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Audit Report Number	2007-AT-1001
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TO: R. Edmond Sprayberry, Director, Office of Public Housing, Birmingham, Alabama, 4CPH

FROM: *James D. McKay*  
James D. McKay  
Regional Inspector General for Audit, 4AGA

SUBJECT: The Housing Authority of the Birmingham, Alabama District Did Not Ensure That Section 8 Units Were Decent, Safe, and Sanitary

## **HIGHLIGHTS**

### **What We Audited and Why**

As part of the U.S. Department of Housing and Urban Development (HUD), Office of the Inspector General's (OIG) strategic plan, we audited the Housing Authority of the Birmingham District's (Authority) Section 8 Housing Choice Voucher program. We selected the Authority for review based on a Section 8 risk assessment we conducted. Our audit objective was to determine whether the Authority's Section 8 units met housing quality standards in accordance with HUD requirements.

### **What We Found**

The Authority failed to ensure that its Section 8 housing stock met housing quality standards. We determined that 88 percent, or 58 of 66 units, did not meet housing quality standards. Of the 58 units, 38 were in material noncompliance.

Table of Contents
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This condition occurred because the Authority's management did not implement adequate internal controls over its inspection process and did not have adequate procedures for conducting inspections. As a result, tenants lived in units that were not decent, safe, and sanitary, and the Authority made housing assistance payments for units that did not meet standards. We estimate that over the next year, the Authority will pay housing assistance payments of more than \$10.4 million for units in material noncompliance with housing quality standards if it does not implement adequate controls.

### **What We Recommend**

We recommend that the director of the Office of Public and Indian Housing require the Authority to inspect the 58 units that did not meet housing quality standards to verify that the owners took appropriate corrective action to make the units decent, safe, and sanitary. If appropriate actions were not taken, the Authority should abate the rents or terminate the housing assistance payment contracts. The director should also require the Authority to implement internal controls, policies, and procedures that ensure units meet housing quality standards and inspections meet HUD requirements to prevent more than \$10.4 million from being spent on units that are in material noncompliance with standards. In addition, the director should require the Authority to develop and implement quality control inspection procedures.

For each recommendation without a management decision, please respond and provide status reports in accordance with HUD Handbook 2000.06, REV-3. Please furnish us copies of any correspondence or directives issued because of the audit.

### **Auditee's Response**

We discussed the findings with Authority and HUD officials during the audit. We provided a copy of the draft report to Authority officials on September 12, 2006, for their comments and discussed the report with the officials at the exit conference on September 18, 2006. The Authority provided its written comments to our draft report on September 18, 2006.

The Authority disagreed with certain statements, but stated it has begun implementing the recommendations. The complete text of the Authority's response, along with our evaluation of that response, can be found in appendix B of this report. The Authority also provided attachments with its response that are available for review upon request.

# TABLE OF CONTENTS

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Background and Objective	4
Results of Audit	
Finding 1: The Authority's Section 8 Units Did Not Meet Housing Quality Standards	5
Scope and Methodology	12
Internal Controls	14
Appendixes	
A. Schedule of Questioned Costs and Funds to Be Put to Better Use	15
B. Auditee Comments and OIG's Evaluation	16
C. Schedule of Units in Material Noncompliance with Housing Quality Standards	24

## **BACKGROUND AND OBJECTIVE**

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The Housing Authority of the Birmingham District (Authority) was incorporated in 1935 and in 1937 began participation under the provisions of the United States Housing Act of 1937. Its primary objective is to provide subsidized public and leased housing within the city of Birmingham, Alabama, in compliance with its annual contributions contract with the U.S. Department of Housing and Urban Development (HUD).

A five-member board of commissioners governs the Authority, with members appointed by the mayor of Birmingham, Alabama. Members are appointed for staggered terms. Bob Friedman is the board chairman, and Ralph Ruggs is the executive director.

