



Issue Date June 28, 2006
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Audit Report Number 2006-AT-1012
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TO: Karen Cato-Turner, Director, Office of Public Housing, 4DPH

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

SUBJECT: The Miami Dade Housing Agency, Miami, Florida, Paid Housing Choice Voucher Program Funds for Some Overhoused Tenants

## **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 Miami Dade Housing Agency's (Agency) Section 8 Housing Choice Voucher program to determine whether it paid excess subsidies for overhoused tenants. We selected the Agency for review based on risk factors associated with a Section 8 risk assessment.

### **What We Found**

The Agency overhoused 17 tenants and unnecessarily paid \$61,862 in excess subsidies on behalf of 13 of these tenants. In addition, the Agency has 228 tenants who could be overhoused with the potential to incur excess subsidy payments. The Agency does not have adequate procedures to ensure that tenants receive the proper voucher size. By improving its procedures, the Agency could avoid future losses of \$81,828, which would allow it to provide vouchers to additional tenants.

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## What We Recommend

We recommend that the Director of the Office of Public Housing require the Agency to (1) submit a corrective action plan to correct the 17 overhoused tenant vouchers; (2) reimburse its program \$61,862 in non-federal funds; (3) submit a time schedule to review the additional 228 tenants for overhousing, a corrective action plan to correct any overhoused tenant vouchers, and reimburse its program in non-federal funds; and (4) develop and implement procedures to ensure that tenants receive the proper voucher size to avoid future losses of \$81,828.

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 Agency and HUD officials during the audit. We provided a copy of the draft report to Agency officials on May 8, 2006, for their comments and discussed the report with the officials at the exit conference on May 19, 2006. The Agency provided its written comments to our draft report on May 26, 2006. The Agency generally concurred with our recommendations and has begun to take corrective action. The Agency agreed that tenants were overhoused. However, they disagreed with certain conclusions of the audit.

The complete text of the auditee's response, along with our evaluation of that response, can be found in appendix B of this report. The Agency also provided an attachment with its response that is available for review upon request.

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## **BACKGROUND AND OBJECTIVES**

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The Miami-Dade Housing Agency (Agency) is a department of Miami-Dade County, Florida. The Agency reports directly to the County Manager, who reports to the Mayor and a 13-member board of County Commissioners. The Agency's objective is to provide low- and moderate-income residents with quality, affordable housing opportunities.

The Agency administers the Section 8 Housing Choice Voucher program, funded by the U.S. Department of Housing and Urban Development (HUD). The program provides rental assistance to eligible families and elderly residents. For fiscal year 2005, the Agency administered 13,636 housing choice vouchers and received more than \$122 million in rental housing assistance.

The Agency determines the family voucher size (number of bedrooms) based on occupancy standards prescribed in its Section 8 administrative plan. The assigned voucher size and the payment standard are used to calculate the maximum monthly subsidy the Agency will pay on behalf of the tenant. The payment standard is the amount generally needed to rent a moderately priced housing unit in the local market, not to exceed HUD's fair market rent for the number of bedrooms. The Agency pays the monthly subsidy directly to the landlord, while the tenant pays the difference between the rent charged by the landlord and the monthly subsidy. Tenants may incur excess subsidies if the Agency assigns a larger voucher size than allowed by its occupancy standards.

Our objective was to determine whether the Agency paid excess subsidies for overhoused tenants.

## RESULTS OF AUDIT

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### Finding 1: The Agency Paid Excess Subsidies for Some Overhoused Tenants

The Agency overhoused 17 tenants and unnecessarily paid \$61,862 in excess subsidies on behalf of 13 of these tenants. In addition, the Agency has 228 tenants who could be overhoused with the potential to incur excess subsidy payments. The overhousing of tenants occurred because the Agency does not have adequate procedures to ensure that tenants receive the proper voucher size in accordance with the Agency's Section 8 administrative plan. By improving its procedures, the Agency could avoid incurring \$81,828 in additional subsidies, which would allow it to provide vouchers to additional tenants.

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#### **Overhoused Tenants Resulted in Excess Subsidies of \$61,862**

The Agency overhoused tenants by issuing vouchers for larger units than supported by the family composition. HUD's Housing Choice Voucher Program Guidebook explains that when determining unit size, the subsidy standards must provide for the smallest number of bedrooms needed to house a family without overcrowding. In addition, the Agency's administrative plan states that vouchers are assigned based on family composition.

