



U.S. Department of Housing and Urban Development  
Office of the Inspector General for Audit, Region 4  
Richard B. Russell Federal Building  
75 Spring Street, SW, Room 330  
Atlanta, GA 30303-3388  
(404) 331-3369

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Memorandum No:  
2004-AT-1804

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

*James D. McKay*

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

SUBJECT: Audit Survey of Miami Dade Housing Agency  
Miami-Dade County, Florida

### **INTRODUCTION**

We completed an audit survey of the Miami Dade Housing Agency's (Agency) 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 the Agency diverted or pledged resources subject to an Annual Contributions Contract (ACC) or other agreement or regulation to the benefit of other entities without specific HUD approval.

### **METHODOLOGY AND SCOPE**

To accomplish our objective, we reviewed applicable HUD requirements and regulations, the Annual Contribution Contracts, and other requirements. We also interviewed HUD and Agency staff, and reviewed various documents including financial statements, general ledgers, and minutes from the Board of Miami-Dade County, Florida (County) Commissioner meetings. In addition, we obtained an understanding of the Agency's accounting system as it related to our audit objective.

The review generally covered the period from October 1, 1998, to September 30, 2003. We performed our fieldwork at the Agency's financial office located at 2103 Coral Way, Miami, Florida 33145. The review was performed during the period February to March 2004. We conducted our review in accordance with generally accepted government auditing standards.

### **BACKGROUND**

The County is a chartered political subdivision of the State of Florida and is authorized with the power of self-government by the Constitution of the State of Florida and Florida Statutes. The County established the Housing and Urban Development Department in 1967 and Department of

Special Housing Programs in 1988. Effective May 1996, the two departments were merged to form the Agency. Since the Agency is a County department, the Board of County Commissioners is also the legislative and governing body of the Agency.

The Agency manages and operates over 11,000 public housing units and approximately 16,000 private rental-housing units. The Agency also owns nine Section 8 New Construction and five mixed-income properties.

The Board of County Commissioners approved in 2000 the formation of the Miami Dade Housing Agency Development Corporation (MDHADC) to develop residential and commercial properties and to further the mission, purpose, and goals of the Agency. MDHADC maintains its own financial records and a separate Board.

During our audit period, the Agency implemented three housing development activities that involved both the Agency and MDHADC.

- In 1999, HUD awarded the Agency a \$4.7 million HOPE VI grant to construct the Ward Towers Assisted Living Facility, a five-story, 100-unit assisted living facility that is connected to the existing Ward Towers elderly public housing development. Construction began in October 2002 and will be completed during 2004. The facility is expected to cost \$15.5 million and will be financed by the \$4.7 million HOPE VI grant, \$833,200 Capital Grant funds, and other non-Federal funds. HUD approved the use of the HOPE VI and Capital Grant funds.
- In August 2003, HUD approved the disposition and proposed sale of Townhouse Villas to MDHADC who will redevelop the site. As of February 2004, MDHADC was awaiting the transfer of the property. Planned funding for redevelopment will come from County surtax dollars. No HUD funds will be used.
- In October 2003, HUD approved the disposition and proposed lease of a land parcel at George A. Smathers Plaza to MDHADC who will develop and operate an assisted living facility. Planned funding for development will come from County surtax dollars and conventional loan or bond financing. No HUD funds will be used.

### **RESULTS OF REVIEW**

We reviewed the three housing development activities to determine the extent of involvement by nonprofit or other related entities and whether the Agency diverted or pledged resources subject to an Annual Contribution Contract or other agreement or regulation to the benefit of other entities without specific HUD approval. We did not identify any deficiencies. Accordingly, we will not expand the survey into the audit phase.

Should you or your staff have any questions, please contact me at (404) 331-3369, or Barry Shulman, Senior Auditor, at (305) 536-5387.