The Authority administers about 4,000 housing choice vouchers. The annual housing assistance payments and administrative fees approved were \$22.6 million for fiscal year 2004, \$23.6 million for fiscal year 2005, and \$24.2 million for fiscal year 2006.

HUD's Alabama State Office of Public Housing in Birmingham, Alabama, is responsible for overseeing the Authority. HUD designated the Authority as a standard performing Section 8 Public Housing Authority for fiscal years 2004 and 2005.

Our audit objective was to determine whether the Authority's Section 8 units met housing quality standards in accordance with HUD requirements.

## RESULTS OF AUDIT

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### Finding 1: The Authority's Section 8 Units Did Not Meet Housing Quality Standards

Our inspection of 66 units showed that 58 units (88 percent) did not meet minimum housing quality standards. Of the 58 units not meeting standards, 38 were in material noncompliance. Projecting the results of the statistical sample to the population indicates that at least 1,818 of the Authority's 3,816 units would not meet standards. This condition occurred because the Authority's management did not implement adequate internal controls over its inspection process and did not have adequate procedures for conducting inspections. As a result, Section 8 tenants lived in units that were not decent, safe, and/or sanitary. The Authority made housing assistance payments for units that did not meet housing quality standards. Based on the sample, we estimate that over the next year, the Authority will pay housing assistance payments of more than \$10.4 million for units that are in material noncompliance with housing quality standards.

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#### Units Contained Numerous Health and Safety Violations

The Authority's Section 8 units contained numerous health and safety violations. We found 309 standards violations in 58 of the 66 units inspected. The following table lists the most frequently occurring violations for the 58 units.

Type of deficiency	Number of deficiencies	Number of units	Percentage of units
Electrical hazards	91	45	78
Plumbing	40	25	43
Building exterior	38	22	38
Doors	30	22	38

Additionally, 38 of the 58 failed units were in material noncompliance with housing quality standards. Appendix C provides details on the 38 units.

Table of Contents

The most prevalent deficiencies were electrical hazards, including ungrounded electrical outlets and exposed wiring.



An active water leak from roof in light fixture with visible water damage to ceiling and fixture.



Light switch cover missing in the bathroom of unit where children live.

We also identified hazards such as water leaks, open sewer pipe, deteriorating exterior structures, unsafe stairs, and unsecured/damaged doors.



Pipe under sink actively leaking with visible mildew stains.



Broken and open sewer line on front of unit.



Roof collapsing on exterior storage building in the backyard where children play.



Stairs on deck not properly secured. The piling on the exterior deck was not set in concrete.

Table of Contents





Damaged door on exterior laundry room used by the tenant poses a safety danger to the family and unauthorized access to the home.

In addition, we identified conditions such as broken or missing window locks and insect infestation problems.



Window lock is missing.

Federal regulations at 24 CFR [*Code of Federal Regulations*] 982.401(a)(3) require that all program housing meet housing quality standards performance requirements, both at commencement of assisted occupancy and throughout the assisted tenancy.

Authority officials stated that the inspectors either overlooked the housing deficiencies or were not aware to identify items based on housing quality standards requirements, which resulted in the inspectors passing units with housing quality violations. Authority officials also stated that the inspections were made at a time when there were only four inspectors to perform the inspections. They stated that although an independent inspection firm provided inspection assistance to the Authority, the workload for the four inspectors had dramatically increased.



## The Inspection Process Was Inadequate

The Authority's management did not implement an effective internal control process that ensured units met minimum housing quality standards and quality control inspections complied with requirements. The Authority's internal control process did not include adequate policies and procedures that ensured compliance with HUD requirements.

The inspectors did not identify all violations and passed units with housing quality violations. Several deficiencies existed at the time of the Authority's most recent inspection, but the inspectors did not report them. In one unit, there were 15 preexisting conditions that the Authority inspected and did not identify. In another unit, there were three preexisting conditions that the Authority inspected and passed 22 days before our inspection. Additionally, in 10 of 66 instances, inspectors identified deficiencies but improperly passed the units.

