



Issue Date May 31, 2006

Audit Report Number 2006-AT-1010

TO: John G. Niesz, Director, Office of Public Housing, 4HPH

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

SUBJECT: The Orlando Housing Authority Did Not Ensure That All Section 8 Units Met Housing Quality Standards and Paid Excessive Subsidies for Some Units

HIGHLIGHTS

What We Audited and Why

We audited the Orlando Housing Authority's (Authority) Section 8 Housing Choice Voucher program as part of the Department of Housing and Urban Development (HUD), Office of the Inspector General's (OIG) annual audit plan. We selected the Authority for review based on a Section 8 risk assessment we conducted. The audit objectives were to determine whether the Authority made Section 8 subsidy payments only for units that met housing quality standards and whether subsidy payments were limited to the amount allowed for the unit size authorized by each family's composition.

What We Found

Of the 67 units inspected, 20 did not meet standards of which 8 units were in material noncompliance. This condition occurred because the Authority's inspectors did not identify the unit deficiencies during their inspections or identified the conditions but did not report the units as being in noncompliance.

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As a result, the Authority paid \$31,474 in ineligible subsidies for the 8 units, and we estimate the Authority will pay housing assistance payments of more than \$1.14 million for units in material noncompliance with housing quality standards.

The Authority paid \$10,393 in excess housing assistance payments for 5 of 22 tenants housed in units larger than justified by the families' composition. The improper voucher size occurred because the Authority did not always follow requirements to ensure that tenants are only issued Section 8 vouchers for the unit size authorized by their family composition.

What We Recommend

We recommend that the director of the Office of Public Housing require the Authority to abate Section 8 subsidies or terminate HAP contracts on all units that do not meet standards if the violations detected by our inspections are not corrected in a timely manner. The director should also require the Authority to improve its controls over the inspection process to ensure that inspectors properly identify and report all housing quality standards violations in the units they inspect. The recommended action is needed to prevent more than \$1.14 million from being spent on units with material housing quality standards violations. We further recommend that the director require the Authority to repay \$31,474 from nonfederal funds for ineligible housing assistance payments it made for the eight units with material violations.

We also recommend that the director of the Office of Public Housing require the Authority to reimburse its program from nonfederal funds \$10,393 for excess housing assistance payments for five overhoused tenants plus any additional amount paid until corrective action is taken. The director should also require the Authority to establish controls to ensure initial determination of the correct voucher size and to adjust tenant vouchers in a timely manner to reflect reported changes in family composition. The director should require the Authority to issue the correct size voucher to each overhoused tenant and ensure their subsidy amounts are properly calculated.

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 the Authority and HUD officials during the audit. We provided a copy of the draft report to Authority officials on April 6, 2006, for their comments and discussed the report with the officials at the exit conference on April 14, 2006. The Authority provided its written comments to our draft report on April 26, 2006.

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.

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BACKGROUND AND OBJECTIVES

The Orlando Housing Authority (Authority) is a governmental agency created by the City of Orlando, Florida, in January 1938 pursuant to Chapter 421 of the Florida Statute. The Authority's primary purpose is to develop, acquire, and operate safe, decent, sanitary, and affordable housing for low-income families in Orlando and Orange County, Florida. The U.S. Department of Housing and Urban Development's (HUD) Jacksonville, Florida, Office of Public Housing is responsible for overseeing the Authority. The mayor of the City of Orlando appoints a seven-member board of commissioners to four-year terms to govern the Authority's operations. The Authority's executive director is responsible for its daily administration.

The Authority administers approximately 2,909 Section 8 housing choice vouchers. The housing assistance payments for the month of August 2005 totaled more than \$1.7 million.

Our audit objectives were to determine whether Section 8 units met housing quality standards and whether tenant subsidies were limited to the amount allowed for the unit size authorized by the families' composition.

RESULTS OF AUDIT

Finding 1: The Authority Paid Section 8 Subsidies for Some Units That Did Not Meet Housing Quality Standards

We inspected 67 units and determined that 20 did not meet housing quality standards. Of the 20 units, 8 were in material noncompliance. As a result, the tenants lived in units that had one or more material violations. This condition primarily occurred because the Authority's inspectors did not identify violations that existed at the time of inspection or identified the conditions but did not report the units as being in noncompliance. The Authority paid \$31,474 in ineligible housing assistance payments for the 8 units with material violations. The 8 units represent 11.94 percent of the 67 units inspected. Based on this percentage, we estimate the Authority will pay more than \$1.14 million for units with material violations.

Units Had Material Housing Quality Standards Violations

We inspected 67 units with a HUD public housing inspector. The Authority's lead inspector accompanied us on 40 of the inspections. The 8 units with one or more material violations involved conditions that the Authority either did not report or noted but did not report as noncompliance when it last inspected the units. We provided the Authority with a copy of our inspection report for each of the 20 failed units for consideration and initiation of corrective action. The following table summarizes the deficiencies for the 8 units with material violations.

Sample item number	Type of material violations				Violations not classified as material	Total deficiencies
	Electrical hazards	Structural	Appliances	Vermin infestation		
14	2	1*	1*	1	1	6
27	1	2*			1	4
62	1*	1			1	3
83	2*	1				3
47	1	1*			1	3
12	1*	1*				2
13	1*				1	2
25	1*					1
Total	10	7	1	1	5	24

* This category includes one or more violations that existed when the Authority inspected the unit.

We determined the eight units with material violations by assessing factors such as (a) deficiencies that had existed for an extended period, (b) deficiencies noted in prior inspections but not corrected, and (c) deferred maintenance. We determined that eight tenants lived in units that had one or more material violations. The remaining 12 units involved violations that required corrective action, but we did not determine them to be material violations primarily because they occurred after the Authority's last inspection.

Electrical Hazards Were the Most Prominent Violations

Electrical hazards were the most prominent violations detected during our inspections. Each of the eight units had one or more electrical hazards. The hazards included conditions such as exposed wiring and inoperable smoke detectors. For instance, we found exposed wiring in some units where children resided, including one house with exposed wiring at the light switch and breaker box in the utility/laundry room.



Exposed breaker box wires



Exposed light switch wire

The above conditions existed at the time of the Authority's most recent unit inspection, but the inspector did not identify and report the violations.

Structural Violations Were Identified

We identified one or more structural violations at six of the eight units that failed with material noncompliance. For instance, we identified one unit with cracked carport ceiling support beams and another unit with damaged doors.



First cracked carport beam



Second cracked carport beam



Damaged exterior door

The Authority identified the two cracked carport support beams during its inspection but passed the unit. The cracked beams could result in roof collapse. In the other instance, the Authority did not identify the damaged door. The door was not airtight and allowed air and/or moisture to enter the unit.

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

The Authority Needs to Ensure That Inspectors Identify and Report All Housing Quality Violations

The Authority should improve controls to ensure that its inspectors identify and report all housing quality standards violations. The Authority's inspection procedures appeared adequate, and if the inspectors had fully followed those procedures, they should have identified and reported the material violations for the eight units discussed above. We attribute the missed violations to the inspectors' failure to properly review, consider, and report all housing quality standards violations for the units they inspected. None of the 67 inspected units appeared to be dilapidated, although eight units had one or more material violations. The Authority's inspectors properly identified and reported the condition of 59, or 88 percent, of the 67 units we inspected.

The Authority Has Begun to Take Corrective Actions

The Authority requested the landlords and tenants to correct the deficiencies we reported for the 20 failed units. The Authority's records for the eight units with material violations show that (a) four landlords completed the requested corrective action, (b) three landlords were provided abatement notices due to their failure to complete the requested repairs, and (c) one tenant moved before the Authority could determine whether the landlords completed the requested repairs.

Conclusion

The Authority paid \$31,474 in ineligible housing assistance payments for the eight units with material violations. The eight units represent 11.94 percent of the 67 units inspected. Based on this inspection result, we estimate the Authority will pay more than \$1.14 million for units with material violations in addition to the ineligible amount. As a result, some tenants lived in units that were not decent, safe, and sanitary, and the Authority made ineligible housing assistance payments that could have been used to assist other eligible tenants.

Recommendations

We recommend that the director of the Office of Public Housing require the Authority to

- 1A. Abate Section 8 subsidies or terminate the HAP contracts on all units that do not meet standards if the violations detected by our inspection are not corrected in a timely manner.
- 1B. Develop and implement improved controls to ensure that each inspector properly reviews, considers, and reports all housing quality standards violations for the units inspected and to prevent more than \$1.14 million from being spent on units that are in material noncompliance with standards.
- 1C. Repay \$31,474 to its Section 8 program from nonfederal funds for housing assistance payments made for the eight units with material violations.

Finding 2: The Authority Paid Excess Subsidies for Five Overhoused Tenants

The Authority generally issued the proper Section 8 voucher size to its tenants. However, it issued vouchers for 36 tenants for units larger than justified by their family composition (overhoused). As a result, the Authority paid \$10,393 in ineligible costs for excessive subsidies paid on behalf of five tenants and increased the potential for excessive subsidy payments for an additional 31 overhoused tenants. These conditions occurred because the Authority did not consistently comply with requirements designed to prevent the issuance of Section 8 vouchers for units larger than justified by a family's composition and the associated risk of excessive subsidy payments.