We identified 253 potentially overhoused tenants and reviewed Agency records for 25 of these tenants to verify whether the appropriate voucher size was assigned. Our review identified 17 tenants who were overhoused. The Agency unnecessarily paid \$61,862 in excess subsidies on behalf of 13 of these tenants. Based on the circumstances of the 17 tenants identified, we estimate that the Agency may pay \$81,828 in excess subsidies over the next 36 months. Appendix D provides a summary of our results.

Agency officials agreed that there was no supporting documentation to justify the tenants retaining a larger voucher size and that the voucher size should have been decreased.

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## **Tenants Were Overhoused Due to Inadequate Procedures**

The Agency needs to improve its procedures to ensure that tenants receive the proper voucher size in accordance with the Agency's Section 8 administrative plan. It needs to improve its procedures for conducting tenant recertifications and quality control reviews.

Our review found that the Agency properly housed tenants and provided the appropriate voucher during the initial certification. However, when the family composition decreased and was reported during the tenant recertification, the Agency often failed to reduce the tenant's voucher size to comply with the occupancy standards established in its administrative plan. In other instances, the Agency failed to conduct timely recertifications that would have provided a greater opportunity to detect the overhousing and reduce the excessive subsidies paid to the landlords.

Agency officials explained that tenant recertification procedures are not specific and allow for personal interpretation and judgment by the staff. For example, although occupancy standards allow for a family of three to receive either a two- or three-bedroom voucher, procedures do not specify a standard for the voucher size assigned.

The Agency conducts quality control reviews on initial certifications and change of dwelling transactions. Since the 17 tenants were not initial certifications or change of dwelling transactions, they were not selected for a quality control review. Agency procedures to select tenants for quality control reviews allowed the overhousing and payment of excess subsidies to continue. The Agency needs to strengthen its quality control procedures to ensure that tenants are selected for quality control reviews regardless of the transaction type.

The Agency has recently reorganized its Section 8 Department. The new management team has begun to revise the Section 8 administrative plan and quality control procedures. In addition, the Agency has provided training on the entire tenant certification process.

## Conclusion

Overhousing 17 tenants caused the Agency to pay excess subsidies of \$61,862 from January 2003 to February 2006. If the Agency strengthens its procedures, it could avoid additional overpayments of \$81,828. The Agency could strengthen its procedures by (1) providing detailed guidance to ensure that voucher sizes are assigned consistently and (2) selecting tenants for quality control reviews based on a representative sample of the various transactions that may occur.

## Recommendations

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

- 1A. Submit a corrective action plan to correct the 17 overhoused tenant vouchers. Per HUD Notice 2005-7, a housing authority not responding to its corrective action plan within the timeframe specified and approved by the field office will have 10 percent of its monthly scheduled administrative fee advance withheld beginning the month the field office imposes the sanction and lasting until the housing authority has complied with the corrective action plan.
- 1B. Reimburse its program \$61,862 in non-federal funds.
- 1C. Submit a time schedule to review the additional 228 tenants for overhousing, a corrective action plan to correct any overhoused tenant vouchers, and reimburse its program in non-federal funds.
- 1D. Develop and implement procedures to ensure that tenants receive the proper voucher size to avoid future losses of \$81,828.

## SCOPE AND METHODOLOGY

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Our audit objective was to determine whether the Agency paid excess subsidies for overhoused tenants. To accomplish our audit objective, we did the following:

- Interviewed HUD and Agency program staff;
- Reviewed applicable laws, regulations, and other HUD program requirements;
- Reviewed the Agency's Section 8 policies and procedures and administrative plan;
- Reviewed the Agency's latest independent public accountant report and HUD program monitoring reviews; and
- Obtained a download of the Agency's Section 8 tenants in the Housing Choice Voucher program as of February 2006. We then performed limited tests of the reliability of the data, such as the tenant family composition, housing assistance payments, and voucher sizes. Based on the tests, we assessed the data as sufficiently reliable, given our objective and intended use.