The Authority's procedures for performing quality control inspections were inadequate. The Authority's quality control inspection procedures did not require a random selection from the universe of inspections performed. The Authority selected the units for quality control inspections based on the days the quality control reviewers were available. The Authority also did not require that unannounced quality control inspections be performed. The Section 8 and Leased Housing Manager or an independent contractor performed the quality control inspections. The Authority's inspectors were told in advance which inspections would be selected. When the Section 8 and Leased Housing Manager performed the quality control inspections, he accompanied the Authority's inspector and performed the quality control review at the same time the inspector was performing his review. The independent contractor may or may not accompany the Authority's inspector, and in some cases would perform the quality control inspection before the inspector performed the initial inspection. In addition, the quality control reviewers did not prepare a written review of the quality of the inspector's work. In addition, the performance appraisals used by the Authority did not address the quality of the inspector's work.

Authority officials stated that the procedures were established so the residents would not have to be available another day to have their unit reinspected and so that repairs noted during the two inspections could be presented to the owner in one document.

Federal regulations at 24 CFR [*Code of Federal Regulations*] 985.2(b) state that the public housing authority's quality control sample means an annual sample of files or records drawn in an unbiased manner and reviewed by a supervisor or

other qualified person to determine whether the work documented in the files and records conforms to the program standards.

In addition, 24 CFR [*Code of Federal Regulations*] 985.3(e) states that for housing quality control inspections, the reinspected sample is to be drawn from recently completed housing quality standards inspections and are to be drawn to represent a cross section of neighborhoods and inspectors.

In addition, 24 CFR [*Code of Federal Regulations*] 982.54(a) requires the public housing authority to adopt a written administrative plan that establishes local policies for administration of the program in accordance with HUD requirements.

Finally, 24 CFR [*Code of Federal Regulations*] 982.54(d)(22) states that the public housing authority administrative plan must cover policies, procedural guidelines, and performance standards for conducting required housing quality standards inspections.

After our audit, the Authority began taking actions to address the problems with the unit inspections and quality control inspections. Authority officials have developed additional procedures regarding the Authority's unit inspections and quality control inspection processes. They are also notifying the landlords of the housing quality standards deficiencies identified in our review and will inspect the units to verify that repairs were completed.

Because the Authority did not have adequate internal controls, it made housing assistance payments for units that did not meet housing quality standards. While the Authority has developed new procedures for performing unit inspections and quality control inspections, the Authority has to complete all inspections under an improved inspection process. The Authority must emphasize the importance of housing quality standards and implement policies and procedures that ensure it complies with HUD requirements and gives the tenants the opportunity to live in decent, safe, and sanitary conditions. By continuing to make necessary improvements, the Authority will ensure that at least \$10.4 million in Section 8 funds will be used on units that meet housing quality standards.

## Recommendations

We recommend that the director, Office of Public and Indian Housing,

- 1A. Require the Authority to inspect the 58 units that did not meet housing quality standards to verify that the owners took appropriate corrective actions to make the units decent, safe, and sanitary. If appropriate actions were not taken, the Authority should abate the rents or terminate the housing assistance payment contracts.
- 1B. Require the Authority to develop and implement an internal control plan and policies and procedures, to include retraining the Authority inspectors and monitoring the inspectors' workload to ensure that units meet housing quality standards and inspections meet HUD requirements to prevent an estimated \$10.4 million from being spent on units that are in material noncompliance with standards.
- 1C. Require the Authority to develop and implement quality control inspection procedures for selecting and reinspecting units, and evaluating the inspectors' work.

## SCOPE AND METHODOLOGY

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Our audit objective was to determine whether the Authority's Section 8 units met housing quality standards in accordance with HUD requirements.

To accomplish our audit objectives, we reviewed the following:

- Applicable laws, regulations, and other HUD program requirements;
- The Authority's Section 8 policies, procedures, and administrative plan;
- Minutes from the board of commissioners meetings;
- The Authority's previous inspection reports; and
- The Authority's latest independent public accountant report and HUD program monitoring reviews.