Improper Voucher Size Results in Excessive Subsidy Payments

We conducted a computer assessment of the Authority's 2,909 Section 8 vouchers and identified 53 tenants who appeared to be overhoused. We reviewed the files for 22 tenants and determined that the Authority paid \$10,393 in excessive subsidies on behalf of 5 of the 22 tenants. In two cases, the Authority issued the wrong voucher size from the beginning of the tenants' participation in the Section 8 program and did not detect the error. In the other three cases, the Authority failed to downsize the voucher at the next annual recertification to reflect reported changes in the families' composition. As a result, the Authority continued to pay subsidies based on an incorrect payment standard and/or utility allowance for units larger than justified by the families' composition.

Our computer assessment of the remaining 31 units showed potential for excessive subsidy payments because the tenants were issued or retained larger vouchers than appeared justified by their family composition. However, the Authority did not make excessive subsidy payments on behalf of these tenants because their low unit rent resulted in subsidies that were less than the amounts authorized for the correct unit size.

Federal regulations at 24 CFR [*Code of Federal Regulations*] 982.402(b)(1) provide that when determining unit size, the subsidy standards must provide for the smallest number of bedrooms needed to house a family without overcrowding. The regulations at 24 CFR 982.402 (c) provide that the payment standard for a family shall be the lower of (a) the payment standard amount for the family unit size or (b) the payment standard amount for the unit size of the unit rented by the family.

The Authority did not consistently comply with requirements designed to prevent the issuance of Section 8 vouchers for units larger than justified by a family's composition and the associated risk of excessive subsidy payments. This noncompliance includes the Authority's failure to initially determine the correct voucher size and to adjust tenant vouchers in a timely manner to reflect reported changes in family composition. The \$10,393 paid for excessive subsidies reduced Section 8 assistance available through the Authority for other families to obtain decent, safe, and sanitary housing.

Recommendations

We recommend that the director of the Office of Public Housing require the Authority to

- 2A. Reimburse its Section 8 program \$10,393 for excess housing assistance payments from nonfederal funds plus any additional amount up to the point that corrective action is completed.
- 2B. Develop controls to ensure initial determination of the correct voucher size and to adjust tenant vouchers in a timely manner to reflect reported changes in family composition.
- 2C. Adjust, where applicable, the vouchers for the 36 tenants to reflect the correct voucher size authorized by the families' composition.

SCOPE AND METHODOLOGY

To accomplish our audit objective, we

- Reviewed applicable laws, regulations, and other HUD program requirements.
- Reviewed the Authority's Section 8 policies and procedures and administrative plan.
- Interviewed Jacksonville, Florida, Office of Public Housing program officials and the Authority's management and staff.
- Reviewed the Authority's fiscal year 2004 independent public accountant report and HUD program monitoring reviews.
- Obtained a download of the Authority's Section 8 housing stock for the Housing Choice Voucher program as of August 31, 2005. We then tested the reliability and validity of the data. Based on the tests, we assessed the data as sufficiently reliable, given our objective and intended use.
- Assessed the files for 22 of 53 tenants identified through computer analysis as possibly housed in units larger than justified by their family composition. We recalculated the housing assistance to determine whether this condition resulted in excessive subsidy payments. When making the calculations, we relied on the income and deductions documented in the Authority's files. We did not reverify or confirm the accuracy of the income and deductions.

We obtained a listing of the Authority's current units from the housing assistance payment register as of August 31, 2005. We adjusted the listing to exclude units not located in the Orlando area, such as portable units for tenants with housing choice vouchers issued by the Orlando Housing Authority but who now live in the jurisdiction of other housing authorities. The Authority had 2,909 tenants as of August 31, 2005. We used a statistical software program to select a random sample from the 2,909 tenants. The software returned a sample size of 67 units with a random start based on a 90 percent confidence level, 10 percent precision level, and 50 percent expected error rate. We selected an additional 67 units to be used for replacements if needed.

We inspected 67 units with a HUD inspector from the Jacksonville, Florida, Office of Public Housing to determine whether the units met housing quality standards. The Authority's lead inspector accompanied us on 40 inspections. We performed the inspections between October 31 and December 20, 2005. We selected 16 of the replacement units (68 through 83) because 12 units were vacant by the time of our inspection, two units were no longer being subsidized, and two tenants were not home.

We identified the eight units with material violations after giving consideration to factors such as (a) deficiencies that had existed for an extended period of time, (b) deficiencies noted in a prior

inspection but not corrected, and/or (c) deferred maintenance that consistently fails the unit. We further based our assessment on prior Authority inspection reports, tenant comments, and our observation and judgment based on our unit inspections. Projecting the results of the eight failed units with material violations in our statistical sample to the population indicates

- The lower limit is 5.50 percent x 2,909 units = 159 units not meeting housing quality standards.
- The point estimate is 11.94 percent x 2,909 units = 348 units not meeting housing quality standards.
- The upper limit is 18.38 percent x 2,909 units = 534 units not meeting housing quality standards.

The Authority's August 31, 2005, housing assistance payments documentation showed that the average monthly housing assistance payment was \$601. Using the lower limit of the estimate of the number of units and the average monthly housing assistance payment, we estimated that the Authority will annually spend at least \$1,146,708 (159 units x \$601 average payment x 12 months) for units that are in material noncompliance with housing quality standards. This 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 recommendation. While these benefits would recur indefinitely, we were conservative in our approach and only included the initial year in our estimate. We also considered that (1) the Authority did not identify many of the past conditions during its most recent inspections, (2) the units would not be scheduled for another inspection for another year under normal circumstances, and (3) it would take the Authority at least a year to complete all inspections under an improved inspection process. We calculated \$31,474 in ineligible subsidies for the units in material noncompliance by considering among other factors, the length of time the deficiencies existed and a 30-day period for responsible parties to correct the deficiencies.

The audit generally covered the period of April 1, 2003, through August 31, 2005. We extended the period as needed to accomplish our objectives. We conducted our fieldwork from October through December 2005 at HUD, the Authority, and the homes of various tenants located within the Authority's jurisdiction.

We conducted the audit in accordance with generally accepted government auditing standards.

INTERNAL CONTROLS

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 missions, 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.

Relevant Internal Controls

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

- Controls over program operations,
- Controls over the validity and reliability of data,
- Controls over compliance with laws and regulations, and
- Controls over the safeguarding of resources.

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 that the following item is a significant weakness:

- The Authority needs to improve controls to ensure that its inspectors properly review, consider, and report all housing quality standards violations for the units they inspect (finding 1).

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APPENDIXES

Appendix A

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

<u>Recommendation</u>	<u>Ineligible 1/</u>	<u>Funds to be put to better use 2/</u>
1B		\$1,146,708
1C	\$31,474	
2A	<u>\$10,393</u>	_____
Total	<u>\$41,867</u>	<u>\$1,146,708</u>

1/ Ineligible costs are costs charged to a HUD-financed or HUD-insured program or activity that the auditor believes are not allowable by law; contract; or federal, state, or local policies or regulations.

2/ “Funds to 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, 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 Agency implements our recommendation, it will cease to incur Section 8 costs for units that are not “decent, safe and sanitary,” and, instead will expend those funds for units that meet HUD’s standards. Once the Agency successfully improves its controls, this will be a recurring benefit. Our estimate reflects only the initial year of these recurring benefits.

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Appendix B

AUDITEE COMMENTS AND OIG'S EVALUATION

Ref to OIG Evaluation

Auditee Comments



ORLANDO HOUSING AUTHORITY

April 25, 2006

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

Re: Orlando Housing Authority Audit 2003-2005

Dear Mr. McKay:

This is the Orlando Housing Authority's (OHA) response to the April 15, 2006 draft report issued by the United States Department of Housing and Urban Development's (HUD) Office of the Inspector General's (OIG) Office. The report identified two areas of concern with the OHA Section 8 Housing Choice Voucher program: housing quality standards inspections and overhousing.

Orlando was declared a "disaster area" by President George W. Bush. The hurricanes occurred during the OIG audit period. The Housing Authority lost its administrative offices; many of the Housing Authority staff also lost their homes. During the audit period, three devastating hurricanes had occurred in 2004: Hurricanes Charley, Frances and Jeanne. Hurricane Wilma, which occurred in 2005, was not a Category 3 storm, but negatively impacted the quality of life in Orlando. Businesses, schools, and governmental services were disrupted: public transportation was not available, there were wide spread power outages for extended periods of times, finding contractors to work on apartments was impossible because they focused on providing emergency services, materials needed for renovation were not readily available, etc. The OIG report did not acknowledge that these hurricanes occurred and the impact it caused. We recommend that the impact of Hurricane Katrina be considered if the OIG audits the New Orleans Housing Authority.

Housing Quality Standards

The OIG protocol was fundamentally flawed and lead to unsupportable conclusions. Too much time elapsed between the OHA inspection and the OIG audit: four to eleven months.

The Housing Authority will document with verifiable evidence that the conditions reported by the OIG were from normal wear and tear and/or tenant caused damage; not

Comment 1

Comment 2

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Comment 3

2

by an error or omission of the OHA's inspection. The OIG used an inconsistent approach to validate their conclusions that deficient conditions existed at the time of the OHA inspection. There were gross errors in the OIG report resulting in incorrect conclusions. To support OHA's position, the following methodology was used. The Orlando Housing Authority verified its information by contacting the following persons and/or reviewing the landlord or Housing Authority files: the landlords, the tenants, the staff of the landlords, the Housing Authority's staff, the tenant's files, etc. For example, the OIG inspected unit eleven months after the OHA inspection. The OIG auditor said she claimed a problem with carpeting that existed since 1999. written statement in the tenant file refutes the OIG's statement/report. She provided written documentation to OHA that her unit was fine at the completion of the OHA inspection. verifiable written statement contradicts the OIG report.

