "Biennial Recertification Schedule for Elderly/Disabled Families," in FY2014 HACSM expanded the regular recertification schedule to once every three years for Elderly/Disabled households. Interim changes will be conducted in accordance with the policies stated in the HACSM Administrative Plan.

Impact of the activity

HACSM continues to perform recertifications for all households that are designated as elderly and/or disabled triennially. However, HACSM will see the household and process interim adjustments in situations where the household income decreases or there is a change in the household composition. The triennial recertification has resulted in significant cost and staff time savings. In FY2020, 729 elderly and/or disabled households were seen for recertification.

Standard HUD Metrics

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease)	In FY2014, the cost of completing this task was $154,085	HACSM expects that the cost for completing this task to not exceed $118,645	$56,931	Yes

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease)	Total amount of staff time dedicated to the task prior to implementation of the activity was 2949 hours	Expected amount of total staff time dedicated to the task after implementation of the activity 1800 hours	1,094 hours	Yes
* Narrative of Challenges, if not Achieved and Potential New Strategy				

Changes to the metrics, baselines or benchmarks
HACSM did not make any changes to the baselines or benchmarks during this fiscal year.

Changes to the data collection methodology
HACSM did not make any changes to the data collection methodology or data collected for this activity.

Activity #2010-7: Simplify Rent Calculation Process

Approved by HUD:	FYE2010
Implemented by HACSM:	7/1/2009
Amended:	7/1/2011

Description of the activity

In July 2009, HACSM implemented several MTW activities related to the rent calculation policies and procedures. It was HACSM's intent that implementing the new activities would create a simple, easy to understand process for the participants and a streamlined, more efficient practice for HACSM. This activity also improves accuracy of the rent calculations. In July 2011, HACSM modified the activities resulting in the following:

Asset Calculations

HACSM established a minimum threshold of $50,000 in assets before any income from assets would be included or calculated when determining the household's annual adjusted income.

If the household has total assets of $50,000 or more, HACSM will include the *actual* interest earned in determining the household's annual adjusted income. Since implementation, the streamlined method for calculating assets has significantly simplified the rent calculation process without creating further burden for program participants as most participants have assets less than $1,200.

Elimination of Earned Income Disallowance (EID)

Effective July 1, 2013, HACSM eliminated the EID portion of this activity as all current program participants were realizing greater benefit from the alternate recertification schedule, coupled with the HACSM interim policy.

In FY2017, HACSM proposed to roll together Activity 2012-25 "Exclude Asset Income from the Calculation for Households with Assets under $50,000" into this activity as they are so closely aligned.

Impact of the activity

In FY2020, 3,682 households reported at least one asset account. Of these households, only 56 or 1.5% have assets over $50,000. The average asset value per household is $3,763. With this low average, majority of the program participants did not earn any interest from their account.

Standard HUD Metrics

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease)	Cost of task prior to implementation: In FY2014, the cost of calculating the annual adjusted income for 3,102 households seen was $59,774	$59,774	$90,894	Yes [1]
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease)	Total amount of staff time dedicated to the task prior to implementation. In FY2009, 1295 Hours	993 Hours	1,969 hours	Yes [2]
CE #3: Decrease in Error Rate of Task Execution				
Average error rate in completing a task as a percentage (decrease)	0%	0%	0 (zero) files reviewed had errors related to the calculation of assets	Yes
CE #5: Increase in Agency Rental Revenue				
Total Household contributions towards	Household contributions prior to implementation of the activity (in	0	0	Yes [3]

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
housing assistance (increase)	dollars). $0			
* Narrative of Challenges, if not Achieved and Potential New Strategy [1] The outcome includes increase in personnel costs and additional vouchers awarded to HACSM since FY2014 [2] The outcome reflects increases in the number of vouchers administers by HACSM [3] Due to the low dollar value of program participant's assets and overall low interest rate offered by financial institutions, this activity does not have significant impact on rental revenue				

Changes to the metrics, baselines or benchmarks
HACSM did not make any changes to the baselines or benchmarks during this fiscal year.

Changes to the data collection methodology
HACSM did not make any changes to the data collection methodology or data collected for this activity.

Activity #2010-8: Simplify Third Party Verification Process

Approved by HUD:	FYE2010
Implemented by HACSM:	7/1/2009
Amended:	

Description of the activity

In FY2010, HACSM received HUD approval to simplify the third-party verification process associated with earned income, asset income, and medical and child care expenses, to relieve administrative burdens, increase productivity, and ease the intrusive nature of the process for HCV applicants and participants.

- Effective July 1, 2009, HACSM increased the threshold at which assets require third-party verification from $5,000 to $50,000 for the HCV programs. In place of third-party verification, the family is required to provide a current statement from the financial institution(s) showing the balance of the asset account(s). All assets valued over $50,000 continue to require third-party verification.
- Effective July 1, 2009 HACSM instituted a policy in which eligible families, who claim medical expenses, are required to sign a self-certification and provide supporting documents from credible and established sources, such as receipts from medical care providers or pharmacy statements as proof of the claimed expenses.
- Effective July 1, 2009 HACSM instituted a streamlined verification process to reduce the challenges in verifying claimed child care expenses. Eligible families who claim child care expenses are now required to sign a self-certification and provide supporting documents from credible and established sources, such as day care invoices, receipts or written statements from the child care provider as proof of the claimed expense. Expenses incurred from an adult member of the household who provides child care or the absent parent who does not reside in the subsidized unit, are not acceptable.
- Effective July 1, 2009, HACSM implemented a revised timeline for verification documentation to 120 days for HCV applicants and participants. This new timeline reduces duplication of work and accelerates an applicant's admission to the program and a participant's recertification for continuing program eligibility.

HACSM continues to use the Enterprise Income Verification (EIV) system for verification of participant identity, wage and assistance benefits.

Impact of the activity

This activity has continued to support the HACSM MTW program and has been successful in creating efficacies that provide the avenues for staff resources to be allocated to self-sufficiency activities.

Standard HUD Metrics

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease)	Cost of task prior to implementation In FY09, the total cost to complete this task was $29,285	$15,000 annually	$1,771	Yes
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease)	Total amount of staff time dedicated to the task prior to implementation On average, HACSM staff spent 738 hours annually to process third-party verifications	HACSM expects an average of no more than 369 hours per year for staff to process third-party verifications	108	Yes
CE #3: Decrease in Error Rate of Task Execution				
Average error rate in completing a task as a percentage (decrease)	Average error rate of task prior to implementation: 10%	Expected average error rate of task after implementation: 10%	1%	Yes
* Narrative of Challenges, if not Achieved and Potential New Strategy				

Changes to the metrics, baselines or benchmarks

HACSM did not make any changes to the baselines or benchmarks during this fiscal year.

Changes to the data collection methodology

HACSM did not make any changes to the data collection methodology or data collected for this activity.

Activity #2010-9: Tiered Subsidy Tables (TST)

Approved by HUD:	FYE2010
Implemented by HACSM:	3/1/2010
Amended:	

Description of the activity

The TST, a subsidy table representing the first of its kind in the nation, gives HACSM the ability to inform the participant of the maximum dollar amount that HACSM will contribute to their housing costs *at the time* of voucher issuance. This is a 180° change from the standard HCV rules that cannot determine the participant's subsidy portion until after a unit is secured and the contract rent and utility responsibilities are negotiated with the landlord/owner.

While other housing authorities have established rent tables that inform a participant of their rent portion based on eligible bedroom size, HACSM's TST gives participants the ability to search for available units with the knowledge of exactly how much HACSM will contribute to their housing costs throughout San Mateo County, make personal decisions as to how much of their income they are comfortable contributing towards their housing costs, and practice in negotiating with owners through the leasing process. The HACSM intention through this program change is to empower the participants to take personal responsibility for their lives, starting with their housing decisions.

Impact of the activity

In FY2020 the TST has continued to provide greater flexibility for families and a simpler rent calculation method for staff. Because of the on-going high rents in San Mateo County, HACSM has continued to closely monitor the subsidies provided by the TST and resulting tenant rent burden. In the spring of 2019, HACSM conducted a review of the rent burden for the participant households and the new Fair Market Rents published by HUD and subsequently increased the subsidy amounts of the TST, to be effective July 2019 to reflect the current, extremely competitive rental market in San Mateo County.

In FY2020, with the on-going monitoring of the tenant rent portions and the Agency budget, HACSM also determined that transitioning the Project Based properties back to a traditional PBV rent calculation process would be more beneficial to the program participants at the time of the properties submission of an annual contract rent increase.

HACSM has not received any hardship requests in relation to the TST rent reform program during FY2020.

Standard HUD Metrics

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease)	In FY2014, cost of task prior to implementation: $81,000	Expected cost of task after implementation $81,000	$87,125	Yes [1]
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease)	In FY2014, this task required 1,550 staff hours	Expected staff time required to complete this task, 1,550 hours	1,283 hours	Yes
CE #3: Decrease in Error Rate of Task Execution				
Average error rate in completing a task as a percentage (decrease)	Average error rate of task prior to implementation: 10%	Expected average error rate of task after implementation: 10%	4.75%	Yes
CE #5: Increase in Agency Rental Revenue				
Total Household contributions towards housing assistance (increase)	In FY2014, the total household contribution was $1,638,019	Expected rental revenue after implementation$1,638,019	$5,449,728	Yes
SS #1: Increase in Household Income				
Average earned income of households	In FY13 the average earned income per	$256 per year (a 1% increase)	$17,426	No [2]

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
affected by this policy in dollars (increase)	household was $25,566			
SS #4: Households Removed from Temporary Assistance for Needy Families (TANF)				
Number of households receiving TANF assistance (decrease)	Number of families receiving TANF at program entry	Expected average of households receiving TANF after implementation 400	182	Yes
SS #8: Households Transitioned to Self-Sufficiency				
Number of households transitioned to self-sufficiency (increase)	HACSM is unable to determine the number of households transitioned to self-sufficiency prior to implementation, however, in FY13, 11 households left the program due to "Zero HAP" status	HACSM expects 2 households will transition to self-sufficiency after implementation	75	Yes
* Narrative of Challenges, if not Achieved and Potential New Strategy [1] Outcome reflects overall increase in personnel costs since FY2014 [2] Participants' earned income has been negatively affected by the COVID pandemic.				

Changes to the metrics, baselines or benchmarks

HACSM did not make any changes to the baselines or benchmarks during this fiscal year.

Changes to the data collection methodology

HACSM did not make any changes to the data collection methodology or data collected for this activity.

Activity #2010-10: Simplify HQS Process For HACSM-owned or affiliated properties

Approved by HUD: FYE2010
Implemented by HACSM: 7/1/2009
Amended:

Description of the activity

HACSM is allowed to inspect HACSM-owned properties to determine HQS compliance. HACSM is not required to submit inspection reports for HACSM-owned or affiliated properties to the HUD Field Office. HACSM maintains these records in its' electronic filing system and can provide them to HUD upon request.

Impact of the activity

This activity has continued to be effective in supporting the HACSM goal of increased administrative efficiency.

Standard HUD Metrics

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease)	In FY2009, HACSM had an annual direct cost of $1,500 to hire outside consultants to inspect HACSM-owned properties	HACSM expects that this task will cost no more than $6,000 annually, after implementation	$4,300	Yes
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease)	In FY2010, the total staff time per inspection: 60 hours	Expected amount of total staff time to complete the task: 112 hours	154 hours	Yes [1]

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #3: Decrease in Error Rate of Task Execution				
Average error rate in completing a task as a percentage (decrease)	In FY2014, the average error rate was 28%	Average error rate in completing the task: 10%	0%	Yes
* Narrative of Challenges, if not Achieved and Potential New Strategy [1] The number of hours reflects the increase in units that are HACSM-owned or affiliated				

Changes to the metrics, baselines or benchmarks

HACSM did not make any changes to the baselines or benchmarks during this fiscal year.

Changes to the data collection methodology

HACSM did not make any changes to the data collection methodology or data collected for this activity.

Activity #2011-15: Institute Biennial Inspection Schedule for Units Under Contract

Approved by HUD: FYE2011
Implemented by HACSM: 7/1/2010
Amended:

Description of the activity

All HCV units are inspected on a biennial schedule. HACSM continues to conduct any complaint inspections. The units must, at all times, meet Housing Quality Standards while under contract.

Impact of the activity

The biennial inspection schedule has continued to support the HACSM goal of greater administrative efficiency. It has also provided HACSM staff the time savings to redirect toward assisting participants to secure housing, facilitating the lease up process between the participants and landlords and finally, to conduct owner outreach, which is vital in San Mateo County at this time. In the recent years HACSM inspectors have made the commitment to process new Request for Tenancy Approval requests within a 24-hour period. This commitment, in addition to the landlord financial incentives, has made a positive impact on owners of rental property and their willingness to support the affordable housing programs.

Standard HUD Metrics

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease)	On average, the cost to complete HQS inspections prior to implementation: $195,046	HACSM expects that it will cost no more than $100,000 (annually) to complete HQS inspections	$130,230	Yes [1]

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease)	On average, it required 4,157 hours annually to complete the annual HQS inspections prior to implementation	HACSM expects that will require 2,161 hours to complete HQS inspections on an annual basis	2,715 hours	Yes
CE #3: Decrease in Error Rate of Task Execution				
Average error rate in completing a task as a percentage (decrease)	HACSM is establishing this baseline with the FY2013. The error rate was 44%	Average error rate: 25%	0%	Yes
* Narrative of Challenges, if not Achieved and Potential New Strategy [1] Outcome reflects increase in overall personnel costs				

Changes to the metrics, baselines or benchmarks

HACSM did not make any changes to the baselines or benchmarks during this fiscal year.

Changes to the data collection methodology

HACSM did not make any changes to the data collection methodology or data collected for this activity.

Activity #2011-16: Expand the Section 8 Project-Based Voucher Program

Approved by HUD:	FYE2011
Implemented by HACSM:	5/23/2011
Amended:	

Description of the activity

Effective July 1, 2010 HACSM received HUD approval to increase the percentage of its' voucher budget authority to 30% for the Project-Based program. And, in 2017 and again in 2018, due to the excessively challenging HACSM rental market, HACSM received HUD approval to further increase the percentage of its' voucher budget authority for the project based program to 40%. Expansion of the PBV program is one of the major resources for the development of additional affordable housing units and has significantly supported San Mateo County to meet the goals of its HOPE Plan, the County's 10-year plan to end homelessness.

In selecting future Project-Based projects, HACSM will give preference to properties that are newly constructed, located near public transportation corridors, and contain energy efficient features. This activity provides an avenue to increase housing choice for families by increasing the supply of decent, safe, and sanitary affordable housing. By diversifying the use of our finite number of vouchers, this initiative will provide a wider variety in type and location of housing for our participants, present and future.

In FY2014, HACSM adopted policies to support the initial activity proposal that requires participating families to stay at least 24 months in a PBV unit before they are eligible to move with continued assistance; and that any continued assistance would be a part of the MTW/FSS five year time-limited program. If there is a need for additional housing assistance at the end of the term of participation, the family may apply for an extension according to HACSM hardship policy.

Impact of the activity

As of June 30, 2020, HACSM has established project based contracts and commitments for approximately 36% of its HCV portfolio.

As discussed in Activity 2010-9: Tiered Subsidy Tables (TST), in FY2020, as part of its' on-going program monitoring, HACSM conducted a review of the participant rent portions and the on-going HCV budget and concluded that using the traditional PBV rent calculation is more beneficial to the program participants. This transition was effective at the time of the annual contact rent increase.

Standard HUD Metrics

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease)	Cost of task prior to implementation: $0	Expected cost of task after implementation $0	$0	Yes
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease)	Total amount of staff time dedicated to the task prior to implementation 0 hours	Expected amount of total staff time to complete the task after implementation 0 hours	0 hours	Yes
HC #4: Displacement Prevention				
Number of households at or below 80% AMI that would lose assistance or need to move (decrease). If units reach a specific type of household, give that type in this box.	There were zero (0) households losing assistance/moving prior to implementation of the activity	Zero (0) households are expected to lose assistance or be required to move after implementation	0 households	Yes
* Narrative of Challenges, if not Achieved and Potential New Strategy				

Changes to the metrics, baselines or benchmarks

HACSM did not make any changes to the baselines or benchmarks during this fiscal year.
Changes to the data collection methodology

HACSM did not make any changes to the data collection methodology or data collected for this activity.