We interviewed the Birmingham, Alabama, Office of Public Housing program officials and Authority management and staff. We inspected a sample of 66 units with the HUD Birmingham Office of Public Housing staff and the Authority's inspectors. We performed the inspections April 3 through April 25, 2006.

We obtained a download of the Authority's active units from the housing assistance payment register for February 2006<sup>1</sup>. There were 3,816 active units as of February 1, 2006. We used a statistical software program to select a random statistical sample of the 3,816 tenants. Based on a confidence level of 90 percent, a precision level of 10 percent, and an assumed error rate of 50 percent, the software returned a statistical sample of 66 units with a random selection start. We used the software to generate 66 additional sample units to be used as replacements if needed.

Projecting the results of the 58 failed units in our statistical sample to the population indicates

The lower limit is 81.33 percent x 3,816 units = 3,103 units not meeting housing quality standards.

The point estimate is 87.88 percent x 3,816 units = 3,354 units not meeting housing quality standards.

The upper limit is 94.43 percent x 3,816 units = 3,603 units not meeting housing quality standards.

We evaluated the 58 units that did not meet housing quality standards to identify those that were in material noncompliance. Based on our judgment, we determined 38 units were in material

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<sup>1</sup> To achieve our audit objectives, we relied in part on computer-processed data contained in the Authority's database. Although we did not perform a detailed assessment of the reliability of the data, we did perform a minimal level of testing and found it to be adequate for our purposes.

noncompliance with housing quality standards because of the overall poor condition of the unit. Therefore, one of the failed conditions was a preexisting condition that was not reported at the time of the Authority's last inspection, and/or the unit had inadequate repairs, and/or one of the failed conditions was caused by deferred maintenance. (See appendix C)

Projecting the results of the 38 units that were in material noncompliance with housing quality standards to the population indicates

The lower limit is 47.66 percent x 3,816 units = 1,818 units in noncompliance with minimum housing quality standards.

The point estimate is 57.58 percent x 3,816 units = 2,198 units in noncompliance with minimum housing quality standards.

The upper limit is 67.50 percent x 3,816 units = 2,575 units in noncompliance with minimum housing quality standards.

Using the lower limit and the average annual housing assistance payments for the population based on the Authority's February 2006 housing assistance payment register, we estimated the Authority spent at least \$10,428,048 (1,818 units x \$478 average monthly housing assistance payment x 12 months) for units that were in material noncompliance with housing quality standards. The estimate is presented solely to demonstrate the annual amount of Section 8 funds that could be put to better use on decent, safe, and sanitary housing if the Authority implements our recommendations.

Our audit generally covered the period July 1, 2004, through February 28, 2006. We expanded our audit period as needed to accomplish our objectives. We performed our on-site work from February through May 2006 at the Authority's offices in Birmingham, Alabama, and the Birmingham field office.

We performed our review in accordance with generally accepted government auditing standards.

# INTERNAL CONTROLS

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Internal control is an integral component of an organization's management that provides reasonable assurance that the following objectives are being achieved:

- Effectiveness and efficiency of operations,
- Reliability of financial reporting, and
- Compliance with applicable laws and regulations.

Internal controls relate to management's plans, methods, and procedures used to meet its mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance.

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## Relevant Internal Controls

We determined the following internal controls were relevant to our audit objectives:

- Compliance with laws, regulations, policies, and procedures that management has implemented to reasonably assure that resource use is consistent with laws and regulations.
- Policies and procedures that management has implemented to reasonably assure that resources are safeguarded against waste, loss, and misuse.

We assessed the relevant controls identified above.

A significant weakness exists if management controls do not provide reasonable assurance that the process for planning, organizing, directing, and controlling program operations will meet the organization's objectives.

## Significant Weaknesses

Based on our review, we believe the following item is a significant weakness:

- The Authority did not have adequate internal controls to ensure that Section 8 units met housing quality standards (see finding 1).