Therefore, the statements regarding the Housing Quality Standard report of the OIG audit is not supported by the facts. The conditions reported by the OIG did not exist at the time of the OHA inspection.

This response will provide supporting documentation that shows that the OIG's conclusions were based on a flawed protocol. OHA will also provide written verifiable information that contradicts the OIG report.

Overhousing

The Orlando Housing Authority followed the regulations. The OIG's interpretation of the regulations is not supported by HUD's staff, HUD-approved trainers and HUD approved training materials and goes against public policy.

The OIG report states that Section 8 clients were allowed to lease units that were larger than the family needed. The OIG acknowledges that the bedroom size on the voucher must change at the time of the next annual reexamination. However, the OIG says that the payment standard should be lowered so the Housing Authority pays less and the family pays more. This is an incorrect interpretation of the regulations.

The OIG's interpretation is not consistent with the regulations and is not good public policy.

A. Interpretation of 24 CFR 982.505c(5).

"... If the family unit size increases or decreases, during the HAP contract term, the new family unit size must be used to determine the payment standard amount for the family beginning at the family's first regular re-examination following the change in the family size...."

The HUD staff, HUD-approved trainers and training materials all support the position that the payment standard should not be changed until the "beginning" of the next annual re-examination, not as soon as it is reported/discovered. The use of the term "must" indicates that this is not a discretionary provision; of the discretion of the Housing Authority or OIG.

The OIG's interpretation that the payment standard should be changed to the voucher size as soon as the Housing Authority has notice of the change in bedroom size is inconsistent with the regulations.

- B. Bad Public Policy. If the Housing Authority changes the payment standard mid-term, the tenant may have to pay more than 30% of their adjusted income toward housing to make up the difference owed under the lease. The tenant must then break their lease with the landlord to move to a unit within their ability to pay and the payment standard authorized. The landlord will sue the Housing Authority and the tenant to enforce the lease and the Housing Assistance Payment Contract to secure the amounts owed under the lease. Landlords will not participate in the Section 8 Program if they have to sue the housing authority and the tenant when the tenant has to move because the payment standard changed mid-term.

Summary

The attached response proves that the OIG report is not supported by the federal regulations and/or the facts. The information provided in this response will document that the Orlando Housing Authority's controls are in place to ensure that Section 8 units meet Housing Quality Standards and to ensure that voucher sizes are changed at the appropriate times and in accordance with the OHA and HUD occupancy standards.

The Orlando Housing Authority implements its program in strict compliance with HUD regulations. Over the past three (3) years, numerous HUD reviews have been conducted at OHA. The issues cited in the HUD OIG report regarding overhousing of participants, has never been cited as a finding. This supports OHA's position that it has always been in compliance with OHA and HUD occupancy requirements.

Sincerely,



Vivian Bryant
Executive Director

Attachment

Cc: Bob Burke
Rhonda Pierce
John G. Niesz
Antonio Bailey

RP/VB/vb

Comment 1

**ORLANDO HOUSING RESPONSE TO 2005
OFFICE OF INSPECTOR GENERAL AUDIT**

**OIG Finding 1: The Authority Paid Section 8 Subsidies for Some Units That
Did Not Meet Housing Quality Standards**

“We inspected 67 units”

OHA Response:

The Orlando Housing Authority disagrees with the following OIG statement(s):

“....This condition primarily occurred because the Authority’s inspectors did not identify violations that existed at the time of inspection or identified the conditions but did not report the units as being in noncompliance. . . .”

Comment 4

This conclusion is not supported by the facts. There is no verifiable documentation that supports the OIG’s position. The Orlando Housing Authority inspects Section 8 units annually to insure they meet Housing Quality Standards. Units only pass inspection when they comply with HQS. OHA will also inspect a Section 8 unit if there is a complaint of a violation. The Orlando Housing Authority followed up on the OIG’s allegations by interviewing the Section 8 clients, landlords, the staff of the landlords, and OHA staff. OHA also reviewed the following documents: tenant files, landlord files, OHA inspection files, etc. The Section 8 Participants’ signed statements in the inspection files document that the conditions identified by the OIG did not exist at the time of the OHA inspection

Comment 5

1. The Conditions Identified by the OIG Did Not Exist at the time of the OHA Inspection

Comment 5

Their statements that the violations were so severe, that they must have existed at the time of the OHA’s last inspection are not supported by verifiable documentation. OHA disagrees with OIG conclusions. See Attachment A, Pages 19 Question ‘D’ of the Section 8 HQS Inspection Form; the tenants sign the form indicating that there are no problems in the unit that are not indicated on the form. This form documents that the violations identified by the OIG did not exist at the time of the OHA inspection.

2. Too Much Time Elapsed Between the OHA Inspection and the OIG Inspection

Comment 2

The OIG inspected the units after an extended period of time had passed: four to eleven months. Of the nine inspections identified in the audit, in eight of them, four months had elapsed between the OHA (Housing Quality Standard) HQS inspection and the OIG inspection. In one case, eleven months had elapsed between the OHA inspection and when OIG conducted their inspection.

Comment 6

3. Severe Weather Conditions Impacted the Condition of the Units

Orlando was declared a "disaster area" by President George W. Bush. The Housing Authority lost its administrative offices; many of the Housing Authority staff also lost their homes. Between the time Orlando Housing Authority inspected the units and the OIG audit, three category 3 devastating hurricanes had occurred: Charley, Frances and Jeanne. Hurricane Wilma also impacted the Orlando area. These storms caused disruptions in governmental services, schools closed, it was impossible to secure licensed contractors and building materials.

Comment 2
Comment 6

4. Other Reasons That Could Have Caused the Unit to Fail Inspection

There are numerous reasons that could have caused the violations noted by the OIG inspection, i.e., tenant damage, normal wear and tear, hurricane damage resulting from Category 3 Hurricanes Charley, Frances and/or Jeanne that devastated Orlando over a five-week period in 2004. The OIG audit covered inspections from April 1, 2003 through August 31, 2005. See Attachment B: press releases and reports on the hurricanes.

The Orlando Housing Authority refutes the Findings of the OIG Audit in the information provided below.

Comment 4
Comment 7

Sample item number 14

Unit #8100

OHA inspection date: 05/17/05 (Annual)

OIG inspection date: 11/01/05

OIG deficiencies noted: burners not working, damaged doors, exposed wires, roach infestation

OHA response: Roach infestation could have occurred at any time after the OHA inspection, which occurred five months prior to the OIG HQS audit. No documentation of client complaints was found in the OHA records that would indicate prior knowledge of these deficiencies. The doors could have been damaged by rains from heavy, gusty, summer thunderstorms, extended periods of very high humidity throughout the summer and into fall, and high winds and blowing rains from Hurricane Wilma in late October 2005. This also likely contributed to the considerable build-up of yard debris that occurred after OHA's annual inspection.

Comment 4
Comment 8

Sample item number 27

Unit #7866

OHA inspection date: 04/14/05 (Annual)

OIG inspection date: 12/07/05

OIG deficiencies noted: trip hazard near stairs, potential steam hazard, deteriorated fence

OHA response: box. Neither inspector detected a problem with the electrical box, the pipe for the water heater or a tripping hazard in the 2005 inspection as referenced in OIG comments. The current owner alleges that problems with the pipe for the water heater and the tripping hazard existed when she bought the

property in March 2004. However, our records indicate that the action for change of ownership for this property was not processed until July 26, 2005 with an effective date of June 1, 2005. This was over a year after the date the current owner told HUD the unit was purchased. A review of the OHA client documentation reveals no evidence of complaint reports by either the tenant or the landlord. With regard to the debris and deteriorated fence, the Orlando area experienced heavy, gusty thunderstorms throughout the summer and into the fall, and high winds and blowing rains from Hurricane Wilma in late October 2005.

Sample item number 62

Unit #8520

OHA inspection date: 10/27/05 (Annual)

OIG inspection date: 12/02/05

OIG deficiencies noted: broken kitchen faucet, wall switches not working, exposed wires, and broken exterior light fixture

OHA response: The OIG has dismissed all deficiencies except the broken exterior light fixture. There is no evidence that the problem existed at the time of the annual inspection and no record of tenant complaint. OIG HQS review took place more than a month after the OHA annual inspection.

Comment 4
Comment 9

Sample item number 83

Unit #1973

OHA inspection date: 07/12/05 (Initial)

OIG inspection date: 12/19/05

OIG deficiencies noted: hole in ceiling, heater, air conditioner and dishwasher did not work

OHA response: There is no documentation in the OHA records of any tenant complaints, other than the rent being too high. The OIG confirmed that there was no evidence that the copy of the tenant's "complaint letter" was received by OHA. Such correspondence would have immediately generated a complaint inspection. OHA never received a complaint from the client regarding these deficiencies. OHA also contacted the landlord, who indicated that there was no record of complaints or requests for repairs for the heating or air conditioning systems or the dishwasher. The landlord noted three requests for repairs from the tenant. One for a leak which was repaired on 9/25/05, a second for a light in the shower, which was repaired on 8/31/05, and a third for a falling ceiling in the hallway, which was repaired on 3/28/06. No significant damages were noted by the tenant at the time of her walk-through for the initial lease-up.