Activity #2011-17: Revise Eligibility Standards

Approved by HUD: FYE2011
Implemented by HACSM: 7/1/2010
Amended:

Description of the activity

HACSM implemented an asset value limit for all new applicants and participants. The HACSM policy includes the following criteria: 1) If an applicant has assets exceeding $100,000, or a present ownership interest in a suitable home in which they have a legal right to reside, they are determined to be ineligible for the program, 2) If a participant experiences an increase in assets, such that their assets are currently valued at more than $100,000, or has (since their last reexamination) gained ownership interest in real property in which the participant has a legal right to reside, the participant would be determined ineligible for continued assistance. This determination is made through the recertification process, annually or biennially, based on the household's regular recertification schedule.

In January 2014, HACSM opened its MTW Waitlist for the first time since July 2008.

Impact of the activity

This activity has continued to provide HACSM with an efficient tool to reach the neediest households in our community. In FY2020, HACSM maintained an average of 6,000 households on the HCV waiting list and randomly selected 400 applicants for eligibility determination.

In FY2020, 2 households were denied due to owning property where they have the legal right to reside and no household was denied eligibility due to exceeding the asset limits.

Standard HUD Metrics

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
HC #3: Decrease in Wait List Time				
Average applicant time on wait list in months (decrease)	Average applicant time on wait list prior to implementation was 36 months	Expected average applicant time on wait list after implementation will be 36 months	2-3 months Applicants who were selected may renew or reapply anytime	Yes
* Narrative of Challenges, if not Achieved and Potential New Strategy				

Changes to the metrics, baselines or benchmarks

HACSM did not make any changes to the baselines or benchmarks during this fiscal year.

Changes to the data collection methodology

HACSM did not make any changes to the data collection methodology or data collected for this activity.

Activity #2012-21: Change Qualifications for Full-Time Student Status

Approved by HUD: FYE2012
Implemented by HACSM: 7/1/2011
Amended:

Description of the activity

In order for a family member, other than the head, co-head, or spouse to qualify for the full-time student (FTS) status, the family member must be less than 24 years old, attend an accredited institution full time, and provide a transcript from the institution to support the full-time student status. Once the FTS status is determined, the family member will be granted a dependent deduction and earned income exclusion.

Impact of the activity

HACSM has continued to find this activity a key support in encouraging High School graduates to continue with their college courses immediately thereafter. In FY2020, there were 262 households with Full Time Students between the ages of 18-24. On average, HACSM excluded $12,160 for these households.

In FY2020 there were 87 households with full time students over the age of 24, with an average earned income of approximately $10,421 per household that was included in the households, gross annual income.

HACSM did not receive any hardship requests as a result of this activity.

Standard HUD Metrics

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #5: Increase in Agency Rental Revenue				
Total Household contributions towards housing assistance (increase)	FY11 the total household contribution prior to implementation was $0	Expected rental revenue after implementation of the activity: $453,738	$1,511,892	Yes
* Narrative of Challenges, if not Achieved and Potential New Strategy Note: This activity is primarily implemented for the HCV program where HACSM does not receive any income from the portion paid by the subsidized household.				

Changes to the metrics, baselines or benchmarks

HACSM did not make any changes to the baselines or benchmarks during this fiscal year.

Changes to the data collection methodology

HACSM did not make any changes to the data collection methodology or data collected for this activity.

Activity #2012-22: Include Foster Care, KinGap, and Adoption Assistance Payments in Annual Income Calculation

Approved by HUD: FYE2012
Implemented by HACSM: 7/1/2011
Amended:

Description of the activity

HACSM includes foster care, Kin Gap, and adoption assistance payments in the determination of annual adjusted income. To help offset this inclusion of this income, HACSM provides a dependent allowance for foster children, disabled foster adults, and adopted children

Impact of the activity

In FY2020, no household reported foster care, KinGap, or adoption assistance payments. HACSM did not receive any hardship requests as a result of this activity.

Standard HUD Metrics

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #5: Increase in Agency Rental Revenue				
Total Household contributions towards housing assistance (increase)	The total household contributions prior to implementation of the activity was $0	Expected rental revenue after implementation: $96,000	$0	N/A
* Narrative of Challenges, if not Achieved and Potential New Strategy				

Changes to the metrics, baselines or benchmarks

HACSM did not make any changes to the baselines or benchmarks during this fiscal year.

Changes to the data collection methodology

HACSM did not make any changes to the data collection methodology or data collected for this activity.

Activity #2012-23: Modify Head of Household (HOH) Changes Policy

Approved by HUD: FYE2012
Implemented by HACSM: 7/1/2011
Amended:

Description of the activity

In order to encourage families towards self-sufficiency and reach more eligible households on the HCV waitlist, HACSM implemented the following policies regarding the activities for head of household change requests. The HACSM policies include the following:

1. The individual becoming the new HOH must be in the household for at least the previous 12 consecutive months, and
2. At the time of the HOH change, the household would join the time-limited MTW Self-Sufficiency program (Activity #2000-1). However, if household is already enrolled in the time-limited MTW Self-Sufficiency program, the remaining household members would only be eligible for the remaining term, not an additional 5-year term.

Impact of the activity

In FY2020, 12 households in the MTW program requested a change in the HOH.

Standard HUD Metrics

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
HC #3: Decrease in Wait List Time				
Average applicant time on wait list in months (decrease)	Average applicant time on wait list prior to implementation was 36 months	Expected average applicant time on wait list after implementation will be 36 months	2-3 months	Yes
* Narrative of Challenges, if not Achieved and Potential New Strategy				

Changes to the metrics, baselines or benchmarks

HACSM did not make any changes to the baselines or benchmarks during this fiscal year.

Changes to the data collection methodology

HACSM did not make any changes to the data collection methodology or data collected for this activity.

Activity #2012-24: Change Automatic Termination of HAP Contact from 180 to 90 Days

Approved by HUD: FYE2012
Implemented by HACSM: 7/1/2011
Amended:

Description of the activity

HACSM reduced the number of days that a participant can remain on the program, while paying 100% of their rent, from 180 to 90 consecutive days.

Impact of the activity

During FY2020, 7 households exited the program due to "zero HAP" status. HACSM continued to see an on-going trend that while some households were able to exit the program as a result of reaching an income level such that HACSM no longer paid any rental subsidy, others had experienced decrease in income during the 90-day period and remained in the program.

Standard HUD Metrics

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
HC #3: Decrease in Wait List Time				
Average applicant time on wait list in months (decrease)	Average applicant time on wait list prior to implementation was 36 months	Expected average applicant time on wait list after implementation will be 36 months	2-3 months	Yes
* Narrative of Challenges, if not Achieved and Potential New Strategy				

Changes to the metrics, baselines or benchmarks

HACSM did not make any changes to the baselines or benchmarks during this fiscal year.

Changes to the data collection methodology

HACSM did not make any changes to the data collection methodology or data collected for this activity.

Activity #2012-26: Commitment of MTW Funds for Leveraging in the Creation of Additional Affordable Housing in San Mateo County

Approved by HUD:	FYE2012
Implemented by HACSM:	10/26/2011
Amended:	

Description of the activity

HACSM originally committed up to $4,000,000 of MTW funds for the development of additional affordable (low income, very low income and extremely low income) housing in San Mateo County. Since implementation of this activity, HACSM was able to leverage additional MTW funds to further increase the number affordable units being developed. Development activities included site acquisition, substantial rehabilitation of existing stock, and development of new units.

Impact of the activity

This activity has been essential to the development of new construction affordable housing units in San Mateo County. Since the implementation of this activity, close to $27,400,000 of the MTW funds have been awarded to nine developments, which will provide 897 units of new, high-quality affordable housing for low, very low, and extremely low-income households. 511 of these units are already completed and leased, with another 386 either in construction or pre-development stage. The $27,400,000 in MTW funding have leveraged approximately $230 million in other sources of financing for these units. Additionally, the MTW funds were awarded to developers in the form of low-interest loans. As of 6/30/20, $2,691,387 has been paid back by the developers.

Standard HUD Metrics

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
HC #1: Additional Units of Housing Made Available				
Number of new housing units made available for households at or below 80% AMI as a result of the activity (increase). If units reach a specific type of household, give that type in this box	Est. FY2011, Zero (0) housing units of this type prior to implementation of this activity.	HACSM expects the creation of at least 20 affordable units per $1,000,000 invested	897 units	Yes
HC #2: Units of Housing Preserved				
Number of housing units preserved for households at or below 80% AMI that would otherwise not be available (increase). If units reach a specific type of household, give that type in this box.	Housing units preserved prior to implementation (0)	Expected housing units preserved after implementation 60	140	Yes
CE #4: Increase in Resources Leveraged				
Amount of funds leveraged in dollars (increase)	$0 leveraged prior to implementation	HACSM expects to leverage $3 million dollars for every $1 million dollars of MTW funds invested	$230,000,000	Yes
* Narrative of Challenges, if not Achieved and Potential New Strategy				

Changes to the metrics, baselines or benchmarks

HACSM did not make any changes to the baselines or benchmarks during this fiscal year.

Changes to the data collection methodology

HACSM did not make any changes to the data collection methodology or data collected for this activity.

Activity #2011-27: Provider Based Assistance Program

Approved by HUD:	FYE2012
Implemented by HACSM:	11/15/2011
Amended:	

Description of the activity

HACSM implemented a provider-based assistance program, outside the scope of the voucher program. The Provider-Based Assistance program) PBA was designed with the intention to reach populations in San Mateo County who were under-served or not served by the voucher program or other special-funded programs. Currently HACSM has four contracts with service providers supporting the following hard to reach populations, 1) Survivors of domestic violence, 2) Recently released, non-violent parolees, 3) Single parent households with minor children, and 4) Frail elderly who can live independently with supportive services assistance provided by the Health Plan instead of being placed in a much higher cost skilled nursing facility that is not needed for their health care. In some cases, the housing assistance follows the "Transitional Housing" model with housing provided for a short period of time, up to 18 months. In other cases, the housing assistance is provided for a maximum of 36 months.

Impact of the activity

In late FY2020 the PBA program has continued to successfully reach households that would otherwise be very challenging to reach.

Standard HUD Metrics

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
HC #7: Households Assisted by Services that Increase Housing Choice				
Number of households receiving services aimed to increase housing choice (increase)	In FY2011, zero (0) households received this type of service prior to implementation of the activity.	HACSM expects that 30 households will receive these services after implementation of the activity.	51 households	Yes
SS#1: Increase in Household Income				
Average earned income of households affected by this policy in dollars (increase)	Number of HOH employed was zero (0)	HACSM expects that 20 HOH will be employed after implementation	$1,278	Yes
SS #4: Households Removed from Temporary Assistance for Needy Families (TANF)				
Number of households receiving TANF assistance (decrease)	Zero (0) households receiving TANF prior to implementation	HACSM expects that 20 households will be receiving TANF after implementation	3	Yes
SS #8: Households Transitioned to Self-Sufficiency				
Number of households transitioned to self-sufficiency (increase)	Zero (0) households transitioned to self-sufficiency prior to implementation	HACSM expects that 5 households transitioned to Self-Sufficiency	24	Yes
* Narrative of Challenges, if not Achieved and Potential New Strategy				

Changes to the metrics, baselines or benchmarks

HACSM did not make any changes to the baselines or benchmarks during this fiscal year.

Changes to the data collection methodology

HACSM did not make any changes to the data collection methodology or data collected for this activity.

Activity #2014-29: Revise Child Care Expense Deduction

Approved by HUD: FYE2012
Implemented by HACSM: 11/15/2011
Amended:

Description of the activity

In conjunction with HUD regulations, HACSM defines child care expenses as amounts anticipated to be paid by the family for the care of children 12 years of age and under during the period for which annual income is computed, but only when such care is necessary to enable a family member to work, seek work, or go to school (furthering education) and only to the extent such amounts are not reimbursed.

HACSM defines allowable child care deductions as follows:

1. The care must be provided for one or more qualifying persons. A qualifying person is a person who is a dependent child, age 12 and under, of a family member who is the parent or legal guardian of the child.
2. The care must be provided to enable the parent or guardian to work, seek work, or attend school full time.
3. The payments for care cannot be paid to the non-custodian parent(s) of the qualifying child.
4. The maximum allowable child care deduction is the lesser of the actual expense or 50% of the gross earnings or net profit from self-employment of the parent or guardian.

If both parents are in the subsidized household, the 50% gross earnings cap will be based on the lower of the two earnings from the parents. One parent may be considered as having earnings if the parent is a full-time student or a person with disabilities that inhibits the parent to care for the child. In this case, the earnings will be based on the working parent. The amount deducted shall reflect reasonable charges for child care.

A single parent who pays child care to look for work or attend school full time will qualify for child care expense deduction only if the expense is necessary and reasonable. The maximum allowable child care deduction for a parent or guardian who has no earnings but seeks work or attends school full time will be the lesser of the actual expense paid or $5000 per year per qualifying child, provided the deduction does not exceed the parent's non-earned income.

Impact of the activity

HACSM has continued to find that this activity helps to clarify the process for child care expenses resulting in some staff time savings and at the same time provided clarity and greater equity for all program participants. During FY2020, this activity resulted in approximately $19,047 monthly child care expenses that were disregarded due to exceeding the policy limits. There were 115 households that claimed child care expenses for deduction. The average amount per household that was deducted from the household's annual adjusted income was $6,587.

There were no hardship requests received as a result of this activity in FY2020.

Standard HUD Metrics

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #5: Increase in Rental Revenue				
Total Household contributions towards housing assistance (increase)	The total household contributions towards housing assistance in FY2013 was $1,653,740	HACSM expected the total household contributions after implementation of the activity to remain constant at approximately $1,650,000	$756,024	Yes [1]
* Narrative of Challenges, if not Achieved and Potential New Strategy [1] There has been a decrease in the number of households that claimed child care expense during the reporting period.				

Changes to the metrics, baselines or benchmarks

HACSM did not make any changes to the baselines or benchmarks during this fiscal year.

Changes to the data collection methodology

HACSM did not make any changes to the data collection methodology or data collected for this activity.

Activity #2015-30: Standard Proration for Ineligible Household Members

Approved by HUD: FYE2015
Implemented by HACSM: 9/2/2014
Amended:

Description of the activity

In FY2015, HACSM implemented a standard pro-ration of $150 per ineligible household member that is subtracted from the total monthly HACSM HAP subsidy for the household. Implementing this activity allowed HACSM to meet the HUD regulation which required that the PHA prorate the HAP portion of the household's subsidy for the eligible household members, while at the same time assisting participants and applicants understand the calculation method for their rent portion and easing the barriers that mixed families were facing in finding and rental an affordable housing unit.

Impact of the activity

Upon implementation of this activity, HACSM staff saw that there were fewer challenges in managing the program for families that included members who were ineligible due to their citizenship status. In FY2020, there were 132 mixed families in the program. As a result of this MTW Activity, mixed families experienced some relief in the housing search and lease up process. Since implementation, HACSM has not received any hardship requests from participants in relation to this MTW activity.

Standard HUD Metrics

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
		CE #1: Agency Cost Savings		
Total cost of task in dollars (decrease)	In FY2014, the total cost to complete this task was $8,674	HACSM expects that the cost to complete this task: $12,000	$8,666	Yes

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
		(Benchmark updated from $4,400 to $12,000, effective FY2016)		
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease)	In FY14, the total time to complete this task prior to implementation: 166 hours	Benchmark updated from 83 hours to 160 hours, effective FY16)	109	Yes
CE #3: Decrease in Error Rate of Task Execution				
Average error rate in completing a task as a percentage (decrease)	Average error rate in completing the task 0%	HACSM is establishing this benchmark with the submission of this report at: 5%	0%	Yes
CE #5: Increase in Rental Revenue				
Total Household contributions towards housing assistance (increase)	Total Household contributions in FY2013, prior to implementation of the activity, was $1,653,740	HACSM expected the rental revenue after implementation of the activity to remain constant at approximately $1,650,000	$2,042,112	Yes
* Narrative of Challenges, if not Achieved and Potential New Strategy				

Changes to the metrics, baselines or benchmarks

HACSM did not make any changes to the baselines or benchmarks during this fiscal year.

Changes to the data collection methodology

HACSM did not make any changes to the data collection methodology or data collected for this activity.