Table of Contents



## APPENDIXES

### Appendix A

#### SCHEDULE OF QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE

<u>Recommendation</u>	<u>Funds to be put to better use 1/</u>
1B	\$ 10,428,048
Total	<u>\$ 10,428,048</u>

- 1/ Recommendations that funds be put to better use are estimates of amounts that could be used more efficiently if an Office of Inspector General (OIG) recommendation is implemented. This includes reductions in outlays, deobligation of funds, withdrawal of interest subsidy costs not incurred by implementing recommended improvements, avoidance of unnecessary expenditures noted in preaward reviews, and any other savings, which are specifically identified. In this instance, if the Authority implements our recommendations, it will cease to incur Section 8 costs for units that are not decent, safe, and sanitary. This action will instead expend those funds for units that meet HUD's standards. Once the Authority successfully improves its controls, this will be a recurring benefit. Our estimate reflects only the initial year of these recurring benefits.

## Appendix B



# AUDITEE COMMENTS AND OIG'S EVALUATION

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### Ref to OIG Evaluation

### Auditee Comments

#### Comment 1

 <p><b>HABD</b></p> <p>Executive Director <b>Ralph D. Ruggs</b></p> <p>Deputy Executive Director <b>Naomi H. Truman</b></p>	<p><u>HOUSING AUTHORITY OF THE BIRMINGHAM DISTRICT</u></p> <p><b>Commissioners</b> Mary E. Robinson, Chairperson Bob Friedman, Vice Chairman Emory Anthony, Jr., Commissioner Samella Cabil-Martin, Commissioner Arthur L. Welch, Commissioner</p> <p>September 18, 2006</p> <p>Mr. James D. McKay Regional Inspector General for Audit U. S. Department of Housing and Urban Development Region 4 Office of the Inspector General Office of Audit, Box 42 Richard B. Russell Federal Building 75 Spring Street, SW, Room 330 Atlanta, GA 30303-3388</p> <p>Dear Mr. McKay:</p> <p>The Housing Authority of the Birmingham District is in receipt of your draft report of your audit of our Housing Choice Voucher Program covering the period July 1, 2004 through February 28, 2006.</p> <p>Your draft report found the following area of concern:</p> <p><i>The Authority's Section 8 Units Did Not Meet Housing Quality Standards</i></p> <p>The Housing Authority of the Birmingham District appreciates the opportunity to respond to the draft report before publication.</p> <p>Sincerely,  <b>RALPH D. RUGGS</b> Executive Director</p> <p>Attachment</p> <p>1826 3rd Avenue South, P.O. Box 55906, Birmingham, Alabama 35255-5906 Telephone (205) 324-0641</p>
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## RESPONSE TO DRAFT OIG AUDIT

**The Inspection Process Was Inadequate** – The Authority’s management did not implement an effective internal control process that insured units met minimum housing quality standards and quality control inspections complied with requirements.

### Comment 1

The Housing Authority of the Birmingham District strongly disagrees with this statement. Many of the units inspected during the audit passed inspection months earlier. The items identified include multiple tenant-caused problems that were not pre-existing: i.e., 1) inoperable vehicle in tenant’s backyard; 2) storage of lawn mower and propane tanks in screened porch; 3) thermostat cover missing; 4) shower & tub faucets broken or missing; 4) trash on deck from vacant next door apartment; 5) loose shower faucet; 6) commode overflows when flushed; 6) sink stopped up for several days; 7) porch mildewed; 8) greasy stove fan cover; 9) lawn mower located in close proximity to water heater; etc. Approximately one-third of the items noted were not failing items per Section 8 Housing Quality Standards.