The download resulted in 12,073 Section 8 tenants. Using an analysis software program, we identified 253 potentially overhoused tenants who may have incurred excess subsidies. From the 253 tenants, we randomly selected 25 tenants to determine whether the Agency assigned the appropriate voucher size and to calculate any excess subsidies. We reviewed 25 tenant files to determine whether the voucher size exceeded the number of persons in the household and whether justification was provided to allow the tenant to retain the larger bedroom voucher size. If no justification was found, we considered the tenant to be overhoused. We identified 17 tenants who were overhoused. We calculated the overhoused period from the recertification date (limited to January 1, 2003) when the Agency should have identified the change in family composition and reduced the voucher size to the date the Agency actually reduced the tenant voucher, (or February 28, 2006, our cutoff date). We used the largest voucher size allowed by the administrative plan in computing the monthly housing assistance payment. We compared our monthly calculation to monthly landlord payments from Agency accounting records to compute the monthly excess subsidy. We totaled the monthly excess subsidies for the overhoused period. At February 28, 2006, eight tenants received excess subsidies and would continue to receive excess subsidies because the Agency's review procedures did not detect the overhousing. We estimated the funds that could be put to better use for the eight tenants by multiplying the monthly excess subsidy by 36 months. We used the 36-month period because the Agency had overhoused some tenants for at least 36 months, and a HUD study indicates the 36-month period is the average number of months that a tenant stays in a unit.

We conducted our fieldwork from February to April 2006 at the Agency's office in Miami, Florida. Our audit period was from January 1, 2003, through February 28, 2006. We conducted the audit 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,
- Compliance with applicable laws and regulations, and
- Safeguarding of assets.

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 objective:

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

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 do not believe a significant weakness exists for assigning voucher sizes. However, we believe the Agency could improve its procedures by (1) providing detailed guidance to ensure that voucher sizes are assigned consistently and (2) selecting tenants for quality control reviews based on a representative sample of the various transactions that may occur.

## 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	\$ 61,862	
1D		\$ 81,828
Total	<u>\$ 61,862</u>	<u>\$ 81,828</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 eight tenants who have a larger voucher size than warranted, and, instead can use the funds to provide vouchers for additional tenants. Once the Agency successfully improves its controls, this will be a recurring benefit. Our estimate reflects three years for these recurring benefits, because a HUD study indicates the 36-month period is the average number of months that a tenant stays in a unit.

## Appendix B

### AUDITEE COMMENTS AND OIG'S EVALUATION

#### Ref to OIG Evaluation

#### Auditee Comments

  ADA Coordination Agenda Coordination Art in Public Places Audit and Management Services Aviation Building Code Compliance Building Business Development Capital Improvements Citizen's Independent Transportation Trust Communications Community Action Agency Community & Economic Development Community Relations Consumer Services Corrections & Rehabilitation Countywide Healthcare Planning Cultural Affairs Elections Emergency Management Employee Relations Enterprise Technology Services Environmental Resources Management Fair Employment Practices Finance Fire Rescue General Services Administration Historic Preservation Homeless Trust <b>Housing Agency</b> Housing Finance Authority Human Services Independent Review Panel International Trade Consortium Juvenile Assessment Center Medical Examiner Metropolitan Planning Organization Park and Recreation Planning and Zoning Police Procurement Management Property Appraiser Public Library System Public Works Safe Neighborhood Parks Seaport Solid Waste Management Strategic Business Management Team Metro Transit Urban Revitalization Task Force Vizcaya Museum and Gardens Water and Sewer	<p style="text-align: right;"><b>Miami-Dade Housing Agency</b> Office of the Director 1401 NW 7th Street Miami, Florida 33125-3601 T 305-644-5100 F 305-541-6716  miamidade.gov</p> <p>May 26, 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 NW, Room 330 Atlanta, Georgia 30303-3388</p> <p>Dear Mr. McKay:</p> <p>Enclosed is Miami-Dade Housing Agency's (MDHA) response to your draft audit report regarding overhousing in the Section 8 Housing Choice Voucher Program. We would like to thank the Office of the Inspector General staff for their efforts and cooperation during the review.</p> <p>Should you have any questions or require additional information, please contact Sonia M. Vargas, Acting Director, Private Rental Housing, at (305) 250-5236.</p> <p>Sincerely,</p> <p> Rudy Perez Acting Director</p> <p>Enclosure</p> <p>c: Karen Cato-Turner, Director, Public Housing Division, USHUD Barry Shulman, Senior Auditor, USHUD OIG Cynthia W. Curry, Senior Advisor to the County Manager Sonia M. Vargas, Acting Director, Private Rental Housing, MDHA Dale Poster-Ellis, Director, Quality Assurance and Compliance, MDHA</p> <p style="text-align: right;"> <i>Delivering Excellence Every Day</i></p>
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**United States Department of Housing and Urban Development  
Office of Inspector General Audit of Overhousing**

The United States Department of Housing and Urban Development (USHUD) Office of the Inspector General (OIG) conducted an audit in February 2006 to determine if Miami-Dade Housing Agency (MDHA) was paying subsidies to Section 8 Housing Choice Voucher (Section 8) Program families occupying units larger than required by their family composition, or "overhousing" participant families. USHUD requires each housing authority to establish standards to ascertain the appropriate number of bedrooms for participants with families of varying sizes and compositions. Through the Section 8 Administrative Plan, MDHA has established subsidy standards to determine the appropriate bedroom size for the issuance of the Section 8 vouchers.