Activity #2015-31: Local Referral Process for Supportive Service Exception Units, in Project Based Voucher (PBV) Complexes

Approved by HUD:	FYE2015
Implemented by HACSM:	9/2/2014
Amended:	

Description of the activity

Current PBV regulations require the PHA provide applicants to an owner of PBV units from the PHA wait list. In general, this system is efficient and with on-going oversight and communication with PBV owners, HACSM has been able to provide a sufficient number of applicants for an owner to fill vacancies in a timely manner. The one area where this has been problematic has been in supportive service exception units. Balancing the overall number of households on the waitlist while at the same time maintaining a sufficient number of households that can most benefit from the services provided for the exception units have proven to be quite challenging and time consuming. In some instances, it requires the opening and closing of the waitlist to expand the pool of applicants. This process is extremely inefficient as opening and closing a waiting list for a preference causes confusion to the public and delays in serving the population who can most benefit from the services.

To address this situation, HACSM has implemented a local referral process for supportive service exception units. The process is such that upon notice from an owner that an exception unit has been vacated, HACSM provides a list of applicants to the owner from its waitlist. If HACSM is unable to provide a list of applicants to the project owner within 15 business days, or upon owner screening, it is determined that none of the applicants provided by the PHA wait list meet the owner's selection criteria or the applicants subsequently do not meet HACSM eligibility requirements, HACSM will accept direct referrals from the owner or the service providers that provide services for the exception units for eligibility determination. As always, the owner is required to notify HACSM, in writing, of any rejected applicant including the grounds for the rejection.

Impact of the activity

Upon HUD approval, HACSM implemented this activity in FY15. In FY2020, HACSM has used this MTW flexibility mainly for PBV units with specific preferences, such as homeless and special needs units where the program participants may benefit from the services provided by the owner.

Standard HUD Metrics

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
HC #3: Average Applicant Time on Waitlist in Months				
Average applicant time on wait list in months	Average applicant time on wait list FY2015 was 48 months	1 month	1 month	Yes
* Narrative of Challenges, if not Achieved and Potential New Strategy				

Changes to the metrics, baselines or benchmarks

HACSM did not make any changes to the baselines or benchmarks during this fiscal year.

Changes to the data collection methodology

HACSM did not make any changes to the data collection methodology or data collected for this activity.

Activity #2015-32: Revised EIV Income Report Review Schedule

Approved by HUD:	FYE2015
Implemented by HACSM:	10/1/2014
Amended:	

Description of the activity

Effective January 31, 2010, HUD implemented new regulations mandating the use of EIV as a third-party source to verify tenant employment and income information during mandatory certifications. Prior to the issuance of the HUD notice advising agencies of the revision, utilizing the EIV income report for interim certifications was not required by HUD, only during annual reexaminations. The reinterpreted regulations concerning the use of EIV changed the requirement such that review of the EIV income report is now a required component of all certification processes, including interim reexaminations.

The requirement to now use the EIV income report for both annual and interim reexaminations translates to additional staff time expended when processing interim reexaminations, which also renders an increase in costs, linked to the staff time for accessing and reviewing the EIV income report. To reduce cost and administrative burden, HACSM has modified the EIV review schedule by not generating the EIV income reports during interim reexaminations and only generating the EIV income report during annual or triennial reexaminations.

In concert with this, HACSM's current interim policy allows for certain actions to be processed without having to meet with the family in person. For example, if a family reports a decrease in income, not associated with a family composition change, HACSM requires the family to submit the necessary documents to reflect the change. Based on the family's documentation, HACSM recalculates the tenant and HAP portions accordingly. Not having to access and review the EIV income report at interim recertifications has led to a more efficient process for HACSM staff.

Impact of the activity

Upon implementation HACSM has found that this activity has reduced administrative costs by streamlining the EIV process for staff, without impacting staff's ability to monitor a family's pattern of potentially undisclosed income during the reexamination processes. HACSM has also continued to work with and educate staff regarding thoroughly communicating with participants during the regular recertification process to ensure their on-going compliance, up to and including potential termination procedures.

Standard HUD Metrics

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease)	In FY2014, prior to implementation, the cost to complete this task was $12,749	HACSM expects that the cost to complete this task will be: $2,560	$2,248	Yes
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease)	In FY2014, it required 244 hours to complete this task	49 Hours	34 Hours	Yes
* Narrative of Challenges, if not Achieved and Potential New Strategy				

Changes to the metrics, baselines or benchmarks

HACSM did not make any changes to the baselines or benchmarks during this fiscal year.

Changes to the data collection methodology

HACSM did not make any changes to the data collection methodology or data collected for this activity.

Activity #2015-33: Local PBV Inspection Process

Approved by HUD: FYE2015
Implemented by HACSM: 9/2/2014
Amended:

Description of the activity

Current HUD regulation allows PHAs to inspect a random 20% sample of PBV contract units in a building annually. If 20% of the inspected units fail HQS, PHAs then are required to inspect 100% of the units. Building on the success of the other HQS-related MTW activities, its close working relationship with PBV unit owners, and the quality of its PBV units, HACSM implemented a Local PBV Inspection Process to ensure PBV-owner's compliance with HQS for all units under contract.

The Local PBV Inspection Process considers the HACSM biennial inspection schedule for its PBV units. With this activity, HACSM has the additional flexibility to instead choose to inspect 20% of its PBV units in a building annually. As always, if the inspected unit(s) fails HQS and the deficiencies are not corrected within 30 days upon notification to the project owner or the HACSM-approved extension period, HACSM will abate HAP for the unit. If the deficiencies are not corrected within 90 days after the abatement notice, HACSM will remove the unit from the PBV contract and no retroactive HAP will be made during the abatement period.

Impact of the activity

While HACSM implemented this activity immediately upon HUD approval, HACSM has not actively used its authority to only inspect 20% of PBV units in a project in FY2020. HACSM has continued to conduct biennial inspections with the Agency's staff or independent contractors.

Standard HUD Metrics

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?[1]
CE #1: Agency Cost Savings				
Total cost of task in dollars (decrease)	In FY2014, it required $15,570 to complete this task	HACSM expects that the cost to complete this task after implementation to be no more than $6,218	N/A[1]	N/A [1]
CE #2: Staff Time Savings				
Total time to complete the task in staff hours (decrease)	In FY2014, it required 298 hours to complete this task	HACSM expects that after implementation it will require 119 hours to complete this task	N/A[1]	N/A [1]
* Narrative of Challenges, if not Achieved and Potential New Strategy [1] HACSM has not actively used its authority to only inspect 20% of PBV units in a project in FY2020. All PBV units were inspected according to the voucher program biennial inspection schedule (activity #2011-15). Instead, HACSM has continued to conduct biennial inspections.				

Changes to the metrics, baselines or benchmarks

HACSM did not make any changes to the baselines or benchmarks during this fiscal year.

Changes to the data collection methodology

HACSM did not make any changes to the data collection methodology or data collected for this activity.

Activity #2015-35: Leasing Success Program

Approved by HUD:	FYE2015
Implemented by HACSM:	10/1/2014
Amended:	

Description of the activity

In FY2015, HACSM implemented the use of its' Broader Use of Funds Authority to implement additional programs and activities to increase participation in the MTW program and the utilization of this highly valued housing assistance.

The Leasing Success Program consists of the following: 1) Contracting with organizations that have expertise in the rental market, that will assist program applicants and participants with "housing locator services," 2) Contracting with organizations that have substantial experience in shared housing to encourage HCV participation, 3) Creating a landlord incentive program, and 4) Creating a security deposit loan program. To date, HACSM has utilized its' MTW Authority in all of these areas, except the security deposit loan program, as there are other Agencies within the SMC system who are able to provide this assistance.

Impact of the activity

In FY2020, HACSM renegotiated its contract with Abode Services to serve new applicants and relocating participants to find and secure rental housing in San Mateo County. With Abode's facilitation of positive relationships with owners of rental properties, they have been able to assist more than 20 families through the course of the year. In FY2020 HACSM has spent approximately $13,444 for Abode's housing search and counseling services in support of voucher participants. In addition to Abode's work, MTW funds have also been expended as a result of the landlord incentive program. Through an extended stakeholder process with the San Mateo County community, owners, apartment association groups, and political leaders, HACSM developed the following three incentives: 1) Landlord Continuity Bonus, 2) New Landlord $1,000 Bonus, and 3) Landlord "No Loss" Bonus. In FY2020, 83 new landlords have joined the program, 79 landlords have received the "No Loss Bonus", and 25 Landlords have received a continuity bonus.

Standard HUD Metrics

Unit of Measurement	Baseline	Benchmark	Outcome	Benchmark Achieved?
HC #1: Additional Units of Housing Made Available				
Number of new housing units made available for households at or below 80% AMI as a result of the activity (increase). If units reach a specific type of household, give that type in this box	In FY2014, Zero (0) new housing units	HACSM expects 10 new housing units each fiscal year	83	Yes
HC #3: Decrease in Waitlist Time				
Average applicant time on wait list in months (decrease)	On average, applicants are on the HACSM wait list for 36 months	HACSM expects that applicants will be on the wait list for no more than 24 months	2-3 months	Yes
HC #5: Increase in Resident Mobility				
Number of households able to move to a better unit and/or neighborhood of opportunity as a result of the activity (increase)	Zero (0) households	10 households	83 households	Yes
HC #7: Households Assisted by Services that Increase Housing Choice				
Number of households receiving services aimed to increase housing choice (increase)	Zero (0) households	Established in FY2016, HACSM expects that an additional 30 households will be served	83 households	Yes
* Narrative of Challenges, if not Achieved and Potential New Strategy				

Changes to the metrics, baselines or benchmarks

HACSM did not make any changes to the baselines or benchmarks during this fiscal year.

Changes to the data collection methodology

HACSM did not make any changes to the data collection methodology or data collected for this activity.

B. Not Yet Implemented Activities

HACSM does not have any MTW Activities that were approved by HUD, but not yet implemented.

C. Activities on Hold

HACSM does not have any HUD-approved MTW activities that were never implemented.

D. Closed Out Activities

MTW Activity Number	MTW Activity Title	FY Activity Closed
2000 – 4	Escrow Accounts	2014
2009 – 5	Expand Usage of PBV at HACSM Developments Undergoing Disposition	2018
2010 – 11	Eliminate Competitive Process for Allocation of PBV to Former Public Housing	2018
2010 – 12	Waive 12 Month Stay Requirement for Residents in Formerly Public Housing Units Converted to PBV	2018
2010 – 13	Accept Lower HAP by Modifying PBV Rules for In-place Residents at former Public Housing Developments	2018
2010 – 14	Establish Flat or Market Rate Policy for Over-income Public Housing Residents at Conversion of Public Housing Units to Project-Based Units	2018
2011 – 18	Eliminate 100% Excluded Income from the Income Calculation Process	2015
2011 – 19	Eliminate the Requirement to Complete New HAP Contract with Utility Responsibility Changes	2017

2011 – 20	Apply Current Payment Standards at Interim Re-examination	2013
2012 – 25	Exclude Asset Income from Calculation for Households with Assets Under $50,000	2017
2013 – 28	Apply MTW Flexibilities to Public Housing	2018
2015 – 34	Local Collections Process	2017

Activity #2000-4: Escrow Accounts

Approved by HUD: FYE 2010 Implemented by HACSM: 7/1/2009

Closed by HACSM: 7/1/2014

Rationale for Closing out the Activity

In FY2015, HACSM combined this activity with Activity #2000-1: MTW Five-Year Self-Sufficiency Program as the two activities are integrally linked.

Activity #2009-5: Expand Usage of PBV at HACSM Developments Undergoing Disposition

Approved by HUD: FYE 2010 Implemented by HACSM: 7/1/2009

Closed by HACSM: 6/30/2018

Rationale for Closing out the Activity

As of November 2018, HACSM converted all 30 units at El Camino Village, formerly a public housing property, to RAD PBV. With this conversion, HACSM no longer has any Public Housing in its portfolio, thus is closing this activity as of June 30, 2018.

Formerly, the dispo application for Midway Village was approved by HUD in January 2011 and vouchers were issued to all eligible households, 149 vouchers in total, in May 2011. All 150 units at Midway Village are now under a Project-Based HAP contract.’

HACSM does not own or operate any additional properties.

Activity #2010-11: Eliminate Competitive Process for Allocation of PBV to Former Public Housing

Approved by HUD:	FYE 2010	Implemented by HACSM:	1/27/2011
		Closed by HACSM:	6/30/2018

Rationale for Closing out the Activity

Since FY2014, when HACSM received HUD approval to expand the scope of this activity to include other housing units owned by HACSM or HACSM affiliates such as the redeveloped Half Moon Village, HACSM has now in FY18 completed the conversion of all formerly public housing properties to PBV. At this time, HACSM does not own or operate any additional properties and thus is closing this activity.

Activity #2010-12: Waive 12 Month Stay Requirement for Residents in Formerly Public Housing Units Converted to PBV

Approved by HUD:	FYE 2010	Implemented by HACSM:	5/1/2011
		Closed by HACSM:	6/30/2018

Rationale for Closing out the Activity

As of November 2018, HACSM converted all 30 units at El Camino Village, formerly a public housing property, to RAD PBV. With this conversion, HACSM no longer has any Public Housing in its portfolio, thus is closing this activity as of June 30, 2018.

Formerly, the dispo application for Midway Village was approved by HUD in January 2011 and vouchers were issued to all eligible households, 149 vouchers in total, in May 2011. All 150 units at Midway Village are now under a Project-Based HAP contract.’

HACSM does not own or operate any additional properties.

Activity #2010-13: Accept Lower HAP by Modifying PBV Rules for In-place Residents at former Public Housing Developments

Approved by HUD:	FYE 2010	Implemented by HACSM:	5/1/2011
		Closed by HACSM:	6/30/2018

Rationale for Closing out the Activity

As of November 2018, HACSM converted all 30 units at El Camino Village, formerly a public housing property, to RAD PBV. With this conversion, HACSM no longer has any Public Housing in its portfolio, thus is closing this activity as of June 30, 2018.

Formerly, the dispo application for Midway Village was approved by HUD in January 2011 and vouchers were issued to all eligible households, 149 vouchers in total, in May 2011. All 150 units at Midway Village are now under a Project-Based HAP contract.'

HACSM does not own or operate any additional properties.

Activity #2010-14: Establish Flat or Market Rate Policy for Over-income Public Housing Residents at Conversion of Public Housing Units to Project-Based Units

Approved by HUD:	FYE 2010	Implemented by HACSM:	5/1/2011
		Closed by HACSM:	6/30/2018

Rationale for Closing out the Activity

As of November 2018, HACSM converted all 30 units at El Camino Village, formerly a public housing property, to RAD PBV. With this conversion, HACSM no longer has any Public Housing in its portfolio, thus is closing this activity as of June 30, 2018.

Formerly, the dispo application for Midway Village was approved by HUD in January 2011 and vouchers were issued to all eligible households, 149 vouchers in total, in May 2011. All 150 units at Midway Village are now under a Project-Based HAP contract.'

HACSM does not own or operate any additional properties.

Activity #2011-18: Eliminate 100% Excluded Income from the Income Calculation Process

Approved by HUD:	7/1/2011	Implemented by HACSM:	7/1/2011
		Closed by HACSM:	7/1/2015

Rationale for Closing out the Activity

Effective July 1, 2010, HACSM no longer verifies, counts, or reports income that HUD specifies as 100% excluded from the income calculation process. Examples of 100% excluded income are food stamps, income from minors, and foster care payments. Because this income is excluded from the income calculation process, it does not affect the amount of a family's rental assistance.

With the publication of PIH Notice 2013-4, issued January 28, 2013, the verification and calculation of 100% excluded income is no longer required. Because of this, HACSM has closed out this activity effective July 1, 2015.

Activity #2011-19: Eliminate the Requirement to Complete New HAP Contract with Utility Responsibility Changes

Approved by HUD:	7/1/2011	Implemented by HACSM:	7/1/2011
		Closed by HACSM:	7/1/2017

Rationale for Closing out the Activity

Since this activity only applied to participants who had a HAP contract in place prior to July 1, 2010 and who did not relocate, this activity has seen minimal to no activity since 2015. Additionally, with the implementation of the TST, participants are responsible for their utilities and are encouraged to seek and secure units that are energy efficient and/or instances where the landlord pays for the utilities. With the TST activity, there are no utility allowances included in the tenants rent portion. Therefore, HACSM has ceased tracking the utility responsibilities and closed this activity through the FY2018 MTW Plan.

Activity #2011-20: Apply Current Payment Standards at Interim Re-examination

Approved by HUD:	7/1/2010	Implemented by HACSM:	7/1/2010
		Closed by HACSM:	7/1/2013

Rationale for Closing out the Activity

HACSM has closed out this activity, as over 98% of program participants are now on the Tiered Subsidy Table (Activity #2010-9) rendering the activity essentially obsolete.