### Comment 2

The Authority’s procedures for performing quality control inspections were taken from the HUD **Housing Inspection Manual for Section 8 Housing** (Quality Control Inspection Methods, Pages 44-45):

*“Although sequential quality control inspections are ideal for assuring overall PHA consistency, in reality they are sometimes impractical: For instance, in an occupied unit there is the additional burden to the tenant of two inspections. For this reason, quality control inspections might better be conducted simultaneously—that is both the inspector and the inspection supervisor would conduct their inspections at the same time. For simultaneous inspections, it is important that each individual conduct his or her own inspection completely independently of the other. Only after the dwelling unit has been completely inspected by both individuals should there be any communication or any comparisons of the completed checklists. It should be noted that this option for conducting quality control has some advantages: the inspection supervisor can observe the inspector’s techniques and methods for conducting inspections, and this option allows for discussion of areas of difference of opinion immediately after the inspection has been completed. For these reasons, simultaneous quality control inspections are especially well-suited to situations where the inspection supervisor suspects a need for re-training.”*

## RESPONSE TO DRAFT OIG AUDIT

Page 2

The **HUD Housing Inspection Manual for Section 8 Housing** is referred to in Chapter 10 of the **Housing Choice Voucher Guidebook** as reference to “provide guidance to PHA’s in interpreting the standards, as well as HUD regulations.”

Inspections were considered to be random because the quality control inspector was reviewing everything the inspector had previously scheduled for the day in question. When scheduling, the inspector didn’t know quality control inspections would be done on that day and the day’s schedule would normally include re-inspections for verification of repairs, recertifications and initial inspections. If the inspector had missed something on a previous inspection, the quality control inspector would note it and the discrepancy would be called to the attention of the inspector by the Manager of Leased Housing and Section 8.

### Units Contained Numerous Health and Safety Violations

93 electrical hazards are listed in 46 units. 57 of the 93 items identified as electrical hazards are shown as either “open ground,” (identified by testing for grounding with a circuit tester) or “electrical plug not working in bathroom.”

For clarification, David A. Vargas’ office (HUD Headquarters) was contacted with regard to whether federal regulations covering Housing Quality Standards require PHA’s to test for grounding. The response received (See Exhibit A) states: “Page 2 of the HUD-52580A (long inspection form) states that outlets must be working. It does not address grounding.” The response further stated: “In regard to using other standards, they may be more stringent than HQS, but not so stringent as to reduce housing choice. They also must be approved by the local field office. See 982.401(a).”

The Housing Authority of the Birmingham District has not requested approval by the local field office to use standards more stringent than HQS.

It is respectfully requested that the OIG revise the number of electrical hazards since there is no HQS requirement for testing for grounding and there is no HQS requirement for an electrical outlet in the bathroom. See HUD HQS Q&A – Page 21 of 56

### Comment 3

**RESPONSE TO DRAFT OIG AUDIT**

Page 3

**Comment 4**

Other items included in the 318 standards violations that are not HQS violations (34) include (see Exhibit B - HQS Questions and Answers and HUD comments):

- Interior Doors** (10) There is no requirement for interior doors. *See HUD HQS Q&A – Page 24*
- Circuit Breaker Box Door** (1) *See HUD HQS Q&A Page 4*
- Light over Bathroom Shower Not Working** (1) *See HUD HQS Q&A Pages 20-21*
- Smoke Detector Not Working** (When there is another smoke detector on the same level in the unit.) (5) *See HUD HQS Q&A – Page 44*
- Peeling Paint** (No children under 6 living in the unit.) (6) *See HUD HQS Q&A Page 11 & Page 34*
- TV Cable Blocking Door** (1) - *See HUD HQS Q&A – Page 10*
- Wires Scattered About Apartment** (1) - *See HUD HQS Q&A – Page 10*
- Operation of Bathroom Vanity Drawer** (1)
- Dryer Not Vented to Outside** (1)
- Fascia Needs Paint** (1) (No children under 6) *See HUD HQS Q&A Page 34*
- Crawl Space Door Broken** (1) *See HUD HQS Q&A Page 4*
- Flies in Basement** (1) *See HUD HQS Q&A Page 42*
- HW discharge Not Piped to Outside** (1) *See HUD HQS Q&A Page 39*
- Improper Front Door Lock – Deadbolt Only** (1) *See Housing Choice Voucher Guidebook – Page 10-7 “The family is also responsible for determining the acceptability of the type of door and window locks.”*
- Exterior Window Sills Show Signs of Rust (Metal) and Deterioration –** (1) *See HUD HQS Q&A –Page 7*
- Outbuildings** (1) *See HUD HQS Q&A –Page 56*
- All Windows in House Covered in Plastic Because of Draft** (1) - *See HUD HQS Q&A –Page 6*