Comment 4
Comment 10

Sample item number 47

Unit #2856

OHA inspection date: 12/28/04 (Annual); 12/06/05 (Annual)

OIG inspection date: 11/29/05

OIG deficiencies noted: carpet tripping hazard, bathroom fan not working and exposed wire

Comment 4
Comment 11

OHA response: The client continues to insist that she had problems with the carpet from the time she moved into the unit six years ago, and that she had reported it to the landlord. The landlord has confirmed that the carpet and everything else in the unit was brand new when [redacted] moved into the unit and that the carpet could not have been defective. Further review of the landlord's tenant file revealed no written records of complaints regarding the carpet. A representative of the landlord did report that she remembers that the client mentioned a problem with the carpet to the Manager recently. This suggests that the problem did not exist at the time of the inspection. The OIG's comments indicate that [redacted] stated to them that she had never discussed the issue of the carpet with OHA inspectors. No complaints are noted in the OHA client records. The OIG HQS audit took place eleven (11) months after the Charley, Jeanne and Frances. OHA's annual inspection.

Sample item number 12

Unit #2912

OHA inspection date: 06/15/05 (Annual)

OIG inspection date: 10/31/05

OIG deficiencies noted: exposed electrical wires, cracked carport girders and metal supports

Comment 4
Comment 12

OHA response: The OHA inspector did not observe exposed electrical wires at the time of the annual inspection. Six (6) months elapsed between the OHA inspection and OIG HQS audit. While cracks in the carport roof supports were noted in the OHA annual inspection report, they were not deemed serious enough to fail the unit. If significant cracks were discovered after a contractor damaged the roofing in December 2004 (six months prior to the OHA inspection) as alleged by the owner, the owner had an obligation to fix the problem immediately and notify the Housing Authority. No written documentation was provided by either the landlord or the tenant to verify the owner's assertion that the structural problem with the carport roof existed prior to OHA's annual inspection. No record of a complaint from the tenant or the landlord was found in the OHA client records.

Sample item number 13

Unit #6946

OHA inspection date: 05/11/05 (Annual)

OIG inspection date: 12/06/05

OIG deficiencies noted: bathroom vent fan and smoke detectors not working

Comment 4
Comment 13

OHA response: OHA contacted [redacted] on Thursday, April 20, 2006. [redacted] told the OHA lead inspector that she did not recall telling the OIG inspector that the fan was not working at the time of the OHA annual inspection. Further, she stated that she would not have been able to remember if the fan was working at that time or not. There is no documentation in the OHA records to indicate that the fan was not working at the time of the inspection. There is also no evidence in the OHA records that the smoke detectors were not working at the time of the annual inspection. There is no record of any client complaints

regarding the fan or the smoke detectors. Nearly seven (7) months time elapsed between OHA's annual inspection of the unit and the OIG HQS audit.

Sample item number 67

Unit #9239

OHA inspection date: 07/11/05 (Initial)

OIG inspection date: 12/01/05

OIG deficiencies noted: bedroom wall switches did not control wall outlets, ceiling fans or lights

OHA response: This issue has been resolved in OHA's favor and the unit will be removed from the deficiency list, as agreed to in a phone conversation between the OHA's lead inspector and the OIG representative on Friday, April 14, 2006. OHA's lead inspector inspected the unit on 2/9/06. He found that all outlets tested were operable and that the bedroom switches properly controlled the flow of electricity. An electrical circuit tester was used to confirm that the switches and outlets were working properly. The OIG inspector did not use the proper testing equipment.

Comment 4
Comment 14

Sample item number 25

Unit #8605

OHA inspection date: 08/17/05 (Annual)

OIG inspection date: 12/05/05

OIG deficiencies noted: exposed electrical wire on the water heater

OHA response: The maintenance chief of the apartment complex accompanied the OHA inspector on the initial inspection of this unit. No evidence of an exposed wire was noted during that inspection. While the existence of an exposed wire was not noted in the subsequent OHA annual inspection report, OHA is not certain that the inspector carefully examined the water heater to determine that the required housing protection was present. All of our inspectors will receive additional and ongoing training around this issue. Further, OHA will be conducting regular training sessions on HQS requirements and has increased the percentage of QC inspections from 3% to 10%.

Comment 4
Comment 15

OIG Finding # 1 Continued: “Units Had Material Housing Quality Standards Violations”

“The nine units with one or more material violations involved conditions that the Authority either did not report or noted but did not report as noncompliance when it last inspected the units.”

Comment 4

OHA Response

This conclusion is not supported by the facts. In one case, the OHA inspector noted that the stove burner did not work but did not fail the unit:

In a second case, there was a cracked beam. It met HQS at the time of the OHA inspection. The owner stored roofing shingles on top of the cracked beam exacerbating the crack.

Comment 2

The OIG’s audit states that the deficiencies had existed for an extended period and were the result of deferred maintenance. The OIG offers no verifiable documentation that the conditions existed at the time of the OHA last inspection. The Orlando Housing Authority’s documentation supports the conclusion that the conditions indicated in the OIG audit did not exist at the time of OHA inspection.

Finding 2: The Authority Paid Excess Subsidies for Nine Overhoused Tenants

"The Authority generally issued the proper Section 8 voucher size to its tenants. However, it issued vouchers for 40 tenants for units larger than justified by their family composition (overhoused)....."

Comment 3

OHA Response

The Orlando Housing Authority's (OHA) procedure is to change the size of the Section 8 Housing Choice Voucher (Voucher) at the time of the annual recertification for the reasons indicated below:

1. "24 CFR 982.505c(5) states as follows:
 (5) *Change in family unit size during the Housing Assistance Payment (HAP) contract term.*
Irrespective of any increase or decrease in the payment standard amount, if the family unit size increases or decreases during the HAP contract term, the new family unit size must be used to determine the payment standard amount for the family beginning at the family's first regular reexamination following the change in family unit size. See Exhibit I " below.
2. *The annual reexamination corresponds to the termination of the lease with the landlord. If OHA changed the family size in the middle of the lease, the Participant would have to violate the lease to request a suitably-size unit.*
3. *If landlords know that the Housing Authority will force the Participants to break the lease every time the family size changes, they (landlords) would not participate in the program. They prefer an annual term.*
4. *There is a Housing Assistance Payment (HAP) Contract between the owner and the Housing Authority. Part B of the Housing Assistance Payment Contract: Body of Contract 4b.(7) states as follows:*
"(7) If the family breaks up, the PHA may terminate the HAP contract , or may continue housing assistance payments on behalf of family members who remain in the contract unit. . . ."
5. *The annual reexamination process begins 90 days before the effective date of the change. The Housing Authority must give the Participant 30 days notice of the effective date of any change. If the Participant gives the Housing Authority notice of a change, and that change will impact the effective date of the annual reexam the change is made at the next annual reexamination to comply with 24 CFR 982.505c(5).*
6. *Orlando was declared a" disaster area" by President George W. Bush. The Housing Authority lost its administrative offices; many of the Housing Authority staff also lost their homes. Between the time Orlando Housing Authority inspected the units and the OIG audit, three category 3 devastating hurricanes had occurred: Charley, Frances and Jeanne. Hurricane Wilma also impacted the Orlando area. These storms caused disruptions in governmental services, schools closed, it was impossible to secure licensed contractors and building materials.*

Comment 1 Comment 6

Exhibit 1

-----Original Message-----

From: [mailto: .com]
Sent: Friday, April 14, 2006 12:44 PM
To: @ori-oha.org
Subject: RE: Website Contact form

We have been training S8 HCV Rent Calculation for over 20 years. Not only are we HUD approved, but we worked directly with HUD to create their PH and S8 Online Rent Calculation course for their internal staff. We train over 10,000 people per year in open enrollments and onsite training. We just recently trained , and in S8 HCV Rent Calculation. Those trainings occurred the first week of April. If you would like I can get you contact information so you can see how they rated our training. If you have any questions please do not hesitate to contact me. Have a great day and I hope to speak with you soon.

Regards,

Southeast Account Manager
and Associates
Office: 800.783.3100 X 145
Cell: 858.335.9403
Fax: 619.258.5791
email: _____
Website: _____

"Providing Housing with Performance Improvement Solutions Since 1980"

Exhibit 1 Continued

From: @orl-oha.org [mailto: .org]
Sent: Friday, April 14, 2006 9:26 AM
To:
Subject: Website Contact form

Name:
 Email: @orl-oha.org
 Phone Number: 407-299-9823
 Agency: Orlando Housing Authority
 Address: 24 Fanfair Avenue Orlando FL 32811
 Comments: Is a HUD-approved trainer for the Section 8 Housing
 Choice Voucher Rent Calculations? If so, for what years?

Serving as President of NMA for over twenty years, is widely recognized as a national speaker. She has served as a management consultant in the private and governmental sectors. is a proven professional in both the PHA industry and in the private sector for subsidized housing. She is a Certified Housing Manager and has spent 17 years working for housing agencies, including being Executive Director at a . She currently serves on the Board of Directors for the . Housing Association. As President of and Associates, Inc., she has written 22 books, produced several videotapes, and presented thousands of seminars on the administration of low-income housing. training manuals and tapes are used daily in HUD and HA offices throughout the country. She holds a BA Degree in Business Administration and has completed course work toward a Master's Degree in Public Administration.

HUD Comment

(1) #4561

Effective 05/01/05, family composition is 1 person. Voucher size and rented unit size is 2 bedrooms. Previously, the family composition was 3 people, but two family members moved out on 02/10/05. Participant reported change on 02/09/05. A change in voucher size should have been done during the last interim recertification effective 05/01/05. No justification was found in the file. Thus, OHA allowed the program participant to reside in a larger unit than its policy allowed without documenting or providing a justification to warrant a larger size unit for about 7 months (May 1, 2005 to November 1, 2005). The projected date of the next recertification is 12/01/05.