Activity #2012-25: Exclude Asset Income from Calculations for Households with assets under $50,000

Approved by HUD:	FYE 2012	Implemented by HACSM:	7/1/2011
		Closed by HACSM:	7/1/2016

Rationale for Closing out the Activity

In FY2017, HACSM combined this activity with Activity #2010-7: Simplify Rent Calculation Process. HACSM made this determination and decision based on the fact that these two activities were closely aligned and with the implementation of the Standard Metrics, the required tracking results were duplicative.

Activity #2013-28: Apply MTW Flexibilities to Public Housing

Approved by HUD:	FYE 2013	Implemented by HACSM:	7/1/2012
		Closed by HACSM:	6/30/2018

Rationale for Closing out the Activity

As of November 2018, HACSM converted all 30 units at El Camino Village, formerly a public housing property, to RAD PBV. With this conversion, HACSM no longer has any Public Housing in its portfolio, thus is closing this activity as of June 30, 2018. HACSM will continue to apply MTW activities that are not in conflict with RAD regulations.

Activity #2015-34: Local Collections Process

Approved by HUD:	FYE 2015	Implemented by HACSM:	9/2/2014
		Closed by HACSM:	6/30/2017

Rationale for Closing out the Activity

At the conclusion of FY2017, the MTW Office informed HACSM that this activity could not continue to be approved due to lack of MTW Authority.

SECTION V: MTW Sources and Uses of Funds

A. ACTUAL SOURCES AND USES OF MTW FUNDS

i. Actual Sources of MTW Funds in the Plan Year

HACSM submitted unaudited and will be submitting the audited information in the prescribed Financial Data Schedule (FDS) format through the Financial Assessment System – PHA (FASPHA).

ii. Actual Uses of MTW Funds in the Plan Year

HACSM submitted unaudited and will be submitting the audited information in the prescribed FDS format through the FASPHA.

iii. Describe Actual Use of MTW Single Fund Flexibility

HACSM has provided a thorough narrative of each activity that used only the Single Fund Flexibility in the body of the Report, including the metrics used to track the outcomes of these programs or activities.

B. LOCAL ASSET MANGEMENT PLAN

i. Did the MTW PHA allocate costs within statute in the Plan Year? Yes

ii. Did the MTW PHA implement a local asset management plan (LAMP) in the Plan Year? No

iii. Did the MTW PHA provide a LAMP in the appendix? No

iv. If the MTW PHA has provided a LAMP in the appendix, please provide a brief update on implementation of the LAMP. Please provide any actual changes (which must be detailed in an approved Annual MTW Plan/Plan amendment) or state that the MTW PHA did not make any changes in the Plan Year. Not applicable

SECTION VI: Administrative

A. Reviews, Audits and Inspections

There have not been any HUD reviews, audits, or physical inspection issues requiring action by HACSM.

FY2019 independent auditor’s report is attached as Appendix B

B. Evaluation Results

HACSM has not initiated any PHA-directed evaluations of the MTW demonstration program.

C. MTW Statutory Requirement Certification

Statutory requirement certification is attached as Appendix A

D. MTW Energy Performance Contract (EPC) Flexibility Data

Not applicable

Appendix A – MTW Statutory Requirement Certification

The Housing Authority of the County of San Mateo certifies that it has met the three statutory requirements of:

1. Ensuring that at least 75 percent of the families assisted by the Agency are very low-income families;
2. Continuing to assist substantially the same total number of eligible low income families as would have been served had HACSM not participated in the MTW demonstration, and
3. Maintaining a comparable mix of households (by family size) served as would have been served had HACSM not participated in the MTW demonstration.

Housing Authority of the County of San Mateo (CA014)

12-16-2020

Raymond Hodges
Executive Director

Date

Appendix B – FY2020 Independent Auditor Report

(Attached)

HOUSING AUTHORITY OF
THE COUNTY OF SAN MATEO

FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT

Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the County of San Mateo
Belmont, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the County of San Mateo (the Authority) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of June 30, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and OPEB Schedules on pages 4 - 13 and 49 - 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Combining Statements of Net Position, Combining Statements of Revenues, Expenses, and Changes in Net Position, Combining Statements of Cash Flows, and the Statement and Certification of Actual Capital Fund Program Costs are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements.

The Combining Statements of Net Position, Combining Statements of Revenues, Expenses, and Changes in Net Position, Combining Statements of Cash Flows, Statements and Certifications of Actual Capital Fund Program Costs, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting data and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statements of Net Position, Combining Statements of Revenues, Expenses, and Changes in Net Position, Combining Statements of Cash Flows, Statements and Certifications of Actual Capital Fund Program Costs, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2020 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority’s internal control over financial reporting and compliance.

Rubino & Company

Bethesda, Maryland
November 6, 2020

The Housing Authority of the County of San Mateo (the "Authority") Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual fund issues or concerns.

Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 14).

FINANCIAL HIGHLIGHTS

- The Authority's net position increased by $9.7 million (or 22.1%) during 2020. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net position primarily in the MTW program and SAMCHAI. Net Position was $53.7 million and $44.0 million for 2020 and 2019, respectively.

- The business-type activities revenue increased by $21.8 million (or 22.6%) during 2020 and was $118.1 million and $96.3 million for 2020 and 2019, respectively.

- The total expenses of all Authority programs increased by $12.9 million (or 13.5%). Total expenses were $108.4 million and $95.5 million for 2020 and 2019, respectively.

Authority-Wide Financial Statements

The Authority-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equals "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-Current".

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly net assets) are reported in three broad categories:

Net Position, Invested in Capital Assets, Net of Related Debt: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Authority-Wide Financial Statements (continued)

Restricted Net Position: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of Net Position that do not meet the definition of "Net Position Invested in Capital Assets, Net of Related Debt", or "Restricted Net Position".

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Position is the "Change in Net Position", which is similar to Net Income or Loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than fund types. The Authority consists exclusively of Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Many of the funds maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

The Authority's Funds

Business Type Funds

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the properties. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at approximately 30% of household income.

Under the umbrella of the Voucher Program the Authority operates the following programs:

- Moving to Work
- Housing Choice Voucher Program
- Family Unification Program (FUP)
- Veterans Affairs Supportive Housing (VASH)
- Rental Assistance Demonstration (RAD)
- Mainstream Program
- Housing Readiness Program
- Project-Based Program (including Midway Village and El Camino Village which are owned by the Authority's subsidiary)
- Family Self Sufficiency

Midway Village – A project-based voucher family town-house development operated by the Authority in Daly City.

El Camino Village - A project-based voucher family town-house development operated by the Authority in Colma.

Business Activities – represents non-HUD resources developed from a variety of activities.

Homeless Programs - The Authority also operates a number of rental subsidy programs in collaboration with the Mental Health Association and other community partners. Funding is provided by the U.S. Department of Housing and Urban Development through its Continuum of Care Programs. These programs target homeless individuals and families who also have disabilities.

AUTHORITY-WIDE STATEMENT

Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to prior year. The Authority is engaged only in Business-Type Activities.

TABLE 1

STATEMENT OF NET POSITION

	2020 (in millions)	2019 (in millions)
Current and other assets	$ 47.4	$ 36.4
Capital assets	9.0	9.6
Total assets	56.4	46.0
Current and other liabilities	1.8	1.2
Non current liabilities	0.9	0.8
Total liabilities	2.7	2.0
Net position:		
Invested in capital assets, net of related debt	9.0	9.6
Restricted	1.5	1.8
Unrestricted	43.2	32.6
Total net position	$ 53.7	$ 44.0

For more detailed information see page 14 for the Statement of Net Position.

Major Factors Affecting the Statement of Net Position

Current and other assets increased $11.0 million primarily due to increases in loans receivable for housing development ($8.4 million), ground lease revenue accrued ($0.6 million), CARES Act restricted cash ($0.5), and increases in administrative fees available in cash.

Total liabilities increased $0.7 million primarily due to CARES Act unearned revenue ($0.5).

Restricted net position decreased $0.3 million due to utilization of HCV and Mainstream program HAP funds. Unrestricted net position increased $10.6 million in Moving To Work ($7.9 million), SAMCHAI ($2.1 million) and Local Fund ($0.6 million).

Table 2 presents details on the change in Unrestricted Net Position.

TABLE 2

CHANGE OF UNRESTRICTED NET POSITION

		(in millions)
Unrestricted net position 06/30/2019	$	32.6
Change in unrestricted net position		10.6
Unrestricted net position 06/30/2020	$	43.2

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on unrestricted net position.

While the results of operations is a significant measure of the Authority's activities, the analysis of the changes in unrestricted net position provides a clearer change in financial well-being.

TABLE 3

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

	2020 (in millions)	2019 (in millions)
Revenues		
Tenant revenue – rents and other	$ 4.0	$ 3.8
HUD subsidies and grants	112.2	89.9
Capital grants	0.0	0.4
Other revenues	1.0	1.6
Investment and interest, net	0.9	0.6
Total revenues	118.1	96.3
Expenses		
Administrative	6.2	5.7
Tenant services and utilities	0.8	0.7
Maintenance	1.2	0.9
General	3.0	2.8
Housing assistance payments	96.6	84.8
Depreciation	0.6	0.6
Total expenses	108.4	95.5
Net increase (decrease)	$ 9.7	$ 0.8

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

HUD subsidies and grants increased $22.3 million primarily due to significant increases in HAP utilization and costs which were fully funded by HUD in this fiscal year ($11.8 million) and HUD held back funds of $2.5 million to return to US Treasury in the prior year, increased housing development loan funds ($7.0 million) and new CARES Act revenue ($0.6 million). Capital Grants decreased $0.4 million because HACSM no longer receives Capital grants. Other revenues decreased $0.6 million primarily due to ground lease income catch up reflecting two years in the prior year.

Administrative expenses increased $0.5 million due to Midway redevelopment consultants increases ($0.2 million) and salary & benefit increases ($0.3 million). HAP expenses increased $11.8 million primarily due to significant increases in utilization of HAP contracts as well as a Mainstream program increases and new allocations and increases in VASH contracts new allocations.

TABLE 4

COMPARISION OF BUDGET TO ACTUAL

The following schedule compares the revenues and expenses for the current fiscal year to budget.

	2020 (in millions)	Budget (in millions)
Revenues		
Tenant revenue – rents and other	$ 4.0	$ 3.8
HUD subsidies and grants	112.2	102.1
Capital grants	0.0	0.0
Other revenues	1.0	0.9
Investment and interest, net	0.9	0.3
Total revenues	118.1	107.1
Expenses		
Administrative	6.2	5.8
Tenant services and utilities	0.8	0.7
Maintenance	1.2	0.8
General	3.0	2.3
Housing assistance payments	96.6	87.1
Depreciation	0.6	0.6
Total expenses	108.4	97.3
Net increase (decrease)	$ 9.7	$ 9.8

MAJOR FACTORS AFFECTING THE BUDGET TO ACTUAL VARIANCE

HUD subsidies and grants were more than budget by $10.1 million due to unanticipated significant increases in HAP utilization cost HUD fully funded ($9.5 million) and CARES Act new revenue ($0.6 million). Investment income increased $0.6 million primarily due to unrealized fair value gain this year.

Housing Assistance payments were more than budget by $9.5 million because of increased utilization of HAP contracts as well as Mainstream program new allocations and increases in VASH new allocations. General expenses were more than budget $0.7 million due to the expansion of the Provider Based programs and Landlord incentive programs.

Capital Assets and Debt Administration

Capital Assets

As of year-end, the Authority had $9.0 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, disposals and depreciation) of $.6 million from the end of last year.

TABLE 5

CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)

	Business-type Activities	
	2020 (in millions)	2019 (in millions)
Land and land rights	$ 5.2	$ 5.2
Buildings	23.6	23.6
Furniture, equipment and vehicles	1.3	1.3
Accumulated depreciation	(21.1)	(20.5)
Total	$ 9.0	9.6

The following reconciliation summarizes the change in capital assets, which is presented in detail on page 31 of the notes to the financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO
MANAGEMENT'S DISCUSSION AND ANALYSIS

TABLE 6

CHANGE IN CAPITAL ASSETS

	Business Type Activities (in millions)
Beginning balance	$ 9.6
Additions	.0
Deletion	.0
Depreciation	(0.6)
Ending balance	$ 9.0

This year's major additions are:

Business – Type Activities	
Land	$ 0.0
Buildings and building improvements	0.0
Furniture, equipment and vehicles	0.0
	$ 0.0

Debt Outstanding

As of year-end, the Authority had $33,127 in debt outstanding compared to $34,023 last year, a $896 decrease.

TABLE 7

OUTSTANDING DEBT, AT YEAR-END
(In actual dollars)

	Totals	
	2020	2019
Business type		
Notes payable	$ 33,127	$ 34,023
Total	$ 33,127	$ 34,023

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income and required HAP subsidies
- Inflationary pressure on utility rates, supplies and other costs
- Supply of affordable housing
- CARES - Future Acts of Congress and the Executive Branch

FINANCIAL CONTACT

The individual to be contacted regarding this report is Ms. Barbara Leff, Financial Services Manager, Department of Housing, at 650-802-3355. Specific requests may be submitted to the Housing Authority of the County of San Mateo, 264 Harbor Blvd., Bldg. A, Belmont, CA 94002.

HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO
STATEMENT OF NET POSITION
For the Year ended June 30, 2020

		Primary Government Business-type Activities
Assets		
Current Assets:		
Cash (Note 13)	$	22,534,220
Accounts receivable - HUD		471,872
Accounts receivable - tenants		2,820
Accounts receivable - other		86,170
Accrued interest receivable		96,653
Current portion of notes receivable		4,847
Prepaid expenses and other current assets		152,449
Total current assets		23,349,031
Restricted Cash (Note 14):		
Tenant security deposits		249,979
Replacement reserve		1,181,572
Restricted HAP equity		336,363
Restricted for payment of current liabilities		26,466
Restricted for CARES Act Admin		446,216
Total restricted cash		2,240,596
Noncurrent Assets:		
Notes receivable, net of current portion (Note 3)		19,978,792
Other non-current assets		1,628,555
Total noncurrent assets		21,607,347
Capital assets (Note 5)		30,145,612
Less accumulated depreciation		(21,110,112)
Capital assets, net		9,035,500
Total assets		56,232,474
Deferred outflow of resources		185,757
Total assets and deferred outflow of resources	$	56,418,231

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO
STATEMENT OF NET POSITION
For the Year ended June 30, 2020

	Primary Government Business-type Activities
Liabilities	
Current Liabilities:	
Accounts payable	$ 308,790
Accrued compensated absences - current	330,366
Accrued salaries and wages	216,360
Accrued liabilities	55,013
Unearned revenue	452,650
Current portion of mortgage payable	895
Total current liabilities	1,364,074
Payable from Restricted Cash **(Note 14)**:	
Tenant security deposits	249,979
Total payable from restricted cash	249,979
Noncurrent Liabilities:	
Accrued compensated absences - long-term	106,750
Net OPEB liability	313,069
Other non-current liabilities	446,762
Mortgage payable less current portion	32,232
Total noncurrent liabilities	898,813
Total liabilities	2,512,866
Deferred inflow of resources	155,942
Total liabilities and deferred inflow of resources	2,668,808
Net Position	
Net investment in capital assets	9,002,371
Restricted	1,517,935
Unrestricted	43,229,117
Total net position	53,749,423
Total liabilities and net position	$ 56,418,231

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year ended June 30, 2020

	Primary Government Business-type Activities
Operating Revenues	
Rental revenue - tenant	$ 4,006,673
HUD PHA grants	112,156,168
Other revenue	1,076,555
Total operating revenues	117,239,396
Operating Expenses	
Administration	6,186,585
Tenant services	563,904
Utilities	242,191
Ordinary maintenance and operations	1,177,008
General	3,050,348
Housing assistance payments	96,564,077
Depreciation expense	600,915
Total operating expenses	108,385,028
Operating income	8,854,368
Nonoperating Revenues and Expenses	
Unrealized gain (loss) on investment fair value	424,205
Interest income (expense), net	446,033
Total nonoperating revenues and expenses	870,238
Change in net position	9,724,606
Net position, beginning of year	44,024,817
Net position, end of year	$ 53,749,423

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO
STATEMENT OF CASH FLOWS
For the Year ended June 30, 2020