## RESPONSE TO DRAFT OIG AUDIT

Page 4

### Response to Recommendations

The Housing Authority of the Birmingham District continuously seeks ways to improve and has implemented all recommendations made by the Office of Inspector General. We appreciate the courtesy and professionalism demonstrated by the OIG staff.

1A. All owners/landlords were notified of required repairs and units have been reinspected to confirm that repairs have been made. (11 were disqualified and 1 family moved.) *It should be noted that landlords/owners were required to make repairs that have subsequently been confirmed to be non-failing HQS items. The Authority will not require repair of those items in the future.*

1B. Two (2) inspectors attended Nan McKay HQS Training in Charleston, West Va. April 18-20, 2006. The Manager of Leased Housing and Section 8 conducts monthly follow-up training sessions to review problems identified through quality control inspections. The inspectors' workload is monitored by the Manager of Leased Housing and Section 8 to ensure that units meet housing quality standards and inspections meet Housing Quality Standards.

1C. Written procedures for quality control inspections have been implemented (See Exhibit C). These procedures utilize a random formula to select inspections and inspectors do not know which units are to be reviewed. The Performance Evaluation form for HQS Inspectors has been revised to include evaluation of the results of random quality control inspections.



## OIG Evaluation of Auditee Comments

**Comment 1** We maintain that the Authority did not have adequate controls over the inspection and quality control inspection processes. We agree that some of the items identified may have occurred after the inspectors performed their inspections. However, the units we cited as failing was based on a combination of deficiencies. We found the inspectors improperly passed units with housing quality standards violations. We also found the inspectors passed units with inadequate repairs and deferred maintenance. The deficiencies were cited because they pose potential fire hazards (e.g., lawn mower located near gas and fire sources), unsanitary conditions (e.g., stopped up commode and sink), and an electrical hazard (e.g., thermostat had exposed electrical wiring) to the family.

**Comment 2** We found that the Authority had procedures but they were inadequate. The Authority should have also addressed the Code of Federal Regulations requirements in their procedures because they include quality control inspection sampling methodology and performance standards for conducting housing quality standards inspections. In addition, the most objective way of reviewing an inspector's everyday work is to inspect the unit after the inspector has completed the inspection and does not think it will be inspected. Following behind an inspector without his knowledge will give the Authority the best indicator of the seasoned inspector's work product.

**Comment 3** We agree that the HUD Inspection Form states that the outlets must be working, but it also states that outlets must be properly installed and that improper types of wiring and connections could pose electrical hazards. We also found similar requirements cited in Section 3 of the Inspection Manual. The Code of Federal Regulations 982.401(f) states that electrical outlets must be in proper operating condition. It also states that fixtures and wiring must ensure safety from fire.

In addition, Chapter 10 of the Housing Choice Voucher Program Guidebook states that electrical fixtures and wiring must not pose a fire hazard, the PHA must be satisfied that the electrical system is free of hazardous conditions, including exposed, uninsulated, or frayed wires, improper connections, improper insulation or grounding of any component of the system.

Based on the regulations, the electrical outlets have to be safe. When a landlord replaces an ungrounded outlet with a grounding type outlet, but that outlet is not connected to a ground that makes the outlet unsafe. As a result, the electrical outlets were not properly installed and pose a hazardous condition for the family.

**Comment 4** Interior doors - We agree the conditions of some interior doors cited during our inspections should not be included as housing quality standards violations. We adjusted our report to eliminate the cited violations for some of the interior doors. However, the remaining interior doors cited are not safe (i.e. falling off the hinges, splinting, and peeling) and could cause harm to the family.

