



**U. S. Department of Housing and Urban Development  
Office of the Inspector General for Audit**

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**MEMORANDUM NO:**  
2003-SE-0801

March 11, 2003

**MEMORANDUM FOR:** Reneé Greenman, Director, NW/Alaska Multi-Family Hub, 0AHM

//Signed//  
**FROM:** Frank Baca, Regional Inspector General for Audit, 0AGA

**SUBJECT:** Survey of the Housing Authority of the City of Bremerton's Performance as Contract Administrator for HUD's Section 8 Project-Based Assistance Program for the State of Washington

### **INTRODUCTION**

We completed a review of the Housing Authority of the City of Bremerton's (Authority) performance as the Contract Administrator for HUD's Section 8 Project-Based Assistance Program. The survey objective was to determine if the Authority is effectively administering HUD's Project-Based Section 8 contracts in accordance with the Annual Contributions Contract (ACC).

### **METHODOLOGY AND SCOPE**

To accomplish our objective, we evaluated the Authority's processes for performing the core tasks in the ACC and reviewed the Authority's records to determine the effectiveness of the processes and controls. Our scope was the contract between the Authority and HUD for Washington State Project-Based Section 8 contract administration from October 1, 2000 through October 1, 2002. We performed our field work from December 2002 through February 2003.

### **BACKGROUND**

The Authority was created by resolution on July 19, 1940. The resolution acknowledged a shortage of safe and sanitary dwelling accommodations for low-income persons within the City. In September 2000, the US Department of Housing and Urban Development executed an ACC with the Authority to serve as the Section 8 project-based contract administrator for Washington State. The Authority's primary role as contract administrator is the regulatory oversight of approximately 418 Housing Assistance Payment (HAP) contracts representing 16,349 housing units and the distribution of approximately 60 million dollars in annual rental assistance. These housing units are located in multifamily developments throughout Washington State.

In soliciting contract administration services, HUD sought to achieve correct calculation and payment of Section 8 rental subsidies, consistent administration of project-based Section 8 HAP contracts, and enforcement of owner obligations to provide decent housing for eligible families. Accordingly, Contract Administrators must administer Section 8 HAP contracts in accordance with the ACC, federal law, HUD regulations, and related directives. Under the ACC, the Contract Administrator is responsible for the following core tasks:

1. Conducting management and occupancy reviews,
2. Adjusting contract rents,
3. Processing HAP contract terminations or expirations,
4. Paying monthly vouchers from Section 8 owners,
5. Responding to health and safety issues,
6. Submitting Section 8 budgets, requisitions, revisions, and year-end statements,
7. Submitting audits of the CA's financial condition,
8. Renewing HAP Contracts,
9. Reporting on CA operating plans and progress, and
10. Following up and monitoring results of physical inspections of Section 8 properties.

### **RESULTS OF REVIEW**

Based on our interviews of Authority staff and our reviews of Authority files and documents, we found that the Authority had effectively administered Section 8 project-based assistance, generally complied with the ACC, and had processes and controls in place to administer HUD's Section 8 project-based assistance program. During our review, we found three minor deficiencies that we discussed with Authority and HUD officials. Officials from both the Authority and HUD agreed to work together to resolve the deficiencies.

We appreciate the courtesy and assistance of the staff at the Housing Authority of the City of Bremerton and HUD's Seattle Multi-Family Housing HUB. If you have any questions, please call Ross Franklin or Ron Jilg at (206) 220-5360.

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