	Primary Government Business-type Activities
Cash flows from operating activities:	
Cash collected from:	
Dwelling rental	$ 4,080,629
Subsidy from federal grants	112,579,969
Repayments	97,435
Portable voucher receipts	21,438
Other miscellaneous	400,482
Cash paid for:	
Housing assistance payments	(97,408,509)
Employee expenses	(5,470,555)
Administrative expenses	(4,428,090)
Maintenance expenses	(605,234)
Other miscellaneous	(34,765)
Net cash provided by operating activities	9,232,800
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(8,700)
Capital assets sale proceeds	-
Net cash used by capital and related financing activities	(8,700)
Cash flows from investing activities:	
Principal received from loans and investments	4,704
Cash disbursed for loans	(8,202,112)
Interest received from loans	33,268
Return of interest to HUD	(78,345)
Fair value gain (loss) of investments	424,204
Interest received from investments	485,308
Net cash used by investing activities	(7,332,973)
Net increase in cash	1,891,127
Cash at beginning of year	22,883,689
Cash and end of year	$ 24,774,816

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO
STATEMENT OF CASH FLOWS
For the Year ended June 30, 2020

	Primary Government Business-type Activities
Cash flows from operating activities:	
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 8,854,368
Adjustments to reconcile operating income to net cash (used) provided by operating activites:	
Depreciation expense	600,915
Bad Debt Expense	4,304
(Increase)/Decrease in accounts receivable - tenants	(2,791)
(Increase)/Decrease in accounts receivable - HUD	(146,404)
(Increase)/Decrease in accounts receivable - other	(591,149)
(Increase)/Decrease in prepaid expense and other current assets	(4,693)
Increase/(Decrease) in accounts payable	(44,156)
Increase/(Decrease) in accrued salaries payable	43,600
Increase/(Decrease) in accrued liabilities - other	6,928
Increase/(Decrease) in accounts payable - HUD	(1,483)
Increase/(Decrease) in accrued compensated absences	56,581
Increase/(Decrease) in other post employment benefits	(2,017)
Increase/(Decrease) in unearned revenue	440,943
Increase/(Decrease) in tenant security deposit	17,853
Net cash (used) provided by operating activities	$ 9,232,800

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Housing Authority of the County of San Mateo (the "Authority") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to Government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The Authority was established pursuant to the State Health and Safety Code by the County Board of Supervisors on March 8, 1941 to provide housing assistance to low and moderate income families at rents they can afford. Eligibility is determined by family composition and income in areas served by the Authority. To accomplish this purpose, the Authority has entered into Annual Contributions Contracts with the U.S. Department of Housing and Urban Development (HUD) to operate assisted housing programs.

The Board of Supervisors of the County of San Mateo has oversight responsibility for the Authority and in a separate capacity is also the Board of Commissioners of the Authority. As a legally separate agency, the Authority has its own employees and maintains separate accounting records from those of the County and for purposes of these financial statements is considered to be a component unit of the County. However, these financial statements may be included with those of the County and, as directed by the Board of Commissioners, all funds are deposited with the Treasurer of the County of San Mateo and checks are issued by the Authority for landlord payments of expenses.

The U.S. Department of Housing and Urban Development requires that funds of programs subject to annual contributions contracts be invested in accordance with federal regulations. It has been the practice of the County to maintain all such funds in a non-interest-bearing account as part of the compensating balance arrangement with the bank. The County then pays to the authority, interest based on the interest earned on funds deposited with it on a pro-rata basis.

The Authority has one component unit in accordance with statement No. 61 Government Accounting Standards Board ("GASB"). The Authority's financial statements include those of San Mateo County Housing Authority, Inc. (SAMCHAI). SAMCHAI is a blended component unit that meets both of the following criteria under GASB 61.

1. The Authority and SAMCHAI have substantively the same governing body.
2. Management of the Authority has operational responsibility for the activities of SAMCHAI.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation and Accounting

The statement of position presents Housing Authority of the County of San Mateo's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position is reported in three categories.

- Investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.
- Restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- Unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

C. Operating Programs

The Authority maintains its accounting records by program and operates the following programs:

Federal Programs

The Authority has contracted with HUD (Contract No. S.F. 480) to provide rent subsidy payments on behalf of low and moderate-income families pursuant to the United States Housing Act of 1937 and the Department of Housing and Urban Development Act.

HUD makes annual contributions to voucher programs for housing assistance payments on behalf of the families. Included in this annual contribution is an allowance for administrative costs. Under this program, tenants lease directly with private owners after being certified as eligible under program guidelines. Tenants make payments directly to owners and the Authority makes monthly subsidy payments to the owners. Programs included in this annual contribution are as follows:

1. Moving to Work (MTW) – 4,309 units funded.
2. Family Unification Program (FUP) – 40 units funded.
3. Veterans Affairs Supportive Housing (VASH) – 381 units funded.
4. Rental Assistance Demonstration (RAD) – 30 units funded.
3\. Mainstream Program – 135 units funded.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Moving to Work (MTW) – is a program that allows housing authorities to design and test innovative approaches in assisted housing. The purpose of the Authority's demonstration program is to provide incentives to families to become economically self-sufficient, to reduce the Authority's costs and achieve greater cost effectiveness, and to increase housing choice for low-income families. The Authority is among the 24 housing authorities initially chosen to carry out this demonstration program.

On June 18, 2010, HUD granted approval of an amendment to its MTW Agreement with the Authority whereby the entire Housing Choice Voucher program, FUP and VASH, was converted into the MTW program. Accordingly, HCV activity such as housing assistance payment (HAP) and Family Self Sufficiency is reported in the MTW program and not in the HCV program.

At the core of the Authority's demonstration program is the limitation of Section 8 assistance to a maximum of 5 years. With the help of support services, individual family self-sufficiency plan, and incentives to remain employed due to different methods of rent calculation, the families will earn more escrow credit and will be off public assistance and become economically independent.

Section 8 Housing Choice Vouchers (HCV) - includes Family Unification Program (FUP), Mainstream, Rental Assistance Demonstration (RAD) and Veterans Affairs Supportive Housing (VASH). FUP vouchers assist families where children are separated from the family, or under threat of imminent separation, and youths ages 18-21 who left foster care at age 16 or older to lease decent, safe and sanitary housing in the private housing market. Rental Assistance Demonstration (RAD) converted public housing El Camino Village to long-term, project-based Section 9 rental assistance to preserve and improve properties and to address immediate and long-term capital needs. VASH provides rental assistance for homeless veterans with case management and clinical services provided by the Department of Veterans Affairs at its medical centers and in the community. The Mainstream program provides rental assistance to household with at least one disabled member who is between 18 and 62 years of age at program admission.

CARES Act Funding – In response to the COVID-19 pandemic, the Housing Authority received two separate funding increments of $1,021,334 for the Moving to Work program and $3,594 for the Mainstream program. While these amounts are included in the total federal financial assistance for each of these programs, HUD requires that these funds be tracked separately as they will not be considered earned until expended and accordingly will be due back to HUD if they are not expended by December 31, 2021. As of June 30, 2020, the Authority had received $446,216 of funding more than expended and this amount is reflected as deferred revenue in the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Continuum of Care - The Authority has contracted with HUD to provide assistance to homeless persons with disabilities in the transition from homelessness and to promote independent living. Under this program, the Authority rents 321 units to qualified persons governed in seven contracts.

SAMCHAI

On May 11, 2010, The Authority established San Mateo County Housing Authority, Inc. (SAMCHAI), a not-for-profit affiliate for the purpose of purchasing the Midway Village improvements (35 buildings with 150 housing units). On March 29, 2013, the Board of Commissioners approved a resolution that will enable the Authority to sell the improvements to SAMCHAI for $1, lease the property land to SAMCHAI for $1 per annum and execute the Management Agreement between the Authority and SAMCHAI, which pays a property management fee to the Authority of 6% of each month's gross receipts as the sum of all tenant receipts plus the sum of all Housing Assistance Payment from the Authority.

Effective December 1, 2017, the Authority converted the 30 units of El Camino Village through the Rental Assistance Demonstration Program (RAD) from public housing units into project-based voucher units under the ownership of SAMCHAI.

Local Programs

These account for the local fund programs and funds administered by the Authority which are not funded by HUD.

D. Fund Accounting

The basic accounting and reporting entity is a "fund". A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts, recording resources, related liabilities, obligations, reserves and equities segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The Authority applies all applicable GASB pronouncements in accounting and reporting for its proprietary operations as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting (continued)

The accounting records of the Authority are organized on the basis of funds classified for reporting purposes as follows:

Enterprise Funds

All of the funds of the Authority are considered Enterprise Funds. Enterprise funds are used to account for operations (a) that are financed primarily through user charges, or (b) where the governing body has decided that determination of net income is appropriate.

E. Measurement Focus and Basis of Accounting

The proprietary fund types are accounted for on an "income determination" or "cost of services" measurement focus. Accordingly, all assets and liabilities are included on the balance sheet, and the reported fund equity provides an indication of the historical net worth of the fund. Operating statements for proprietary fund types report increases (revenues) and decreases (expenses) in total historical net worth.

Proprietary funds use the accrual basis of accounting, i.e., revenues are recognized in the period earned and expenses are recognized in the period incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing goods and services related to the fund's ongoing operations. The principal operating revenues of the Authority's enterprise funds are dwelling rental income and HUD PHA grants. Operating expenses include the cost of services provided, administrative expenses and depreciation on fixed assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

F. Capital Assets

Capital assets, which include property and equipment, are reported in the applicable business-type activities columns in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Capital Assets (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Furniture and equipment	3
Vehicles	5
Building improvements	10
Buildings	30

G. Accounts Receivable

Receivables are principally amounts due from tenants and other public housing agencies. Allowance for doubtful accounts totaling $355,752 as of June 30, 2020 have been established and any delinquent and uncollected receivables will be sent to a collection agency to determine the likelihood of the recoverability.

H. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

I. Accrued Compensated Absences

Accrued compensated absences include the value of annual leave and medical leave should employees retire. By policy, employees may accrue up to an amount equal to fifty-two bi-weekly pay periods. At retirement union employees may convert eight hours of unused sick leave towards the cost of medical premiums. At June 30, 2020, the monthly value was $165 for the first 384 hours accrued and $200 for all hours accrued over 384. Management and confidential staff convert eight hours of sick leave into one month of full medical, dental and vision benefits. Accumulated vacation, administrative leave and floating holiday benefits are recorded as liabilities of the Authority.

As of June 30, 2020, the total liability for the Authority is $437,116 based on year-end hourly rates. Of this amount, the current portion is $330,366 and the long-term portion is $106,750.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As per Authority policies, the current portion is equal to one-year accrual and the noncurrent portion is equal to any accruals greater than one year.

J. Deferred Outflow of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and thus, will not be recognized as an outflow of resources until then. The Authority's balance of deferred outflow of resources relates to funding of the other post-employment benefits (see Note 15).

K. Deferred Inflow of Resources

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and thus, will not be recognized as an inflow of resources until then. The Authority's balance of deferred inflow of resources relates to funding of the other post-employment benefits (see Note 15).

L. Net Position

Net position consists of investment in capital assets, net of related debt, restricted net position, and unrestricted net position. Restricted net position includes the accumulation of contributions in the form of cash or other assets which generally do not have to be returned to the contributor. These funds are restricted by HUD as to use and must be approved before expending. Unrestricted portion of net position are designated for use for program expenditures in future periods.

M. Cash

In accordance with GASB Statement No. 40 Deposit and Investment Disclosures (Amendment of GASB No. 3), certain disclosure requirements, if applicable, for Deposits and Investment Risk are in the following areas:

- Interest Rate Risk
- Credit Risk
    - Overall
    - Custodial Credit Risk
    - Concentrations of Credit Risk
- Foreign Currency Risk

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

N. Taxes

The Authority is exempt from federal and state income taxes. The Authority is also exempt from property taxes but makes payments in lieu of taxes on owned housing.

2. PAYMENT IN LIEU OF TAXES

In connection with the Conventional Housing Program, the Housing Authority is obligated to make annual payments in lieu of property taxes based on the lesser of assessable value of owned housing times the current tax rate or 10% of the dwelling rents net of utilities expense. At June 30, 2020, $37,959 has been accrued for payment in lieu of taxes. This amount is included in Accrued Liabilities in the financial statements.

3. NOTES RECEIVABLE

The Authority loaned $150,000 to Almaza Tannous, a developer, to finance the rehabilitation, reconstruction, and improvement of a property located in San Mateo known as the Darcy Building, as part of a program of the Authority to assist low-income persons to lease residential units. The interest rate on this note is 3% per annum and is secured by a Deed of Trust. Interest began accruing on October 1, 2004. Monthly interest payments began on August 1, 2005 and monthly principal and interest payments of $633 began on January 1, 2006. The note is due on December 31, 2035.

Outstanding balance at June 30, 2020 was:	$	93,846

On August 24, 2010, the Authority entered into a loan agreement with MidPen Housing Corporation (the Corporation). The Authority agreed to disburse $200,000 to support the Corporation's Half Moon Bay Senior Campus (HMBSC) project (the Project). The loan amount was increased to $425,000 on June 21, 2011 for costs associated with water connections at the HMBSC. The loan agreement was amended on May 18, 2012. The loan amount was increased to $4,425,000 for costs associated with predevelopment, development and modification activities at the HMBSC.

No interest will accrue on the loan until project completion. The loan will bear 3% simple interest per annum commencing on the first day of the first month following the issuance of the Certificate of Occupancy, Notice of Completion, or some other document evidencing completion accepted by

3. NOTES RECEIVABLE (continued)

the Authority. Annual payments on the loan will be made from the Project operation, which begins on the first day of the month after receipt of the afore-mentioned completion documents for the Project.

Payment in full on the loan, including any accrued interest, will be due and payable no later than 55 years of the Project completion.

Outstanding balance at June 30, 2020 was: 1,088,562

On April 14, 2015, the Authority entered into a loan agreement with MP Westlake Associates L.P (the borrower). The Authority agreed to disburse $2,500,000 to support the borrower's 6800 Mission Street project (the Project).

No interest will accrue on the loan until project completion. The loan bears 3% simple interest per annum. Annual payments on the loan will be made from the Project operation, which begins on the first day of the month after receipt of the afore-mentioned completion documents for the Project. Payment in full on the loan, including any accrued interest, will be due and payable no later than 55 years of the Project completion.

Outstanding balance at June 30, 2020 was: 2,163,498

On December 20, 2017, the Authority entered into a loan agreement with Mercy Housing California 66, L.P (the borrower). The Authority amended and restated in their entirety two promissory notes previously executed for $500,000 dated May 11, 2015 and for $1,500,000 dated May 18, 2016, along with an additional $1,303,533 as of December 20, 2017, totaling the value of the promissory note at $3,303,533.

No interest will accrue on the loan until project completion. The loan will bear 3% simple interest per annum commencing on the first day of the first month following the issuance of the Certificate of Occupancy, Notice of Completion, or some other document evidencing completion accepted by the Authority. Annual payments on the loan will be made from the Project operation, which begins on the first day of the month after receipt of the afore-mentioned completion documents for the Project. Payment in full on the loan, including any accrued interest, will be due and payable no later than 55 years of the Project completion.

Outstanding balance at June 30, 2020 was: 3,369,604

3. NOTES RECEIVABLE (continued)

On November 25, 2015, the Authority entered into a loan agreement with MP- CANDO University Ave Senior Housing (the borrower). The Authority agreed to disburse $1,000,000 to support the borrower's University Avenue Senior Housing Authority project in East Palo Alto (the Project).

No interest will accrue on the loan until project completion. The loan will bear 3% simple interest per annum commencing upon the issuance of the Certificate of Occupancy, Notice of Completion, or some other document evidencing completion accepted by the Authority. Annual payments on the loan will be made from the Project operation, which begins on the first day of the month after receipt of the afore-mentioned completion documents for the Project. Payment in full on the loan, including any accrued interest, will be due and payable no later than 55 years of the Project completion.

Outstanding balance at June 30, 2020 was:	1,034,203

On July 26, 2016, the Authority entered into a loan agreement with MP 168 Pacific, LLC (the borrower). The Authority agreed to disburse $1,420,000 to support the borrower's project to acquire and rehab an apartment building located at 168 Pacific Avenue in Pacifica, California.

No interest will accrue on the loan until project completion. The loan bears 3% simple interest per annum which commenced on 5/14/2018. Payment in full on the loan, including any accrued interest, will be due and payable no later than 55 years of the Project completion.