Comment 16**OHA Response****Facts:** #4561

1/19/99	Came on program with a 3 bedroom voucher;
12/01/04	She moved to a 2 bedroom (at time of <u>annual reexam</u>);
02/09/05	Participant notified OHA that 2 family members would move;
02/10/05	Two family members moved;
12/01/05	<u>Annual reexamination</u> ; she was changed to a 1 bedroom voucher;

OHA Action

Client's annual recertification was effective 12/01/05. The voucher size was changed from a 2 bedroom to a 1-bedroom voucher in accordance with 24 CFR 982.505c(5).

Rationale for OHA Action

"24 CFR 982.505c(5) states as follows:

(6) Change in family unit size during the HAP contract term.

Irrespective of any increase or decrease in the payment standard amount, if the family unit size increases or decreases during the HAP contract term, the new family unit size must be used to determine the payment standard amount for the family beginning at the family's first regular reexamination following the change in family unit size. . . ."

11

CLIENT #4561						
Came on program with a 3 bedroom voucher	Moved to a 2 bedroom voucher	Participant notified OHA that 2 family members would move	Two family members moved	Voucher was changed to a 1 bedroom		
Jan 19, 1999	December 1, 2004	February 9, 2005	February 10, 2005	December 1, 2005	Annual reexam effective	

HUD Comment

(2) #4137

Effective 06/01/05, family composition is 1 person. Voucher size and rented unit size is 2 bedrooms. Previously, the family composition was 2 people, but a family member moved out effective 06/01/05. Tenant reported change on 06/08/05. A change in voucher size should have been done during the last interim recertification effective 06/01/05. No justification was found in the file. Thus, OHA allowed the program participant to reside in a larger unit than its policy allowed without documenting or providing a justification to warrant a larger size unit for about 6 months (June 1, 2005 to November 1, 2005.) The projected date of the next recertification is 04/01/06.

Comment 16**OHA Response****Facts:**

11/01/98	Came on Program with a 2 bedroom unit;
02/01/05	Annual Reexamination completed;
05/01/05	Client moved to a new unit;
06/01/05	Family member moved out;
06/08/05	Participant reported change to OHA;
12/13/05	Client advised OHA she would move; 1 bedroom voucher issued; (in preparation for 4/01/06 annual reexam);

OHA Action:

At annual recertification appointment on 12/13/05, one (1) bedroom voucher was issued in accordance with 24 CFR 982.505c(5).

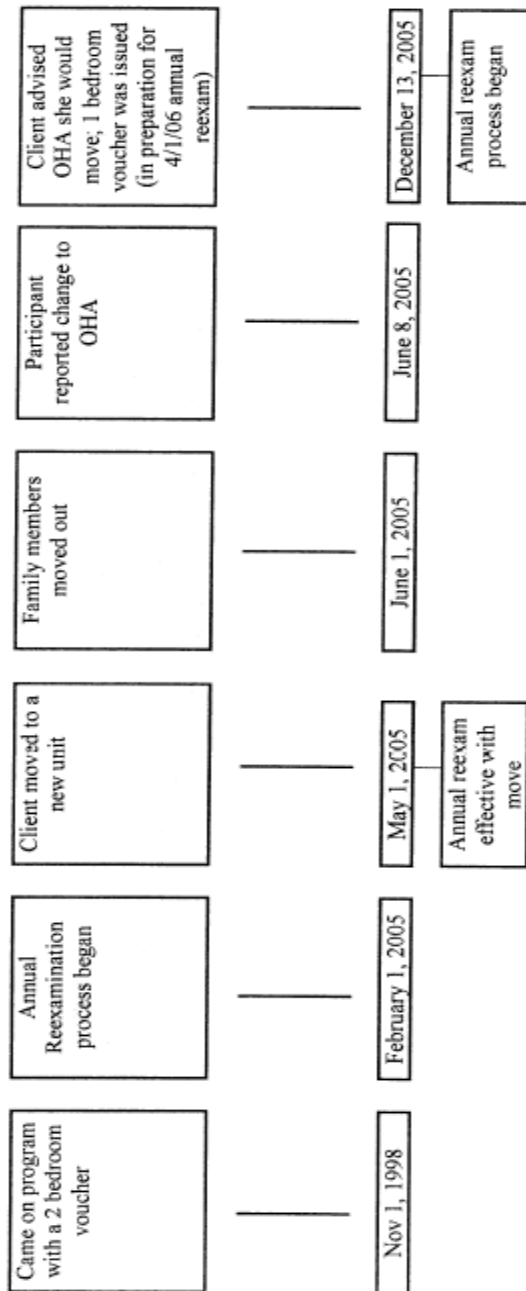
Rationale for OHA Action:

“24 CFR 982.505c(5) states as follows:

(7) Change in family unit size during the HAP contract term.

Irrespective of any increase or decrease in the payment standard amount, if the family unit size increases or decreases during the HAP contract term, the new family unit size must be used to determine the payment standard amount for the family beginning at the family's first regular reexamination following the change in family unit size. . . .”

- CLIENT #4137



HUD Comment

(3) #5980

Effective 04/01/05, family composition is 2 people. Voucher size and unit rented is 3 bedrooms. Previously, the family composition was 3 people, but a family member moved out effective February 2004. Tenant reported change on 03/05/04. A change in voucher size should have been done during the next recertification following the change effective 05/01/04. No justification was found in the file. Thus, OHA allowed the program participant to reside in a larger unit than its policy allowed without documenting or providing a justification to warrant a larger size unit for about 1 year and 7 months (May 1, 2004 to November 1, 2005). The projected date of the next recertification is 04/01/06.

Comment 17**OHA Response:**

Facts: 01/01/00 Came on Program with 2 bedroom unit;

04/24/03 Moved to 3 bedroom unit; family member added;

01/01/04 Annual Reexamination process began;

02/--/04 Family member moved out;

03/01/04 Annual Reexam process completed with effective date of 4/01/04;

03/04/04 Completed Change in Family Composition Form to remove family member;

03/05/04 Participant reported change;

04/01/04 Annual Reexam effective date (3 bedroom);

05/01/04 Effective date to remove family member;

02/08/05 Family member added to household (3 persons in household); change effective 04/01/05;

04/01/05 Annual Reexam completed; family composition was 3 people in household; correct bedroom size was 3-bedroom unit;

11/21/05 called to have family members removed;

11/22/05 died; father is in household; daughter moved; one bedroom unit;

11/30/05 HAP contract cancelled.

OHA Action: HAP Contract Cancelled.

Rationale for Action (not changing bedroom size at Interim Reexam)

"24 CFR 982.505c(5) states as follows:

(8) Change in family unit size during the HAP contract term.

Irrespective of any increase or decrease in the payment standard amount, if the family unit size increases or decreases during the HAP contract term, the new family unit size must be used to determine the payment standard amount for the family beginning at the family's first regular reexamination following the change in family unit size. . . ."

Page 1		15	
CLIENT #5980			
Came on program with a 2 bedroom voucher		Participant reported change	March 5, 2004
Moved to 3 bedroom unit; family member added		Completed Change in Family Composition Form to remove family member	March 4, 2004
Annual Reexamination process began		Annual Reexam process completed with effective date of 04/1/04	March 1, 2004
Family member moved out			February 2004
Annual Reexamination process began			January 1, 2004
Moved to 3 bedroom unit; family member added			April 24, 2003
Came on program with a 2 bedroom voucher			January 1, 2000

15 con't

- CLIENT #5980 -

Annual reexam effective date (3 bedroom)	Effective date to remove family member	Family member added to household (3 persons in household), change effective 04/01/2005	Annual reexam completed; family composition was 3 people in household; correct bedroom size was 3-bedroom unit	called to have family members removed	died; father is in household; daughter moved; one bedroom unit	HAP contract cancelled
April 1, 2004	May 1, 2004	February 8, 2005	April 1, 2005	November 21, 2005	November 22, 2005	November 30, 2005

HUD Comment

(4)

#1070

Effective 04/01/05 family composition is 2 people. Voucher size and unit rented is 3 bedrooms. Previously, the family composition was 3 people, but a family member moved out effective February 20, 2005. Tenant reported change on March 21, 2005. A change in voucher size should have been done during the next recertification following the change effective 04/01/05. No justification was found in the file. Thus, OHA allowed the program participant to reside in a larger unit than its policy allowed without documenting or providing a justification to warrant a larger size unit or about 8 months (April 1, 2005 to November 1, 2005). The projected date of the next recertification is 03/01/06.