Circuit breaker box door - We agree the circuit breaker box door not closing is not a housing quality standards violation, since there were no exposed electrical contacts. We adjusted our report to eliminate this previously cited violation.

Light over bathroom shower not working - We agree that since there was a working light fixture in the bathroom, we adjusted our report to eliminate the previously cited violation.

Smoke detector not working - We agree there were working smoke detectors on the same level for five units cited. We adjusted our report to eliminate the previously cited violations.

Peeling paint - The units cited for lead based paint hazard did have children under age six living in the units. Also, the deteriorated paint was cited because the scaling, peeling, chipping, or loose paint was caused by water damage, or in an area where the family could be harmed by falling plaster.

TV cable blocking door and wire scattered - The television cable and wires scattered about the apartment pose a tripping hazard for the family.

Operation of bathroom vanity drawer - The Authority previously cited the missing bathroom vanity drawer as a deficiency in its prior inspection. We found the drawer had been replaced but it did not work properly. As a result, the tenant could not fully close the vanity drawer, which could cause bodily harm to the tenant.

Dryer not vented to outside - The dryer should be properly ventilated to prevent moisture and dust from building up in the unit.

Fascia needs paint - The deteriorated paint was cited because of scaling, peeling, chipping, or loose paint caused by water damage. The units we cited for lead based paint hazard were for units where children under age six resided.

Crawl space door broken - The unsecured/damaged crawl space door could allow small children, animals, and unauthorized persons access to the area underneath the home.

Flies in the basement - The item was cited as a violation because the flies in the basement pose an unsanitary condition for the family.

HW discharge not piped to outside - The hot water discharge pipe was cited because its location presents a hazard to the family. The pipe was not installed in such a manner as to protect the family from potential scalding.

Improper front door lock - We agree the condition of the front door lock is not a housing quality standards violation. We adjusted our report to eliminate this previously cited violation.

Exterior windowsills - The exterior windowsills were cited as a violation because of the rust and deterioration caused by water damage that did not protect the unit's interior. The HUD Inspection Form states that all windows should be free of signs of severe deterioration. The Housing Choice Voucher Guidebook also states that the windows must adequately protect the unit's interior from the weather.

Outbuildings - The outbuilding was cited as a violation because the damaged door to the exterior laundry room could cause bodily harm to the family. In addition, the deficiency is a violation of site and neighborhood standards. The door is splintering and falling off the hinges. The damaged door also could pose a security threat to the family. The HUD inspector noted that the lock was broken which could allow unauthorized access to the home.

All windows in house covered by plastic - We cited the windows as a violation because they do not adequately protect the unit's interior from the weather.

Although we made the appropriate adjustments, the adjustments did not have an overall effect on the 38 failed units in material noncompliance with housing quality standards.

## Appendix C

### **SCHEDULE OF UNITS IN MATERIAL NONCOMPLIANCE WITH HOUSING QUALITY STANDARDS**

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<b>Item number</b>	<b>Preexisting conditions</b>	<b>Inadequate repairs</b>	<b>Deferred maintenance</b>
1	X		X
2	X		X
3	X	X	X
4	X	X	X
5	X		X
6	X		X
7	X		X
8	X		X
9	X		X
10	X		X
11	X		X
12	X	X	X
13	X		X
14	X		X
15	X	X	X
16	X		X
17	X		X
18	X	X	X
19	X		X
20	X		X
21	X		X
22	X	X	X
23	X		X
24	X		X
25	X		X
26	X		X
27	X		X
28	X		X
29	X		X
30	X		X

<b>Item number</b>	<b>Preexisting conditions</b>	<b>Inadequate repairs</b>	<b>Deferred maintenance</b>
31	X	X	X
32	X		X
33	X		X
34	X		X
35	X		X
36	X		X
37	X		X
38	X		X

Table of Contents