Outstanding balance at June 30, 2020 was:	1,510,643

On November 21, 2016, the Authority entered into a loan agreement with Habitat for Humanity Greater San Francisco, Inc. (the borrower). The Authority agreed to disburse $500,000 to support the borrower's project to acquire the property located at 612 Jefferson Avenue in Redwood City as a site upon which to build 20 new affordable home ownership condominium units for families who earn low incomes and are first time home buyers.

No interest will accrue on the loan. All payments will be deferred, and the outstanding balance will be forgiven in five equal ($100,000) installments over the last five years of the term of the loan (years 26-30).

Outstanding balance at June 30, 2020 was:	500,000

3. NOTES RECEIVABLE (continued)

On March 30, 2017, the Authority entered into a loan agreement with the Mental Health Association of San Mateo County (the borrower). The Authority agreed to disburse $150,000 to support the borrower's construction of Waverly Place located at 105 5th Avenue in Redwood City.

No interest will accrue on the loan. The term of this note shall be from execution and shall mature 55 years from the date of the issuance of the Notice of Completion for the Project. Payment in full on the loan will be due at note maturity.

Outstanding balance at June 30, 2020 was: 150,000

On August 8, 2017, the Authority entered into a loan agreement with 2821 ECR, LLC (the borrower). The Authority agreed to disburse $876,467 to support the borrower's construction of 2821 El Camino Real located in the unincorporated area of San Mateo.

No interest will accrue on the loan until project completion. The loan will bear 3% simple interest per annum commencing upon the issuance of the Notice of Completion, some other document evidencing completion accepted by the Authority. Annual payments on the loan will be made from the Project operation, which begins on the first day of the month after receipt of the afore-mentioned completion documents for the Project. Payment in full on the loan, including any accrued interest, will be due and payable no later than 55 years of the Project completion.

Outstanding balance at June 30, 2020 was: 876,467

On September 1, 2017, the Authority entered into a loan agreement with MidPen Housing Corporation (the borrower). The Authority agreed to disburse $250,000 to support the borrower's work associated with predevelopment activities for the construction of the Gateway Family Housing project located at 1317-1385 Willow Road in Menlo Park (the project).

No interest will accrue on the loan until project completion. The loan will bear 3% simple interest per annum commencing upon the issuance of the Notice of Completion or some other document evidencing completion accepted by the Authority. Annual payments on the loan will be made from the Project operation, which begins on the first day of the month after receipt of the afore-mentioned completion documents for the Project. Payment in full on the loan, including any accrued interest, will be due and payable no later than 55 years of the Project completion.

Outstanding balance at June 30, 2020 was: 250,000

3. NOTES RECEIVABLE (continued)

On June 18, 2018, the Authority entered into a loan agreement with MidPen Housing Corporation (the borrower). The Authority agreed to disburse $1,500,000 to support the borrower’s work associated with predevelopment activities for construction of the Bayshore Redevelopment project. During 2020, the Authority disbursed $755,296 to the borrower.

The term for this agreement expires June 24, 2024. In the event the borrower and the Authority elect to move forward at the end of the term, the current predevelopment loan shall be combined with any other financial assistance provided by the Authority.

Outstanding balance at June 30, 2020 was: 1,500,000

On October 18, 2019, the Authority entered into a loan agreement with ROEM Development Corporation(the borrower). The Authority agreed to disburse $7,000,000 to support the borrower’s work associated with predevelopment activities for construction of the 353 Main Street Apartment project. During 2020, the Authority disbursed $7,000,000 to the borrower.

The term for this agreement expires December 31, 2024. In the event the borrower and the Authority elect to move forward at the end of the term, the current predevelopment loan shall be combined with any other financial assistance provided by the Authority.

Outstanding balance at June 30, 2020 was: 7,000,000

On January 22, 2020, the Authority entered into a loan agreement with MidPen Housing Corporation (the borrower). The Authority agreed to disburse $1,409,795 to support the borrower's work associated with predevelopment activities for the construction of the Midway/Bayshore Redevelopment project located at 45 Midway Village Drive in Daly City (the project). During 2020, the Authority disbursed $446,816 to the borrower.

No interest will accrue on the loan until project completion. The loan will bear 3% simple interest per annum commencing upon the issuance of the Notice of Completion or some other document evidencing completion accepted by the Authority. Annual payments on the loan will be made from the Project operation, which begins on the first day of the month after receipt of the afore-mentioned completion documents for the Project. Payment in full on the loan, including any accrued interest, will be due and payable no later than 55 years of the Project completion.

3. NOTES RECEIVABLE (continued)

Outstanding balance at June 30, 2020 was:	446,816
Total Notes Receivable at June 30, 2020:	19,983,639
Less: Current portion	4,847
Net Long-term Notes Receivable	$ 19,978,792

4. INTERFUND BALANCES

During the course of operation, numerous transactions occur between the individual programs of the Authority for goods provided and services rendered. The receivables and payables balances at June 30, 2020, between the various funds of the Authority are as follows:

	Receivables	Payables
Local Fund	$ 295,000	$ 537
Continuum of Care	537	295,000
	$ 295,537	$ 295,537

5. CAPITAL ASSETS

Capital asset activities for the year ended June 30, 2020 were as follows:

	Balance at July 1, 2019	Increases	Decreases	Balance at June 30, 2020
Capital assets not being depreciated:				
Land and land rights	$ 5,227,786	$ -	$ -	$ 5,227,786
Total capital assets not being depreciated	5,227,786	-	-	5,227,786
Capital assets being depreciated:				
Building and building improvements	23,608,654	-	-	23,608,654
Furniture, equipment, and vehicles	1,315,751	8,700	(15,278)	1,309,173
Total capital assets being depreciated	24,924,405	8,700	(15,278)	24,917,827
Total capital assets	30,152,191	8,700	(15,278)	30,145,613
Less accumulated depreciation for:				
Building and building improvements	(19,227,185)	(584,212)	-	(19,811,397)
Furniture, equipment, and vehicles	(1,297,291)	(16,703)	15,278	(1,298,716)
Total accumulated depreciation	(20,524,476)	(600,915)	15,278	(21,110,113)
Total capital assets being depreciated, net	4,399,929	(592,215)	-	3,807,714
Total capital assets, net	$ 9,627,715	$ (592,215)	$ -	$ 9,035,500

Depreciation expense for the year ended June 30, 2020 was $600,915.

6. NOTES AND MORTGAGES PAYABLE

The following is a schedule of changes in notes and mortgages payable for the year ended June 30, 2020:

Lender	Balance at July 1, 2019	Additions	Reductions	Balance at June 30, 2020	Due Within One Year
California Housing Finance Agency	$ 34,023	$ -	$ (896)	$ 33,127	$ 895

The Authority is obligated on a reimbursement note dated May 20, 2002, secured by a deed of trust, in the amount of $49,243 payable to the California Housing Finance Agency. This note is non-interest bearing. The note is over a 55 year term, over which the Authority is to recognize a fraction thereof of revenues for its compliance with the terms and conditions of the note. At June 30, 2020, remaining balance of the loan was $33,127.

7. RELATED PARTY

The Department of Housing (DoH) was created to address the housing needs of the County of San Mateo. DoH consists of two distinct entities, Housing and Community Development (HCD) and the Housing Authority of the County of San Mateo (HACSM). The HCD unit utilizes County record keeping, accounting and payroll systems while HACSM maintains its own separate record keeping, accounting and payroll systems. While the two units are separate, some staff have oversight or responsibilities that are shared by the department, consequently their salaries and benefits are charged proportionately to the other unit. The following HCD employees are partially billed to HACSM: Department Director, Management Analyst, Project Coordinator and Payroll Specialist. The following HACSM employees are partially billed to HCD: Financial Services Manager, and Receptionist. Additionally, some office costs are shared between the two units such as Information Technology, copier leases, services and office supplies. During the fiscal year ended June 30, 2020, HACSM billed HCD $213,102 for shared costs and HCD billed HACSM $746,799 for shared costs.

8. CONTRIBUTION RETIREMENT PLAN

The Authority participates in a defined contribution retirement plan administered by The Variable Annuity Life Insurance Company (VALIC). All employees of the Authority with more than 6 months of service participate in the plan. Monthly contributions made by the Authority and regular employees are as follows:

	% of Gross Salaries	
Years of Service	Employees	Authority
Over 6 months	4.5%	9.5%
Over 5 years	3.5%	10.5%
Over 10 years	2.5%	11.5%
Over 15 years	2.0%	12.0%

For the management the Authority contributed 14% of the gross salary monthly. There is no contribution from the management employees. The plan had 45 active participants as of June 30, 2020. Employer contributions are vested 20% for each year of service of the individual employee until the employee becomes fully vested after five years. During the fiscal year ended June 30, 2020, the Authority has recognized pension expense of $445,519.

There is no past service payment obligation of the Authority. This plan provides an individual account for each participant. The Authority is required to deposit an amount as set forth in the plan to employee accounts. The amount that a participant will receive depends solely on the amount contributed to the participant's account plus earnings from investments of those contributions.

9. OFFICE SPACE AND VEHICLE LEASES

The Housing Authority and Housing and Community Development Agency have been leasing and sharing office space (85% and 15%, respectively) in Belmont, California since 1993 in a County of San Mateo leased facility. For the year ended June 30, 2020, the Authority paid a total of $444,041 in rent. A new lease was entered into on July 1, 2014 with an expiration date of June 30, 2024 and a monthly base rent of $33,068 subject to adjustment of 103% annually.

The future minimum lease payments over the remainder of the existing lease term are summarized as follows:

Year	Amount
2021	$ 497,348
2022	510,243
2023	523,529
2024	486,029
	$ 2,017,149

9. OFFICE SPACE AND VEHICLE LEASES (continued)

The Authority also had nine separate operating lease agreements in six of those agreement commenced in July 2016 with an ending date 36 months after the full monthly rental payment date with an option to continue month-to-month for an unlimited amount of time, option to continue exercised while three commenced during in June and August 2018 with an ending date 60 months after the full monthly rental payment date with an option to continue month-to-month for an unlimited amount of time. Additionally, The Authority entered into an additional agreement in June 2019 to replace several vehicles. The total annual lease payment for these leases during the audit period was $51,990.

10. CONTINGENT LIABILITIES

On November 11, 2016, the Authority entered into an Option to Purchase Agreement with the City of Daly City to purchase David R. Rowe Park. This park is adjacent to the Midway Village Complex for purposes of creating a better overall site plan for the Midway Village Redevelopment Project. The Authority has recorded a prepaid option fee and purchase liability in the amounts of $379,095 for the future exercise of this option agreement. An asset of $379,095 is included in other assets as of June 30, 2020 related to an option to purchase land from Daly City.

As of June 30, 2020, the liability of $379,095 is classified as a current liability on the financial statements as the Authority exercised its right to purchase the property in September 2020 for $739,095.

11. RISK MANAGEMENT

The Authority is exposed to all common perils associated with the ownership and rental of real estate properties. A risk management program has been established to minimize loss occurrence and to transfer risk through various levels of insurance. Property, casualty, employee dishonesty and public official’s liability forms are used to cover the respective perils.

The Authority is a member of Housing Authority Insurance Group (HAIG), A Housing Authority Insurance Pool. Through HAIG, the Authority currently maintains Commercial and Auto liability coverage for claims up to $10,000,000 and for public officials and employment practice – defense only up to $1,000,000. Also, commercial carriers insure all other common perils such as business, auto, flood (where applicable), and other miscellaneous policies.

During the year, the Authority paid $169,248 towards premium and received surplus distribution of $9,355 from HAIG.

12. JOINT POWERS AGREEMENT

The Authority participates in a joint venture under a Joint Powers Agreement (JPA) with the California Housing Workers' Compensation Authority (CHWCA). CHWCA was formed to provide workers' compensation insurance coverage for member housing authorities. At December 31, 2019, there were twenty-eight members. The relationship between the Authority and CHWCA is such that CHWCA is not a component unit of the Authority for financial reporting purposes.

Condensed audited financial information as of and for the year ended December 31, 2019, is as follows:

Total assets	$ 30,367,986
Total liabilities	$ 15,625,835
Net position	14,742,151
Total liabilities and net position	$ 30,367,986
Operating revenues and non-operating revenues	$ 7,069,186
Operating expenses	5,972,722
Net increase in net position	1,096,464
Net position, beginning of year	13,645,688
Net position, end of year	$ 14,742,152

13. CASH AND INVESTMENTS

The Authority has the following cash at June 30, 2020:

Cash in County Treasury	$24,774,816

Cash is presented on the Statement of Net Position as follows at June 30, 2020:

Cash:	
Demand deposits	$ 22,534,220
Restricted cash for tenant security deposits, HAP equity, replacement reserve, and restricted for payment of current liabilities	2,240,596
	$ 24,774,816

13. CASH AND INVESTMENTS (continued)

Cash in County Treasury

The Authority maintains all of its cash in the San Mateo County Treasury as part of the common investment pool. The County is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

It is not possible to disclose relevant information about the Authority's separate portion of the cash and investment pool, as there are no specific investments belonging to the Authority itself.

California Government Code and the County Investment Policy govern the investment pool activity. The composition and value of investments in the County pool vary from time to time depending on cash flow needs of the County and pool participants as well as trading of securities.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years or less in accordance with its investment policy.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. State law and the County's investment policy limit the County's investments in commercial paper to the rating of "A1" or better by Standard & Poor's, or "P1" or better by Moody's Investors Service, and corporate bonds to the rating of "A" or higher by both Standard & Poor's and Moody's Investors Service. No limits are placed on the U.S. government agency securities and U.S. Treasuries. A review of portfolio activity revealed that the Authority's pro-rata share of BBB+ rated investments in corporate securities was $162,395.

Below is the table for the Authority's share of securities by rating at June 30, 2020:

	06/30/20	S&P Rating
Investments		
Government Agency	$ 3,995,476	AA - AAA
Corporate Securities	3,416,723	AA+ - BBB+
U.S. Treasuries	9,620,641	A1+ - AA+
Commercial Paper	994,649	A1 - A1+
Repurchase Agreements	14,502	AA+
Certificate of Deposit	1,372,668	A1+ - AA-
LAIF	1,688,010	NR
U.S. Instrumentalities	1,431,551	AAA
Total	$ 22,534,220	

13. CASH AND INVESTMENTS (continued)

Cash in County Treasury

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The County's investment policy requires that deposits in banks must meet the requirements of California Government Code. Under this code, any deposits of more than $0.25 million must be collateralized at 110% to 150% of the value of the deposit to guarantee the safety of the public funds.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer of securities. State law and the County Investment Policy restrict the County's investments in U.S. Treasury Obligations to 100% of its portfolio (100% per issuer); Obligations of U.S. Agencies or government sponsored enterprises to 100% (40% per issuer); banker's acceptance to 15% (5% per issuer); collateralized time deposits within the State to 15% (5% per issuer), negotiable certificates of deposit, corporate bonds and medium-term notes to 30% (5% per issuer); commercial paper to 40% (5% per issuer); repurchase agreements secured by U.S. Treasury or agency obligation to 100% (100% per issuer for U.S. Treasuries and 40% per issuer for agency obligations); shares of beneficial interest issued by diversified management companies as defined in Government Code section 53601 to 10% (5% per issuer); and mortgage backed securities to 20% (5% per issuer).

Foreign Currency Risk: Foreign currency risk is the risk that changes in the exchange rates will adversely affect the fair values of an investment or deposit. The County's investment policy does not include specific provisions to address foreign currency risk because the County's investment pool does not invest in foreign securities.

The following tables illustrate the Credit Risks and The Hierarchy of fair value levels:

	County Pooled Porfolio	Mix %	HACSM's Share
Government Agency	$ 1,076,973,084	17.73%	$ 3,995,476
Corporate Securities	920,971,275	15.16%	3,416,723
U.S. Treasuries	2,593,225,507	42.69%	9,620,641
Commercial Paper	268,105,890	4.41%	994,649
Repurchase Agreements	3,908,886	0.06%	14,502
Certificate of Deposit	370,000,000	6.09%	1,372,668
LAIF	455,000,000	7.49%	1,688,010
U.S. Instrumentalities	385,871,948	6.35%	1,431,551
Totals	$ 6,074,056,590	100.00%	$ 22,534,220

13. CASH AND INVESTMENTS (continued)

Information regarding the characteristics of the entire investment pool can be found in the County's June 30, 2020 basic financial statements. A copy of that report may be obtained by contacting the Controller's Office, County of San Mateo, 555 County Center, Redwood City, California 94063.

