



U.S. Department of Housing and Urban Development
Office of the Inspector General for Audit, Region 4
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Memorandum No.
2004-AT-1801

TO: Karen Cato-Turner, Director, Office of Public Housing, 4DPH

FROM: Sonya D. Lucas
Acting Regional Inspector General for Audit, 4AGA

SUBJECT: Hialeah Housing Authority
Hialeah, Florida

INTRODUCTION

We completed a review of the Hialeah Housing Authority's (Authority) administration of its housing development activities. We performed the review as part of an audit of the Department of Housing and Urban Development's (HUD) oversight of Public Housing Agency activities with related nonprofit entities. Our objective was to determine whether housing development activities involving the Authority and any related entities were carried out in accordance with Federal requirements.

METHODOLOGY AND SCOPE

To accomplish our objective, we reviewed applicable HUD requirements and regulations, the Annual Contribution Contract, and other requirements. We also interviewed HUD and Authority staff and consultants, and reviewed various documents including financial statements, general ledgers, bank statements, bond documents and minutes from Board of Commissioner meetings. In addition, we obtained an understanding of the Authority's accounting system as it related to our audit objective.

The review generally covered the period from January 1, 1998, to December 31, 2002. However, we reviewed activity in other periods as necessary. We performed our fieldwork at the Authority's administrative offices located at 75 East 6th Street, Hialeah, Florida 33010. We conducted our review in accordance with generally accepted government auditing standards. The review was performed during the period October to December 2003.

BACKGROUND

The Authority was organized under Chapter 421 of the Florida Statutes to provide low rent housing for qualified individuals in accordance with the rules and regulations prescribed by HUD and other Federal Agencies.

The Authority is governed by a Board of Commissioners, which is composed of five members. The Mayor of the City of Hialeah, with approval of the City Commission, appoints the Commissioners. The Board of Commissioners has final responsibility for appointing the Authority's Executive Director. During our review, the Executive Director was Alex Morales.

The Authority owns and manages 12 conventional low-income housing projects with a total of 1,116 units. It also administers 4,159 Section 8 vouchers and is contract administrator for 2 private enterprise projects that received Section 8 assistance. Furthermore, the Authority created three nonprofit corporations to purchase and operate additional low-income housing:

- Elderly Housing Corporation of Hialeah, Inc., created in 1977, for the purpose of issuing bonds to construct a 100-unit low-income housing project known as Patterson Pavilion.
- Hialeah Housing Development Corporation created in 1984, for the purpose of issuing bonds for the acquisition and construction of a low, moderate, and middle-income housing project known as Villa Hialeah. The entity was dissolved in 1994.
- Hialeah Palm Centre Affordable Housing, Inc., created in 1994, for the purpose of assuming a Housing Development Grant associated with the acquisition of Phase II of a multifamily housing and office space complex known as Palm Centre. The entity was dissolved in 1995.

The Board for the Elderly Housing Corporation of Hialeah, Inc. does not hold any meetings. The Authority's board acts on behalf of the non-profit entity.

RESULTS OF REVIEW

We determined the Authority's housing development activities were carried out in accordance with Federal requirements. This report does not contain any reportable conditions or recommendations for corrective action.

Should you or your staff have any questions, please contact James D. McKay, Assistant Regional Inspector General for Audit, at (404) 331-3369, or Barry Shulman, Senior Auditor, at (305) 536-5387.