Comment 16**OHA Response:****Facts:**

03/01/97	Participant came on Program with 3-bedroom unit;
12/01/04	<u>Annual Reexamination</u> process began;
02/01/05	<u>Annual Reexamination</u> process completed with 03/01/05 effective date;
02/20/05	Family member moved out;
03/01/05	<u>Annual Reexam</u> completed with effective date of 03/01/05; Participant signed new lease with landlord; had 3 people on lease; 3-bedroom unit;
03/21/05	Participant provided documentation that a family member had moved out;
04/01/05	Interim Reexam completed; family composition was 2 people;

OHA Action:

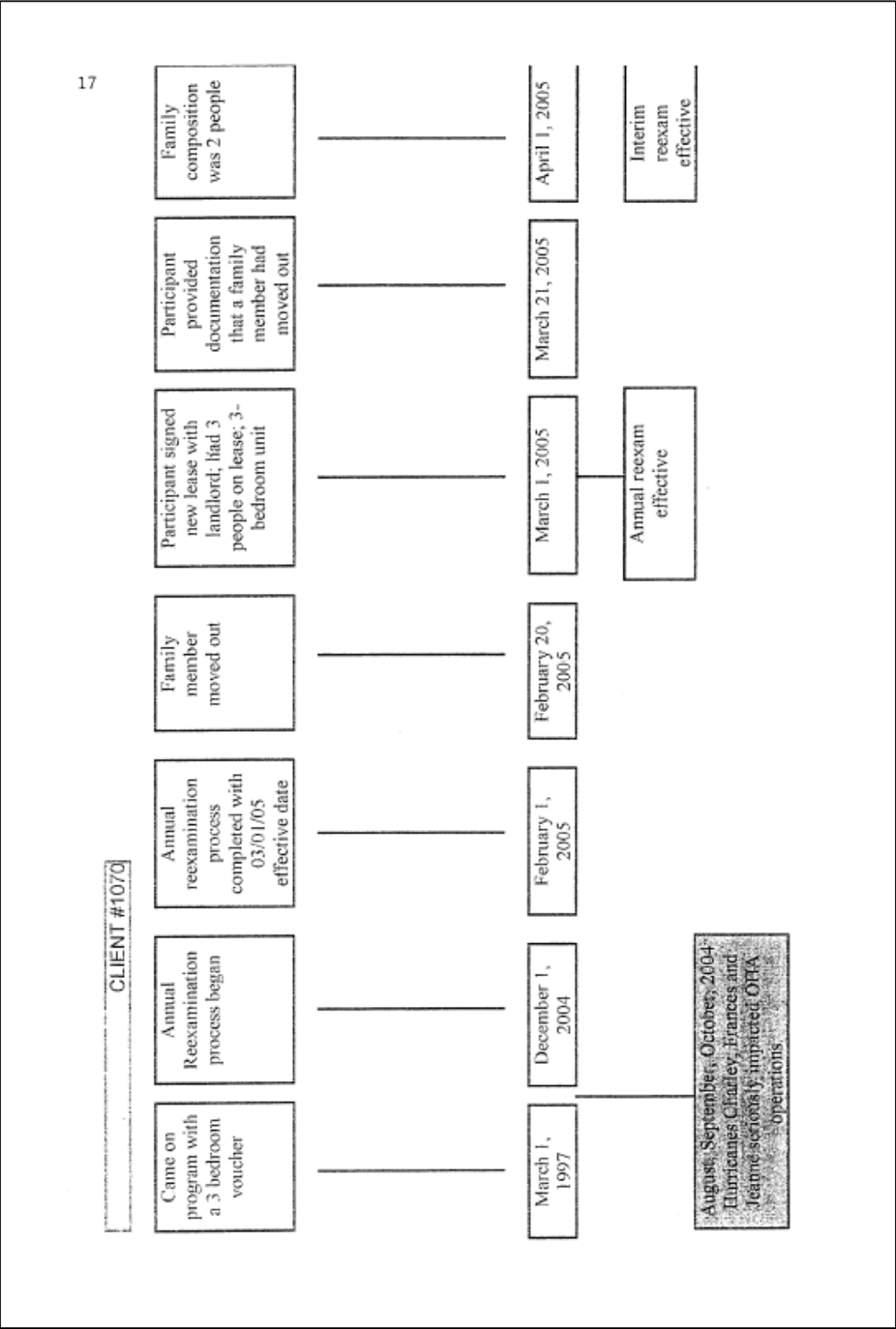
In 03/01/06, OHA changed the bedroom size in accordance with the family composition at that time.

Rationale for Action:

"24 CFR 982.505c(5) states as follows:

(9) Change in family unit size during the HAP contract term.

Irrespective of any increase or decrease in the payment standard amount, if the family unit size increases or decreases during the HAP contract term, the new family unit size must be used to determine the payment standard amount for the family beginning at the family's first regular reexamination following the change in family unit size. . . ."



HUD Comment

(5) #3878

Effective 08/01/05 family composition is 2 people. Voucher size and unit rented is 3 bedrooms. Previously, the family composition was 3 people, but a family member moved out effective April 12, 2005. Participant reported change on May 9, 2005. A change in voucher size should have been done during the next recertification following the change effective 08/01/05. No justification was found in the file. Thus, OHA allowed the program participant to reside in a larger unit than its policy allowed without documenting or providing justification to warrant a larger size unit for about 4 months (August 1, 2005 to November 1, 2005). The projected date of the next recertification is 03/01/06.

Comment 16**OHA Response****Facts:**

03/01/00	Came on to Program with a 3-bedroom unit; 4 family members;
05/01/05	<u>Annual Reexam</u> ; 3 family members;
05/09/05	Client reported the change;
08/01/05	Interim Change; Client requested to remove daughter; Annual is due 03/01/06; the change is effective then;

OHA Action:

In 03/01/06, OHA changed the bedroom size in accordance with the family composition at that time.

Rationale for Action

"24 CFR 982.505c(5) states as follows:

(10) Change in family unit size during the HAP contract term. Irrespective of any increase or decrease in the payment standard amount, if the family unit size increases or decreases during the HAP contract term, the new family unit size must be used to determine the payment standard amount for the family beginning at the family's first regular reexamination following the change in family unit size. . . ."

19	
CLIENT #3878	
Came on program with a 3 bedroom voucher; 4 family members	Client requested to remove daughter, Annual is due 03/01/06, the change is effective then
March 1, 2000	August 1, 2005
Three (3) family members	Client reported change
May 1, 2005	May 9, 2005
Annual reexam effective	Interim change effective

HUD Comment

(6)

Effective 01/01/05, family composition is 2 people. Voucher size and rented unit size is 3 bedrooms. Previously, the family composition was 3 people, but a family member moved out on 10/15/04. Tenant reported change 11/16/04. A change in voucher size should have been done during the last recertification effective 01/01/05. No justification was found in the file. Thus, OHA allowed the program participant to reside in a larger unit than its policy allowed without documenting or providing justification to warrant a larger size unit for about 11 months (January 1, 2005 to November 1, 2005). The projected date of the next recertification is 12/10/05).

Comment 18**OHA Response****Facts**

12/17/02	Client ported in from New Jersey with 3 family members and a three-bedroom voucher;
12/01/03	She was absorbed; the family composition remained the same;
10/16/04	Reexam process began; effective date 01/01/05;
11/16/04	Family gave notice that family member moved; OHA offices had to move because of Hurricanes Charley, Jeanne and Frances;
01/01/05	<u>Annual Reexam</u> completed without changing the voucher;
01/01/06	<u>Annual Reexam</u> completed, OHA changed voucher;

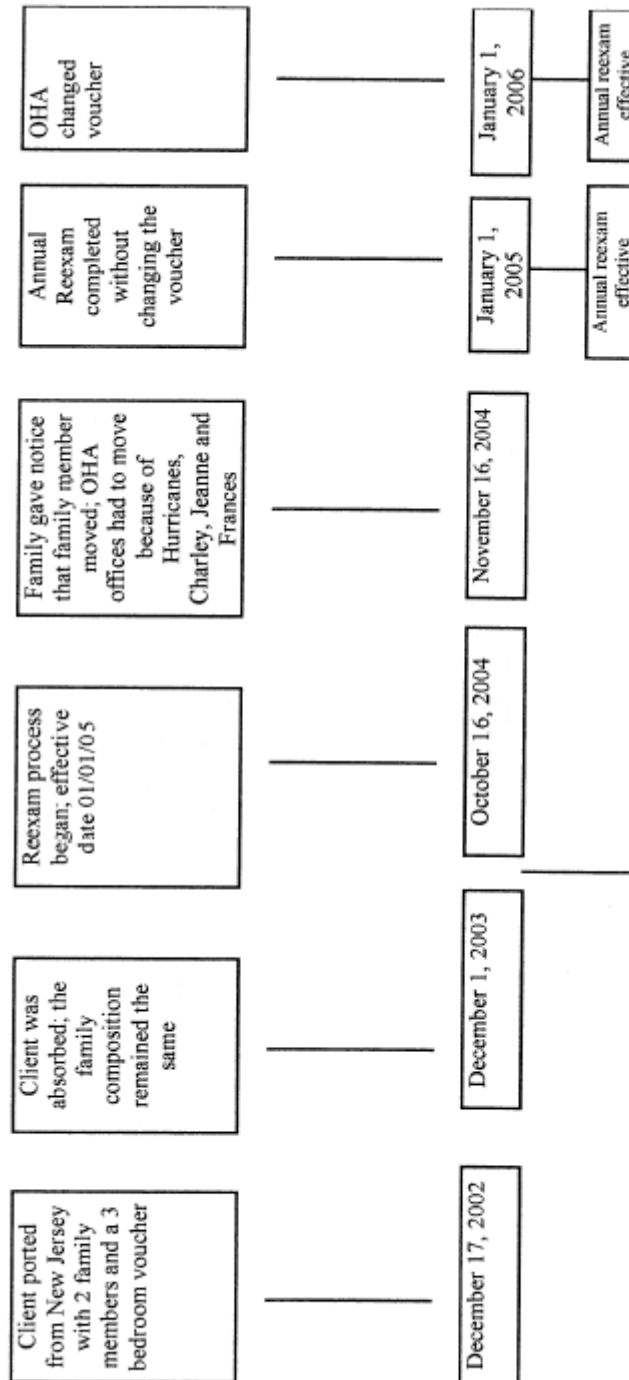
OHA Action:

OHA changed voucher effective 01/01/06 reexam.