Cash on Hand and in Banks

Cash balances on hand and in banks are insured up to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

14. RESTRICTED CASH

The Authority reports amounts as restricted cash for any security deposits received from tenants at the time of move–in. These funds will be returned to the tenant upon move – out after all outstanding costs have been deducted. The Authority also restricts cash for the payment of current liabilities and for HAP equity for special vouchers in accordance with HUD requirements and CARES Act (see Note 17 for Restricted Net Position). In 2018, as a result of the conversion of El Camino Village units to project based vouchers, a replacement reserve was established as required by the conversion agreement. All of these funds are restricted because they cannot be used for the day-to-day operations of the Authority.

15. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The Authority has established a retiree healthcare plan (the plan) and participates in an agent multiple-employer defined benefit retiree healthcare plan. The plan provides employees who retire directly from the Authority, at a minimum age of 55, with a minimum of five years of service, health coverage based on the unused sick leave at the time of retirement. For each 8 hours of unused sick leave at retirement, HACSM will contribute $165 towards the cost of monthly health premiums for Represented retirees, and their eligible dependents and surviving dependents (should a retired employee die while receiving benefits under this program) up to the total number of months converted from the employee's unused sick balance at retirement up to 384 hours. After the initial 384 hours are used and converted to monthly benefits of $165.00, any remaining balance, in excess of the 384 hours, will be converted to a $200 monthly benefit, per 8 hours of sick leave, until the remaining balance is exhausted.

15. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

For Management or Confidential employees hired before October 1, 2014, for each 8 hours of unused sick leave, HACSM will pay for the entire cost of monthly health premiums for Management retirees, and their eligible dependents and surviving dependents (should a retired employee die while receiving benefits under this program) up to the total number of months converted from the employee’s unused sick leave balance at retirement.

For Management or Confidential employees hired on or after October 1, 2014, HACSM will pay up to $400 towards one month of health premiums for Management retirees, and their eligible dependents.

Medicare-eligible Management or Confidential retirees must enroll in a health plan other than the Teamsters plan that is a secondary payer to Medicare. HACSM will pay the entire monthly premiums for both Medicare Part B and the individual Medicare plan for retirees hired before October 1, 2014, and their eligible and surviving dependents.

In the event an employee has fewer than 96 hours of unused sick leave at the time of retirement, the Authority will supplement the accruals up to a maximum of 96 hours.

Employees Covered

As of the June 30, 2020 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Number of Participants	
Active	46
Retirees/Retiree spouses	6
Total participants	52

Contributions

The plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the Authority and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2020, the Authority’s cash contributions were $92,851 in payments to the trust.

Net OPEB Liability

The Authority’s net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated July 1, 2020 based on the following actuarial methods and assumptions:

15. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Actuarial Assumptions	
Discount Rate	5.75%
Inflation	2.50%
Salary Increases	3.52%-9.70%
Investment Rate of Return	5.75%
Mortality Rate	PUB-210 Healthy and Retiree Mortality Tables for General Employees projected using Scale MP-2019
Pre-Retirement Turnover	Derived from 2014 California PERS Experience Study
Healthcare Trend Rate	4.00% - 6.00%

The long-term expected rate of return is based on the investment policy of the California Employers' Retiree Benefit Trust Fund (CERBT) Strategy 3 in which the HACSM invested its assets to fund its OPEB liabilities. The asset allocation and the expected arithmetic nominal return are summarized in the following table:

Asset Class	Expected Arithmetic Nominal Return (30 yrs)	Asset Allocation
Global Equity	7.43%	22.00%
U.S. Fixed Income	5.09%	49.00%
Treasury Inflation-Protected Securities	3.24%	16.00%
Real Estate Investment Trusts	8.25%	8.00%
Commodities	5.10%	5.00%
Expected Arithmetic Return (30 yrs)		5.85%
Expected Geometric Return (30 yrs)		5.58%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75 percent. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

15. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Changes to the OPEB Liability

The changes in the net OPEB liability for the plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability	**Plan Fiduciary Net Position**	**Net OPEB Liability**
Balance at June 30, 2019	$ 1,559,443	$ 1,124,434	$ 435,009
Changes recognized for the measurement period:			
Service cost	58,323	-	58,323
Interest	92,361	-	92,361
Difference between actual and expected experience with regard to economic or demographic factors	(71,818)	-	(71,818)
Changes of assumptions	(44,226)	-	(44,226)
Contributions - employer		92,851	(92,851)
Net investment income		64,314	(64,314)
Benefit payments	(22,999)	(22,999)	-
Administrative expense	-	(585)	585
Net Changes	11,641	133,581	(121,940)
Balance at June 30, 2020	$ 1,571,084	$ 1,258,015	$ 313,069

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Authority if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	1% Decrease in Discount Rate (4.75%)	Current Discount Rate (5.75%)	1% Increase in Discount Rate (6.75%)
Net OPEB Liability	$ 478,590	$ 313,068	$ 168,229

15. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the Authority if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	1% Decrease in Healthcare Costs Trend Rate	Current Healthcare Costs Trend Rate	1% Increase in Healthcare Costs Trend Rate
Net OPEB Liability	$ 150,111	$ 313,068	$ 504,051

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the Authority recognized OPEB expense of $90,834. As of fiscal year ended June 30, 2020, the Authority recognized deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 15,291	$ 93,872
Changes of assumptions	164,322	51,510
Net difference between projected and actual earnings on plan investments	6,144	10,560
Total	$ 185,757	$ 155,942

Amounts currently recognized as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ending June 30	Recognized Deferred Outflows and Inflows of Resources
2021	$ 6,211
2022	6,211
2023	4,072
2024	7,584
2025	6,424
Thereafter	(687)
Total	$ 29,815

16. BLENDED COMPONENT UNIT

On May 11, 2010, the authority established San Mateo County Housing Authority, Inc. (SAMCHAI), a not-for-profit affiliate of the Authority for the purpose of purchasing the Midway Village improvements that includes 35 building with 150 housing units. On March 29, 2013, the Board of Commissioners approved a resolution that will enable the Authority to sell the improvements to SAMCHAI for $1, lease the property land to SAMCHAI for $1 per annum and execute the Management Agreement between the Authority and SAMCHAI, which pays a property management fee to the Authority of 6% of each month's gross receipts as the sum of all tenant receipts plus the sum of all Housing Assistance Payment from the Authority.

Effective December 1, 2017, the Authority converted the 30 units of El Camino Village through the Rental Assistance Demonstration Program (RAD) from public housing units into project-based voucher units under the ownership of SAMCHAI.

The following financial statement of SAMCHAI is included in the Authority's basic financial statements for fiscal year ended June 30, 2020:

BLENDED COMPONENT UNIT - STATEMENT OF NET POSITION

ASSETS		
Current Assets:		
Cash	$	14,825,160
Restricted cash		1,431,551
Accounts receivable, net		2,820
Interest receivable		64,222
Prepaid expenses and other current assets		404,474
Total current assets		16,728,227
Noncurrent Assets:		
Capital assets, net of accumulated depreciation		4,575,840
Other noncurrent assets		1,946,816
Total noncurrent assets		6,522,656
Total assets		23,250,883
Deferred outflow of resources		42,600
Total assets and deferred outflow of resources	$	23,293,483

16. BLENDED COMPONENT UNIT (continued)

BLENDED COMPONENT UNIT - STATEMENT OF NET POSITION (continued)

LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	$	107,968
Accrued wages, benefits, and current portion of compensated absences		128,989
Unearned revenue		6,434
Accrued contigent liability (Note 10)		379,095
Current portion of notes payable		895
Tenant security deposits		249,979
Total current liabilities		873,360
Noncurrent Liabilities:		
Accrued compensated absences, net of current portion		30,738
Other noncurrent liabilities		104,030
Total noncurrent liabilities		134,768
Total liabilities		1,008,128
Deferred inflow of resources		35,763
Total liabilities and deferred inflow of resources		1,043,891
NET POSITION		
Invested in capital assets		4,542,712
Restricted net position		1,181,572
Unrestricted net position		16,525,308
Total net position	$	22,249,592
Total liabilities and deferred inflow of resources	$	23,293,483

16. BLENDED COMPONENT UNIT (continued)

BLENDED COMPONENT UNIT - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

OPERATING REVENUES		
Tenant rental income	$	4,006,673
HUD PHA grants		123,988
Other revenue		68,579
Total operating revenue		4,199,240
OPERATING EXPENSES		
Depreciation		506,054
Ordinary Maintenance and Operation		1,168,778
Administration		979,461
Utilities		242,191
General		275,657
Tenant services		1,767
Total operating expenses		3,173,908
OPERATING INCOME		1,025,332
NONOPERATING REVENUES (EXPENSES)		
Interest and investment revenue (net)		292,571
Unrealized gain (loss) on the investment fair value		277,627
Total nonoperating revenues		570,198
Change in net position		1,595,530
Total net position - beginning of year		20,654,062
Total net position - end of year	$	22,249,592

17. RESTRICTED NET POSITION

Restricted Net Position consists of restricted assets that do not have a related liability. The following restricted assets are included in Restricted Net Position at June 30, 2020:

Purpose	Amount
Replacement reserve	$ 1,181,572
Restricted HAP equity	336,363
Total	$ 1,517,935

18. CORONAVIRUS PANDEMIC – CARES Act

On January 31, 2020 an outbreak of a novel strain of coronavirus (COVID-19) was declared a public health emergency. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. On March 27, 2020 the CARES Act was signed into law. The CARES Act provided additional funding to Public Housing Authorities to prevent, prepare for, and respond to coronavirus, including to maintain normal operations during the period the program was impacted by coronavirus. While the Authority's operation has experienced closures of its offices to the general public, the immediate financial impact to the Authority's operations has been minimized with the award of supplemental CARES Act operating funding (Round 1) in the amounts of $1,021,334 for its Moving-to-Work Program and $3,594 for its Mainstream Voucher Program.

19. SUBSEQUENT EVENTS:

The Authority has evaluated subsequent events through November 6, 2020, the date which the financial statements were available to be issued.

Additional CARES Act Funding - Subsequent to June 30, 2020 the Housing Authority received supplemental CARES Act operating funding (Round 2) in the amounts of $1,292,109 for its Moving to Work Program and $18,373 for its Mainstream Voucher Program. The future effects of the pandemic and its impact to the operations of the Authority are unknown and may continue for some time.

Purchase of the Daly City Parcel - On November 11, 2016, the Authority entered into an Option to Purchase Agreement with the City of Daly City to purchase David R. Rowe Park. As of June 30, 2020, the liability of $379,095 is classified as a current liability on the financial statements as the Authority exercised its right to purchase the property in September 2020 for $739,095 (see note 10 for contingent liabilities).

20. FUTURE ACCOUNTING PRONOUNCEMENTS

For the fiscal year ending June 30, 2020, due to COVID-19 pandemic GASB 95 was issued in May 2020 to relief governments and other stakeholders on certain provisions/statements by postponing the effective dates by one year. The following statements below are affected, and the Authority is currently evaluating its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

GASB Statement No. 84, Fiduciary Activities - In January 2017, the GASB issued GASB Statement No. 84, Fiduciary Activities. This Statement is to establish criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. With the COVID-19 relief, this Statement is effective for the Authority's fiscal year ending June 30, 2021.

GASB Statement No. 87, Leases - In June 2017, the GASB issued GASB Statement No. 87, Leases. This Statement is to improve accounting and financial reporting for leases by governments. This Statement requires recognition of certain leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the consistency of information about governments' leasing activities. With the COVID-19 relief, this Statement is effective for the Authority's fiscal year ending June 30, 2021.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period - In June 2018, the GASB issued GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expenditure/expense in the period in which the cost is incurred. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset. This Statement is effective for the Authority's fiscal year ending June 30, 2021.

20. FUTURE ACCOUNTING PRONOUNCEMENTS (continued)

GASB Statement No. 90, Majority Equity Interests – In August 2018, the GASB issued GASB Statement No. 90, Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. With the COVID-19 relief, this Statement is effective for the Authority's fiscal year ending June 30, 2021.

GASB Statement No. 91, Conduit Debt Obligations - In May 2019, the GASB issued GASB Statement No. 91, Conduit Debt Obligations. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is effective for the Authority's fiscal year June 30, 2022.

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance – As indicated previously, the primary objective of this GASB Statement 95 is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. As detailed above, the Authority postponed the implementation dates of all GASB's affected by this standard.

21. LEGAL MATTERS

Periodically, during the ordinary course of performing business, the Authority is involved in certain legal matters. Management practice is to record a contingent when it is probable that the future event will occur, and the amount of the liability can be reasonably estimated. As of June 30, 2020, there were no outstanding claims identified by the Authority's Counsel that required recognition in the Authority's financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
for the Measurement Period ended June 30, 2020

Total OPEB liability	**2020**
Service cost	$ 58,323
Interest on the total OPEB liability	92,361
Differences between expected and actual experience	(71,818)
Changes in assumptions	(44,226)
Benefit payments	(22,999)
Net change in total OPEB liability	11,641
Total OPEB liability - beginning	1,559,443
Total OPEB liability - ending	$ 1,571,084
Plan fiduciary net position	
Contributions - employer	$ 92,851
Net investment income	64,314
Benefit payments	(22,998)
Administrative expense	(585)
Net change in plan fiduciary net position	133,582
Plan fiduciary net position - beginning	1,124,434
Plan fiduciary net position - ending	$ 1,258,016
Authority's net OPEB liability	$ 313,068
Plan's fiduciary net position as a percentage of the total OPEB liability	80.07%
Covered payroll	$ 3,949,071
Authority's net OPEB liability as a percentage of covered payroll	7.93%

Note:
Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

The accompanying notes are an integral part of the financial information.

HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO
SCHEDULE OF CONTRIBUTIONS

Measurement Date	Actuarially Determined Contribution (ADC)	Contributions in Relation to the ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
6/30/2020	92,851	92,851	-	3,949,071	2.35%
6/30/2019	52,144	52,144	-	3,644,488	1.43%
6/30/2018	54,749	54,749	-	3,351,463	1.63%

Note:
Historical information is required only for measurement periods for which GASB 75 is applicable.
Future years' information will be displayed up to 10 years as information becomes available.

The accompanying notes are an integral part of the financial information.

1. Changes in benefit terms

There have been no actuarially material changes to the benefit terms.