Rationale for Action

From August 2004 – October 2004, three hurricanes passed through Orlando. Reexams were completed as efficiently as possible under the circumstances. Orlando was declared a federal disaster area. The Housing Authority lost its administrative offices; many of the Housing Authority staff also lost their homes. The Housing Authority allowed the Participants to remain in the units they occupied rather than have households seeking alternative housing.

- CLIENT #25529



HUD Comment

(7) #27196 ()

Effective 03/01/05, family composition is 2. Voucher size and rent unit size is 3 bedrooms. Previously, the family composition was 3 people, but a family member moved out in August 2004. Tenant reported change on 12/09/04. A change in voucher size should have been done during the last recertification effective 03/01/05. No justification was found in the file. Thus, OHA allowed the program participant to reside in a larger unit that its policy allowed without documenting or providing a justification to warrant a larger size unit for about 9 months (March 1, 2005 to November 1, 2005). The projected date of the next recertification is 03/01/06.

Comment 18**OHA Response****Facts**

01/29/03	Client ported in from Lakeland, FL with a three-bedroom voucher; with two persons in the household; Client had guardianship of nephew;
03/04/03	Client leased up;
12/09/04	Client removed family member; Hurricanes Charley, Jeanne and Frances impacted OHA operations;
03/01/05	Annual Reexam completed;
01/01/06	Client was absorbed by Orlando Housing Authority;
03/01/06	Voucher will be changed to appropriate bedroom size; one-bedroom without claim for reasonable accommodation;

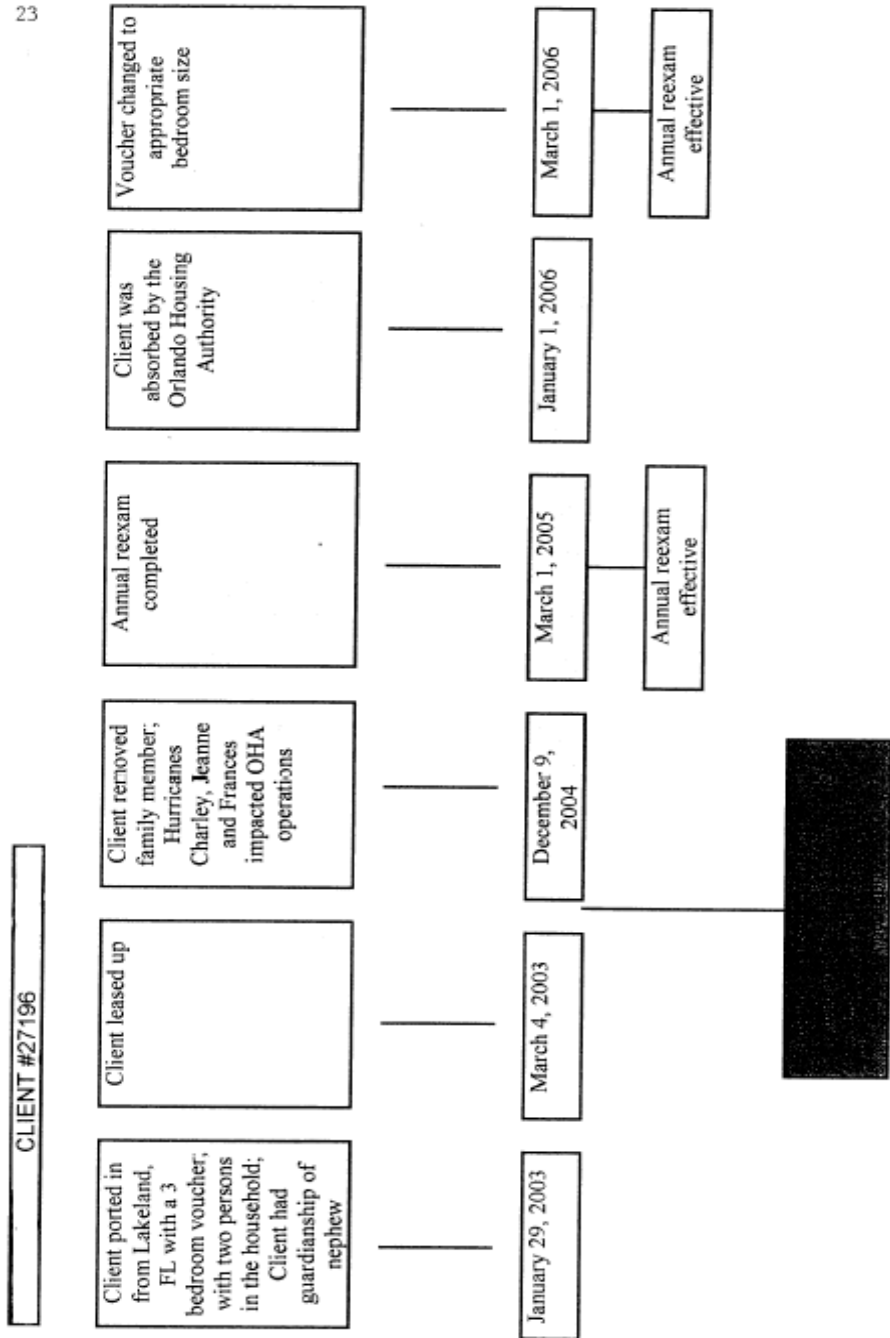
OHA Action:

Effective 3/01/06, the Voucher was changed to the appropriate bedroom size.

OHA Rationale:

Presently, the bedroom size is appropriate for the family size.

From August 2004 – October 2004, three hurricanes passed through Orlando. Re-exams were completed as efficiently as possible under the circumstances. Orlando was declared a federal disaster area. The Housing Authority lost its administrative offices; many of the Housing Authority staff also lost their homes. The Housing Authority allowed the Participants to remain in the units they occupied rather than have households seeking alternative housing.



HUD Comment

(8)

#31308

Effective 02/01/04, program participant ported into the OHA jurisdiction. Family composition is 1 person. Voucher size and unit rented is 2 bedrooms. No justification in file. Thus, OHA allowed the program participant to reside in a larger unit that its policy allowed without documenting or providing a justification to warrant a larger size unit for about 22 months (February 1, 2004 to November 1, 2005). The OHA issued the wrong size from the beginning of the Participant's participation in the Section 8 program and did not detect the error. The projected date of the next recertification is 02/01/06.

Comment 18**OHA Response****Facts**

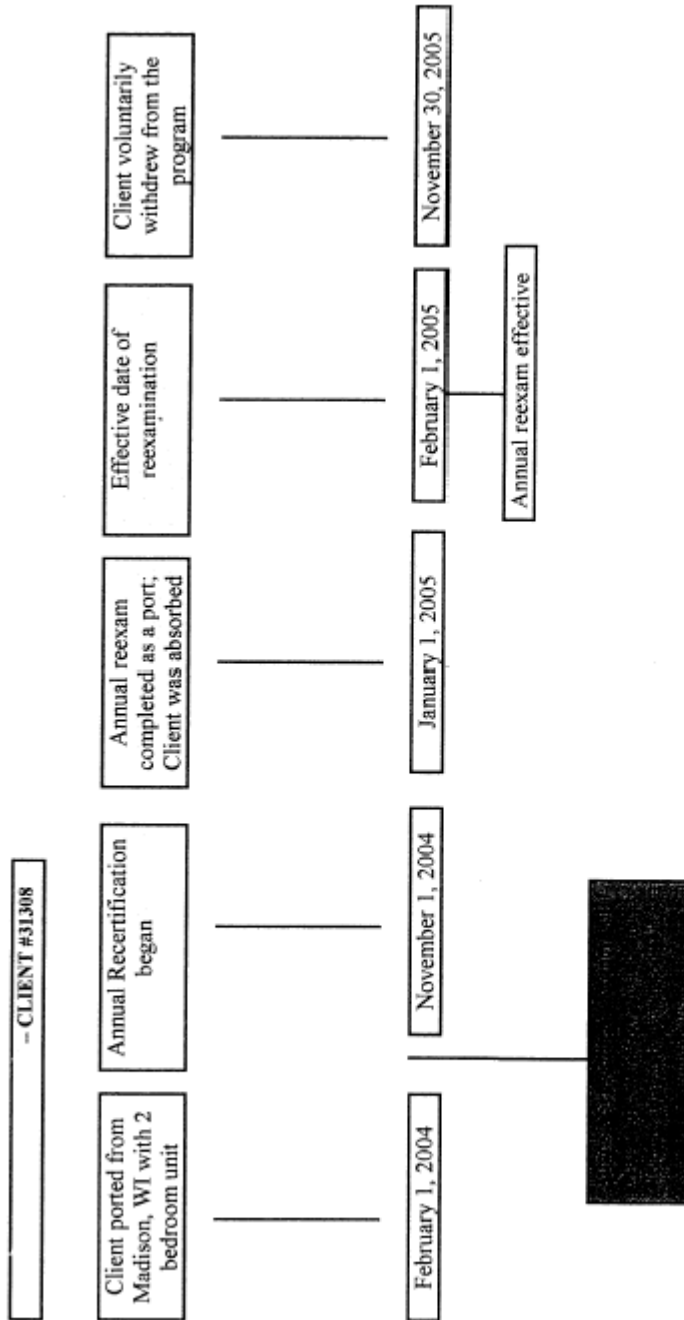
02/01/04	Client ported from Madison, WI with 2 bedroom unit;
11/01/04	Annual Recertification began;
01/01/05	<u>Annual Re-exam</u> completed as a port; Client was absorbed;
02/01/05	Effective date of re-examination;
11/30/05	Client voluntarily withdrew from the program;

OHA Action

No action needed. Client voluntarily withdrew from the program.