2. Changes of assumptions

Changes in actuarial assumptions during the current measurement period include the following factors:

- Health cost trends
- Sick leave usage
- Implicit rate subsidy
- Demographic rates
- Coverage election rates

HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO
COMBINING STATEMENT OF NET POSITION
June 30, 2020

	Moving to Work	Housing Choice Vouchers	Mainstream Program	Capital Funding	Continuum of Care	SAMCHAI	Local Fund	Elimination	Total
Assets									
Current Assets:									
Cash (Note 13)	$ 2,944,746	$ 47,446	$ 30	$ -	$ 21,113	$ 14,825,160	$ 4,695,725	$ -	$ 22,534,220
Accounts receivable - HUD	113,579	-	19,596	-	338,697	-	-	-	471,872
Accounts receivable - tenants	-	-	-	-	-	2,820	-	-	2,820
Accounts receivable - other	42,614	2,295	-	-	3,438	-	37,823	-	86,170
Accrued interest receivable	14,020	-	-	-	-	64,222	18,411	-	96,653
Current portion of notes receivable	4,847	-	-	-	-	-	-	-	4,847
Prepaid expenses and other current assets	106,498	9,322	1,112	-	7,930	404,474	2,208	(379,095)	152,449
Due from other funds (Note 4)	-	-	-	-	537	-	295,000	(295,537)	-
Total current assets	3,226,304	59,063	20,738	-	371,715	15,296,676	5,049,167	(674,632)	23,349,031
Restricted Cash (Note 14):									
Tenant security deposits	-	-	-	-	-	249,979	-	-	249,979
Replacement reserve	-	-	-	-	-	1,181,572	-	-	1,181,572
Restricted HAP equity	-	128,159	208,204	-	-	-	-	-	336,363
Restricted for payment of current liabilities	26,466	-	-	-	-	-	-	-	26,466
Restricted for CARES Act Admin	446,216	-	-	-	-	-	-	-	446,216
Total restricted cash	472,682	128,159	208,204	-	-	1,431,551	-	-	2,240,596
Noncurrent Assets:									
Notes receivable, net of current portion (Note 3)	18,031,976	-	-	-	-	1,946,816	-	-	19,978,792
Other non current assets	-	-	-	-	-	-	1,628,555	-	1,628,555
Due from other funds	-	-	-	-	-	-	-	-	-
Total noncurrent assets	18,031,976	-	-	-	-	1,946,816	1,628,555	-	21,607,347
Capital assets (Note 5)	426,611	-	-	-	-	24,141,243	5,577,758	-	30,145,612
Less accumulated depreciation	(426,611)	-	-	-	-	(19,565,403)	(1,118,098)	-	(21,110,112)
Capital assets, net	-	-	-	-	-	4,575,840	4,459,660	-	9,035,500
Total assets	21,730,962	187,222	228,942	-	371,715	23,250,883	11,137,382	(674,632)	56,232,474
Deferred outflow of resources	133,443	8,438	1,276	-	-	42,600	-	-	185,757
Total assets and deferred outflow of resources	$ 21,864,405	$ 195,660	$ 230,218	$ -	$ 371,715	$ 23,293,483	$ 11,137,382	$ (674,632)	$ 56,418,231

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO
COMBINING STATEMENT OF NET POSITION
June 30, 2020

	Moving to Work	Housing Choice Vouchers	Mainstream Program	Capital Funding	Continuum of Care	SAMCHAI	Local Fund	Elimination	Total
Liabilities									
Current Liabilities:									
Accounts payable	$ 178,773	$ 2,287	$ 273	$ -	$ 57,033	$ 70,009	$ 415	$ -	$ 308,790
Accounts payable - HUD	-	-	-	-	-	-	-	-	-
Accrued compensated absences - current	229,140	15,373	5,305	-	-	80,548	-	-	330,366
Accrued salaries and wages	136,918	9,733	1,586	-	19,682	48,441	-	-	216,360
Accrued liabilities	-	-	-	-	-	37,959	17,054	-	55,013
Unearned revenue	446,216	-	-	-	-	6,434	-	-	452,650
Current contingent liabilities	-	-	-	-	-	379,095	-	(379,095)	-
Current portion of notes mortgage payable:									
Notes and mortgages payable	-	-	-	-	-	895	-	-	895
Due to other funds	-	-	-	-	295,000	-	537	(295,537)	-
Total current liabilities	991,047	27,393	7,164	-	371,715	623,381	18,006	(674,632)	1,364,074
Payable from Restricted Cash:	-	-	-	-	-	-	-	-	
Tenant security deposits	-	-	-	-	-	249,979	-	-	249,979
Family self-sufficiency escrow	-	-	-	-	-	-	-	-	-
Total payable from restricted cash	-	-	-	-	-	249,979	-	-	249,979
Noncurrent Liabilities:									
Accrued compensated absences - long term	69,266	5,045	1,701	-	-	30,738	-	-	106,750
Accrued other post employment benefits-long	224,900	14,221	2,150	-	-	71,798	-	-	313,069
Other non-current liabilities	446,762	-	-	-	-	-	-	-	446,762
Long-term mortgage payable	-	-	-	-	-	32,232	-	-	32,232
Total noncurrent liabilities	740,928	19,266	3,851	-	-	134,768	-	-	898,813
Total liabilities	1,731,975	46,659	11,015	-	371,715	1,008,128	18,006	(674,632)	2,512,866
Deferred inflow of resources	112,024	7,084	1,071	-	-	35,763	-	-	155,942
Total liabilities and deferred inflow of resources	1,843,999	53,743	12,086	-	371,715	1,043,891	18,006	(674,632)	2,668,808
Net Position									
Investment in capital assets, net of related debt	-	-	-	-	-	4,542,712	4,459,660	-	9,002,371
Restricted	-	128,159	208,204	-	-	1,181,572	-	-	1,517,935
Unrestricted	20,020,406	13,758	9,928	-	-	16,525,308	6,659,716	-	43,229,117
Total net position	20,020,406	141,917	218,132	-	-	22,249,592	11,119,376	-	53,749,423
Total liabilities and net position	$ 21,864,405	$ 195,660	$ 230,218	$ -	$ 371,715	$ 23,293,483	$ 11,137,382	$ (674,632)	$ 56,418,231

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2020

	Moving to Work	Housing Choice Vouchers	Mainstream Program	Capital Funding	Continuum of Care	SAMCHAI	Local Fund	Elimination	Total
Operating Revenues									
Rental revenue - tenant	$ -	$ -	$ -	$ -	$ -	$ 4,006,673	$ -	$ -	4,006,673
HUD PHA grants	97,440,824	5,658,108	799,070	-	8,258,166	123,988	-	(123,988)	112,156,168
Other revenue	158,564	-	-	-	12,074	68,579	837,338	-	1,076,555
Total operating revenues	97,599,388	5,658,108	799,070	-	8,270,240	4,199,240	837,338	(123,988)	117,239,396
Operating Expenses									
Administration	3,887,763	330,543	47,314	-	588,667	979,461	352,837	-	6,186,585
Tenant services	562,137	-	-	-	-	1,767	-	-	563,904
Utilities	-	-	-	-	-	242,191	-	-	242,191
Ordinary maintenance and operations	5,448	155	19	-	133	1,168,778	2,475	-	1,177,008
General	2,021,379	48,618	6,033	-	698,661	275,657	-	-	3,050,348
Extraordinary maintenance and operations expenses	-	-	-	-	-	-	-	-	-
Housing assistance payments	83,390,119	5,385,427	929,740	-	6,982,779	-	-	(123,988)	96,564,077
Depreciation expense	-	-	-	-	-	506,054	94,861	-	600,915
Total operating expenses	89,866,846	5,764,743	983,106	-	8,270,240	3,173,908	450,173	(123,988)	108,385,028
Operating income (loss)	7,732,542	(106,635)	(184,036)	-	-	1,025,332	387,165	-	8,854,368
Non-Operating Revenues and Expenses									
Gain/(Loss) from disposal of assets	-	-	-	-	-	-	-	-	-
Unrealized gain (loss) on investment fair value	63,626	-	3,404	-	-	277,627	79,548	-	424,205
Interest income (expense), net	65,763	-	-	-	-	292,571	87,699	-	446,033
Total non-operating revenues and expenses	129,389	-	3,404	-	-	570,198	167,247	-	870,238
Income (loss) before transfers	7,861,931	(106,635)	(180,632)	-	-	1,595,530	554,412	-	9,724,606
Transfers in (out)	-	-	-	-	-	-	-	-	-
Change in net position	7,861,931	(106,635)	(180,632)	-	-	1,595,530	554,412	-	9,724,606
Net position, beginning of year	12,158,475	248,552	398,764	-	-	20,654,062	10,564,964	-	44,024,817
Net position, end of year	$ 20,020,406	$ 141,917	$ 218,132	$ -	$ -	$ 22,249,592	$ 11,119,376	$ -	$ 53,749,423

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2020

	Moving to Work	Housing Choice Vouchers	Mainstream Program	Capital Funding	Continuum of Care	SAMCHAI	Local Fund	Total
Cash flows from operating activities:								
Cash collected from:								
Dwelling rental	$ -	$ -	$ -	$ -	$ -	$ 4,080,629	$ -	$ 4,080,629
Subsidy from federal grants	97,945,761	5,658,108	779,474	-	8,072,638	123,988	-	112,579,969
Repayments	78,198	18,865	-	-	372	-	-	97,435
Portable voucher receipts	21,438	-	-	-	-	-	-	21,438
Other miscellaneous	109,677	-	13,674	-	12,038	8,202	256,891	400,482
Cash paid for:								
Housing assistance payments	(84,016,974)	(5,413,274)	(930,084)	-	(7,048,177)	-	-	(97,408,509)
Employee expenses	(3,344,777)	(238,915)	(29,963)	-	(596,215)	(1,260,685)	-	(5,470,555)
Administrative expenses	(2,548,032)	(128,651)	(18,408)	-	(629,003)	(791,815)	(312,181)	(4,428,090)
Maintenance expenses	(5,448)	(156)	(19)	-	(133)	(597,003)	(2,475)	(605,234)
Other miscellaneous	-	-	(9,053)	-	-	-	(25,712)	(34,765)
Net cash (used) provided by operating activities	8,239,843	(104,023)	(194,379)	-	(188,480)	1,563,316	(83,477)	9,232,800
Cash flows from noncapital financing activities:								
Transfers from other funds	-	-	-	-	173,000	-	-	173,000
Transfers to other funds	-	-	-	-	-	-	(173,000)	(173,000)
Net cash (used) provided by noncapital financing activities	-	-	-	-	173,000	-	(173,000)	-
Cash flows from capital and related financing activities:								
Acquisition of capital assets	-	-	-	-	-	-	(8,700)	(8,700)
Capital Assets sale proceeds	-	-	-	-	-	-	-	-
Principal paid on capital debt	-	-	-	-	-	-	-	-
Interest paid on capital debt	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	
Net cash (used) provided by capital and related financing activities	-	-	-	-	-	-	(8,700)	(8,700)
Cash flows from investing activities:								
Principal received from loans and investments	4,704	-	-	-	-	-	-	4,704
Cash disbursed for loans	(7,000,000)	-	-	-	-	(1,202,112)	-	(8,202,112)
Interest received from loans	33,268	-	-	-	-	-	-	33,268
Return of interest to HUD	(78,345)	-	-	-	-	-	-	(78,345)
Fair value gain (loss) of investments	63,625	-	3,404	-	-	277,627	79,548	424,204
Interest received from investments	69,874	-	-	-	-	319,013	96,421	485,308
Net cash (used) provided by investing activities	(6,906,874)	-	3,404	-	-	(605,472)	175,969	(7,332,973)
Net increase (decrease) in cash	1,332,969	(104,023)	(190,975)	-	(15,480)	957,844	(89,208)	1,891,127
Cash at beginning of year	2,084,458	279,628	399,209	-	36,593	15,298,868	4,784,933	22,883,689
Cash and end of year	$ 3,417,427	$ 175,605	$ 208,234	$ -	$ 21,113	$ 16,256,712	$ 4,695,725	$ 24,774,816

Cash flows from operating activities:

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2020

	Moving to Work	Housing Choice Vouchers	Mainstream Program	Capital Funding	Continuum of Care	SAMCHAI	Local Fund	Total
Reconciliation of operating income to net cash (used) provided by operating activities:								
Operating income (loss)	$ 7,732,542	$ (106,635)	$ (184,036)	$ -	$ -	$ 1,025,332	$ 387,165	$ 8,854,368
Adjustments to reconcile operating income to net cash (used) provided by operating activites:								
Depreciation expense	-	-	-	-	-	506,054	94,861	600,915
Bad Debt Expense	(2,649)	(1,053)	-	-	-	8,006	-	4,304
(Increase)/Decrease in accounts receivable - tenants	-	-	-	-	-	(2,791)	-	(2,791)
(Increase)/Decrease in accounts receivable - HUD	58,721	-	(19,596)	-	(185,528)	-	-	(146,403)
(Increase)/Decrease in accounts receivable - loan fees	-	-	-	-	-	-	-	-
(Increase)/Decrease in accounts receivable - other	(16,927)	(1,174)	-	-	(2,228)	(2,660)	(568,160)	(591,149)
(Increase)/Decrease in prepaid expense and deposits	1,240	(2,471)	(49)	-	(539)	(5,540)	2,665	(4,694)
(Increase)/Decrease in interfund receivable	-	-	4,621	-	336	-	-	4,957
Increase/(Decrease) in accounts payable	(43,929)	(3,579)	(486)	-	(3,793)	9,489	(1,858)	(44,156)
Increase/(Decrease) in accrued salaries payable	27,186	2,622	634	-	3,273	9,885	-	43,600
Increase/(Decrease) in accrued liabilities - other	-	-	-	-	-	121	6,807	6,928
Increase/(Decrease) in accounts payable - HUD	-	-	(1,483)	-	-	-	-	(1,483)
Increase/(Decrease) in accrued compensated absences	41,921	6,031	5,119	-	-	3,511	-	56,582
Increase/(Decrease) in other post employment benefits	(4,478)	2,236	897	-	-	(672)	-	(2,017)
Increase/(Decrease) in unearned revenue	446,217	-	-	-	-	(5,274)	-	440,943
Increase/(Decrease) in tenant security deposit	-	-	-	-	-	17,853	-	17,853
Increase/(Decrease) in interfund payable	-	-	-	-	-	-	(4,957)	(4,957)
Net cash (used) provided by operating activities	$ 8,239,844	$ (104,023)	$ (194,379)	$ -	$ (188,479)	$ 1,563,314	$ (83,477)	$ 9,232,800

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO
Belmont, California
FOR THE YEAR ENDED JUNE 30, 2020

Statement and Certification of Actual Capital Fund Program Costs

1 The actual program costs of Grant **CA01P014501-18** are as follows:

Funds Approved	$	379,456
Funds Expended		379,456
Excess/(Deficiency) of Funds	$	-
Funds Advanced	$	379,456
Funds Expended		379,456
Excess/(Deficiency) of Funds Advanced	$	-

2 There were no additions during the audit period as these were audited in a prior period and this statement is included to facilitate grant closeout.

3 The total program costs as stated on the Annual Statement/Performance and Evaluation Report is in agreement with the Actual Modernization Cost Certificate as approved by HUD on March 4, 2020 is in agreement with the PHA's records.

4 All Capital Fund Program costs have been paid and all related liabilities have been discharged through payment.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Commissioners
Housing Authority of the County of San Mateo
Belmont, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of the County of San Mateo (the Authority) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 6, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rubino & Company

Bethesda, Maryland
November 6, 2020

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Commissioners
Housing Authority of the County of San Mateo
Belmont, California

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the County of San Mateo's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2020. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rubino & Company

Bethesda, Maryland
November 6, 2020

HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020

Federal and State Grantor/Program Title	CFDA Number	Grant Expeditures
U.S. Department of Housing and Urban Development (HUD)		
Direct Awards		
Moving to Work Demonstration Program:		
MTW CARES act	14.881	$ 575,117
Housing Choice Vouchers	14.881	96,490,533
Total Moving to Work Demonstration Program		97,065,650
Housing Voucher Cluster:		
Housing Choice Vouchers	14.871	5,658,108
Mainstream Vouchers	14.879	795,476
Mainstream CARES act	14.879	3,594
Total Housing Voucher Cluster		6,457,178
Other Programs:		
ROSS-FSS Coordinator	14.896	375,174
Continuum of Care	14.267	8,258,166
Total other programs		8,633,340
Total Department of Housing and Urban Development		112,156,168
TOTAL EXPENDITURES OF FEDERAL AWARDS		$112,156,168

The accompanying notes are an integral part of the schedule.

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Housing Authority of the County of San Mateo (the "Authority") under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the "Uniform Guidance"). Because the schedule presents only a selected portion of the operations of the Authority, it is not intended to, and does not present the financial position, changes in net position, or cash flows of the Authority.

2. SIGNIFICANT ACCOUNTING POLICY

The Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting.

3. SUBRECIPIENTS

The Housing Authority of the County of San Mateo provided no federal awards to subrecipients during the fiscal year ending June 30, 2020.

4. FINDINGS AND QUESTIONED COSTS

Any findings and questioned costs identified in connection with the 2019 Single Audit would be disclosed in Schedule I and status of prior year findings and questioned costs would be disclosed in Schedule II.

HUD has conducted several reviews of the Authority and has issued their reports on the results of some of these reviews. The Authority has responded to the reviews for which reports have been issued.

5. COST RATES

The Authority has not elected to use the 10% deminimis cost rate.

HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2020

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. Type of auditor's report issued:	Unmodified
2. Internal control over financial reporting:	
a. Material weakness(es) identified?	No
b. Significant deficiency(ies) identified that are not considered to be material weakness(es)?	No
3. Noncompliance material to financial statements noted?	No

Federal Awards

4. Internal control over major programs:	
a. Material weakness(es) identified?	No
b. Significant deficiency(ies) identified that are not considered to be material weakness(es)?	No
5. Type of auditor's report issued on compliance for major programs:	Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

7. Identification of Major Programs:

Federal Grantor/Program Title	CFDA No.		
U.S. Department of Housing and Urban Development (HUD):			
Moving to Work Demonstration Program	14.881	$	97,065,650
Continuum of Care	14.267	$	8,258,166
Housing Choice Vouchers	14.871	$	5,658,108

8. Dollar threshold used to distinguish between Type A and Type B programs:	$ 3,000,000
9. Auditee qualified as low-risk auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION I – PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

SECTION II – PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.