OHA Rationale

From August 2004 – October 2004, three hurricanes passed through Orlando. Reexams were completed as efficiently as possible under the circumstances. Orlando was declared a federal disaster area. The Housing Authority lost its administrative offices; many of the Housing Authority staff also lost their homes. The Housing Authority allowed the Participants to remain in the units they occupied rather than have households seeking alternative housing.



HUD Comment

(9)

#36608

Effective 07/01/05 the family composition is 2 people. Voucher size is 3 bedrooms. The actual unit rented is 4 bedrooms. Family ported in from another PHA. Both family members are disabled. In a note, the initial PHA authorized OHA to issue a voucher size of 3 due to the disabled conditions of the family. No medical letter found. We considered this note is not sufficient. Thus, OHA allowed the program participant to reside in a larger unit that its policy allowed without documenting or providing a justification to warrant a larger size unit for about 5 months (July 1, 2005 to November 1, 2005). The projected date of the next recertification is 07/01/06. The OHA issued the wrong size from the beginning of the Participant's participation in the Section 8 program and did not detect the error.

Comment 19**OHA Response****Facts:**

04/27/05	Ported in from Puerto Rico with 3-bedroom unit for 2 people; both are disabled; medical letter in the file; reasonable accommodation triggered
07/01/05	Client leased up;
01/01/06	Client was absorbed;

OHA Action

At annual reexam 07/01/06, the client will be issued a voucher that is appropriate for their family size.

OHA Rationale:

"24 CFR 982.505c(5) states as follows:

(11) Change in family unit size during the HAP contract term. Irrespective of any increase or decrease in the payment standard amount, if the family unit size increases or decreases during the HAP contract term, the new family unit size must be used to determine the payment standard amount for the family beginning at the family's first regular reexamination following the change in family unit size. . . ."

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CLIENT #36608	Ported in from Puerto Rico with a 3-bedroom unit for 2 people; both are disabled; medical letter in the file; reasonable accommodation triggered	April 27, 2005
	Client leased up	July 1, 2005
	Client was absorbed	January 1, 2006

OIG Evaluation of Auditee Comments

Comment 1 The Authority commented that our report did not acknowledge the hurricanes that occurred and the impact they caused. We recognize the hurricane's general impact as noted in the Authority's written response. However, the audit objectives addressed the Authority's housing quality standard inspections and whether the Authority issued the correct voucher size to section 8 tenants. The Authority provided no support that hurricane related issues substantially hampered its recent ability to perform duties specifically related to the audit objectives.

Comment 2 The Authority commented that our protocol was fundamentally flawed and led to unsupportable conclusions. They also commented that too much time elapsed between their inspection and our audit (four to eleven months) and the conditions noted by the OIG were from normal wear and tear and/or tenant caused damage versus by an error or omission of the OHA's inspections.

We planned and conducted the audit according to generally accepted government auditing standards. We requested the Authority's written response and adjusted the report where appropriate. For instance, see comments 3, 4, 14, and 16 below. The adjustments did not materially change our conclusions. We disagree with the Authority's blanket assertion that we reached unsupported conclusions. The conditions noted by the OIG, which were attributed to OHA inspections, are valid. Our methodology included interviewing tenants and owners to supplement our physical observations concerning the violations and how long they existed.

Comment 3 We reassessed and concur with the Authority's position that for overhoused tenants the new family unit size must be used to determine the payment standard amount beginning at the family's first regular re-examination following the change in the family size. We revised the report accordingly.

Comment 4 The Authority disagreed with our comment that the "condition primarily occurred because the Authority's inspectors did not identify violations that existed at the time of inspection or identified the conditions but did not report the units as being in noncompliance." We clarified the report to identify the units with one or more material violations that existed at the time of the Authority's inspection. Our conclusions were based on observations we made during the unit inspections, interviews with the tenants, interviews with the owners, and review of the Authority's files. The Authority cited disagreement based on their consideration of similar information. We maintain the position cited in the report.

Comment 5 The Authority provided no support for its claim that, "The Section 8 Participants' signed statements in the inspection files document that the conditions identified by the OIG did not exist at the time of the OHA inspection". The Authority comment was made in reference to the tenants response to two questions asked by

the inspector and recorded on Inspection Form HUD-52580, page 19, section D. The questions asked, (a) does the owner make repairs when asked, and (b) is there anything else you want to tell us? The absence of a tenant complaint against the owner or the tenant voicing other concerns to the inspector does not support the Authority's claim that the tenants' signed statement documents that the OIG claimed conditions did not exist. We maintain the accuracy of our conclusion based on our inspection results and discussions with the tenants and with the owners.

- Comment 6** The Authority commented that between the times they inspected the units and our audit, three category 3 devastating hurricanes occurred (Charley, Frances, and Jeanne). The Authority's claim is not correct. Hurricanes Charlie, Frances, and Jeanne occurred between August and September 2004. The Authority conducted its inspections between December 2004 and October 2005. Our audit began in August 2005 and we conducted our inspections from October 31 to December 20, 2005.
- Comment 7** Sample item number 14 - The Authority's inspection report showed that one burner was not working on the stove. The violation should have caused the unit to fail, but the Authority's inspector passed the unit. By the time we inspected the unit two burners were not working. At the exit conference, Authority officials agreed that their inspector should have failed this unit.
- Comment 8** Sample item number 27 - The Authority questioned the accuracy of the owner's statement regarding the date she purchased the unit and the conditions we noted during the inspection. We had no reason to doubt what the owner told us. The results of our inspections were valid. The Authority communicated our inspection results to the owner and obtained corrective action.
- Comment 9** Sample item number 62 - Based on an assessment of the Authority's response we revised the report to omit one of the two reported electrical violations. The Authority communicated the results of our inspection to the owner and obtained corrective action.
- Comment 10** Sample item number 83 - The Authority's comments seek to dismiss the validity of our inspection results based on the absence of a tenant complaint involving the conditions detected during our inspection. We do not know why the Authority's files did not contain a copy of the complaint letter we obtained from the tenant. The results of our inspection are valid. The Authority communicated our inspection results to the owner followed by a notice of abatement because their reinspection showed the owner did not repair the conditions noted in our inspection report.
- Comment 11** Sample item number 47 - The Authority's comment indicates the tenant comments to them matched what the tenant told us. However, the Authority dismissed the validity of the tenant's comments based on the absence of a tenant

complaint. The results of our inspection are valid. The Authority communicated our inspection results to the owner followed by a notice of abatement because their reinspection showed the owner did not repair the condition noted in our inspection report.

Comment 12 Sample item number 12 - The Authority's comments provided no information that warranted a revision to our conclusion. The results of our inspection are valid. The Authority communicated the results of our inspection to the owner and obtained corrective action.

Comment 13 Sample item number 13 - The Authority questioned the accuracy of what the tenant told us when we inspected the unit. We had no reason to doubt what the tenant told us. The results of our inspection are valid. The Authority communicated our inspection results to the owner and obtained corrective action.

Comment 14 Sample item number 67 – We deleted this unit from the report based on consideration of the Authority's comments and their reinspection of the unit.

Comment 15 Sample item number 25 - The Authority's comments acknowledged uncertainty about whether its inspector carefully examined the unit for the item detected by our inspection. The Authority stated that it would provide additional training to its inspectors concerning this type electrical condition.

Comment 16 We assessed and agree with the Authority's written comments for clients 4561, 4137, 1070 and 3878. We revised finding 2 to remove reference to the four tenants.

Comment 17 Clients 5980 - The Authority comment indicates they did not adjust the tenants voucher size because the change in family composition was not reported until 3/5/04. The Authority's comments show the annual recertification process started on 1/1/04 with an effective completion date of 4/1/04. The Authority provided documents that show the actual change in composition occurred in February 2004. The Regulations, 24 CFR 982.505c(5) require adjustment to the unit size beginning at the family's first regular reexamination following the change in family unit size. Therefore, the position cited in the finding is consistent with the regulations that required the adjustment effective with the 4/1/04 annual reexamination.

Comment 18 Clients 25529, 27196, and 31308 - The Authority commented that due to the recent hurricanes they allowed the tenants to remain in the units they occupied rather than have households seeking new housing. The tenant file we examined did not document the reason cited in the Authority's written comment for not making the changes. We did not revise the report because the basis for the adjustments are regulatory (24 CFR 982.505c(5)).

Comment 19 Client 36608 - The Authority indicated that the client ported in from another PHA with a 3-bedroom voucher for two disabled people. It also indicated that both family members are disabled and a medical letter in the file triggered reasonable accommodation. We reviewed the tenant file and determined that it contained a handwritten note from the initial PHA requesting the Authority issue a 3-bedroom voucher due to the clients' disabilities. The handwritten note was not an adequate substitute for the required medical documentation. The Authority's written comment states, "At the reexam 07/01/06, the client will be issued a voucher that is appropriate for their family size. The Authority's comment provided no information that justified a revision to the position cited in the finding.