**Finding 1: The Agency Paid Excess Subsidies for Some Overhoused Tenants**

At the time of the audit, MDHA was assisting approximately 12,000 families in the Section 8 program. From the total number of families assisted, the USHUD OIG auditors identified 253 potentially overhoused families, representing approximately 2% of the families participating in the program. The auditors selected 25 case files from the 253 families and concluded that MDHA "overhoused" 17 tenants and paid \$61,682 in excess subsidies for 13 tenants from January 2003 to February 2006.

Upon review of the report, MDHA has reviewed the case files and is taking appropriate action. However, MDHA disagrees with certain conclusions of the audit, specifically:

- Inadequate procedures to ensure the issuance of the proper voucher size
- Assertion that the quality control review process contributed to the overhousing condition
- Assumption of future savings of \$100,548

**Comment 1**

**➤ Inadequate Procedures to Ensure the Issuance of the Proper Voucher Size**

Since 2004, MDHA issued detailed, written procedures for each of the Section 8 (SEMAP) Indicators, including Indicator 9, Annual Reexaminations. Recently, these procedures were revised as part of a larger reorganization of Private Rental Housing, which administers the Section 8 program.

### Comment 1

The audit report further states that the procedures allow for "personal interpretation and judgment by the staff." While the annual reexamination procedure is specific and detailed, not every scenario can be anticipated by written procedures. In order to adequately serve the participant families, certain discretion and judgment should be granted to staff to make decisions appropriate to each family's individual situation.

### Comment 2

#### ➤ **Assertion that the Quality Control Review Process Contributed to the Overhousing Condition**

The report states "agency procedures to select tenants for quality control reviews allowed the overhousing and payment of excess subsidies to continue." During fiscal year 2005, the quality control review staff reviewed more than 4,100 files or approximately 30% of case files for all assisted families (attachment 1). This number of reviews well exceeds the requirements of the SEMAP for quality control reviews.

As part of the review process, the quality control staff confirmed that families were housed in appropriate unit sizes according to their family composition. MDHA staff verified in an interview with the auditors that the review process did address the issue of overhousing and, if discovered, corrective action was required prior to the approval of the case from the quality control review staff.

As previously stated, the auditors identified 253 possible cases or a 2% instance of overhousing from a universe of more than 12,000 assisted families. Additionally, the audit report states that MDHA definitively overhoused 17 families, which represents less than 0.1% of all the families subsidized in the Section 8 program.

### Comment 3

#### ➤ **Assumption of Future Savings of \$100,548**

In Appendix D of the audit report, "Schedule of Overhoused Tenants," the last column details the future savings for 36 months. The report states "we estimated future savings for these nine tenants by multiplying the monthly excess subsidy for February by 36 months. A HUD study indicates that the 36-month period is the average number of months that a tenant stays in a unit."

The assumption by the OIG is that the overhousing condition will continue and no action will be taken by MDHA. Since the audit concluded, MDHA has reviewed each of the 253 cases and has identified any overhoused families. When appropriate, MDHA has scheduled families for the reduction in voucher size and in some cases has completed the transactions. Therefore, MDHA questions the methodology in computing any future savings.

### **Actions Taken by MDHA:**

The following actions have been taken by MDHA:

1. As previously stated, MDHA has undertaken a reorganization of the Private Rental Housing Division. One facet of the reorganization was a review and revision of all written procedures. Accordingly, the annual reexamination procedure was revised and distributed to staff. Integral to that procedure is the consideration of the correct voucher size as part of the re-examination process.
2. The quality control review process has been re-evaluated and revised to emphasize a case management approach, with selection of cases by specialist rather than type of transaction.
3. Upon receipt of information from USHUD OIG auditors regarding the presence of overhoused participants, MDHA immediately reviewed each of the 253 files. Where appropriate, MDHA scheduled an appointment for the family for a reduction in voucher size. Be advised that MDHA has taken these actions as a direct result of the OIG audit to preclude any additional loss of federal funds. However, in order to reduce the voucher size immediately, leases and housing assistance payment (HAP) contracts must be terminated. MDHA is required to provide the participant with at least 60 days to find and relocate to other suitable housing. Families will have to vacate units, thus creating hardships for them as well as inconveniencing the owners. Approximately 30% or 77 of the 253 potentially overhoused families are elderly clients.
4. The quality control review staff plans to continue its quality control review process on an ongoing basis to include a semiannual exception report which compares the voucher size to the number of persons in the household to determine if overhousing exists.

## OIG Evaluation of Auditee Comments

**Comment 1** Based on our review of Section 8 policies and procedures in effect when the overhousing occurred, and discussions with Agency officials, we concluded that the Agency had inadequate procedures to identify overhousing conditions.

The Agency stated that while the annual reexamination procedure is specific and detailed, not every scenario could be anticipated by written procedures. They added that in order to adequately serve the participant families, certain discretion and judgment should be granted to staff to make decisions appropriate to each family's individual situation. During the audit, Agency officials told us that tenant recertification procedures are not specific and allow for personal interpretation and judgment by the staff. Agency officials also informed us that they planned to revise their policies and procedures to ensure more standardization among the staff. We recognize that not every scenario can be anticipated by written procedures. However, by revising its policies and procedures to ensure more standardization in assigning voucher sizes consistently, the Agency could avoid future losses.

**Comment 2** The Agency stated that during fiscal year 2005, the quality control review staff reviewed more than 4,100 files or approximately 30% of case files for all assisted families. This number of reviews well exceeds the requirements of the SEMAP for quality control reviews.

We do not dispute the number of quality control reviews conducted by the Agency in fiscal year 2005 or that staff confirmed the families were housed in appropriate unit sizes according to their family composition. We do take exception with the Agency's procedures in selecting tenant files for quality control reviews. The Agency conducts quality control reviews on initial certifications and change of dwelling transactions. Since the 17 overhoused tenants were not initial certifications or change of dwelling transactions, they would not have been selected for a quality control review based on Agency procedures. We maintain that the Agency needs to strengthen its quality control procedures to ensure that tenants are selected for quality control reviews regardless of the transaction type.

**Comment 3** The Agency questioned our methodology in computing any future savings. We removed one tenant from our calculations and revised the amount of funds that could be put to better use. These funds represent what would have been overspent for the eight tenants had the problem not been identified because the overhousing would not have been caught at annual recertification. We clarified our calculations for ineligible costs and funds to be put to better use in the Scope and Methodology section of this report.

## Appendix C

### CRITERIA

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#### **Federal Regulations at 24 CFR [*Code of Federal Regulations*] 982.153**

The public housing authority must comply with the consolidated annual contributions contract, the application, HUD regulations and other requirements, and the authority's administrative plan.

#### **Federal Regulations at 24 CFR [*Code of Federal Regulations*] 982.54(a) to (d)**

The public housing authority must adopt a written administrative plan that establishes local policies for administration of the program in accordance with HUD regulations and requirements. The authority must administer the program in accordance with its administrative plan. Among other authority policies, the plan must cover the subject of subsidy standards.

#### **Federal Regulations at 24 CFR [*Code of Federal Regulations*] 982.4**

Subsidy standards are defined as standards established by a public housing authority to determine the appropriate number of bedrooms and amount of subsidy for families of different sizes and compositions. The family unit size is the appropriate number of bedrooms for a family as determined by the authority under its subsidy standards.

#### **HUD Housing Choice Voucher Program Guidebook**

Chapter 5.9 of the guidebook requires that when determining the family unit size, the subsidy standards must provide for the smallest number of bedrooms needed to house a family without overcrowding. Chapter 22.1 states that public housing authorities should address program errors, omissions, fraud, or abuse through both prevention and detection.

Chapter 22.3 requires the following:

Public housing authorities are ultimately responsible for ensuring that the right people receive the right amount of subsidy, and they must maintain a high degree of accuracy in administering the Housing Choice Voucher program. Nonetheless, errors, omissions, fraud, and abuse will occur, and authorities must have preventive measures in place so that any irregularity can be quickly detected and resolved as efficiently, professionally, and fairly as possible.

One approach to preventing and detecting errors, omissions, fraud, and abuse is to establish quality control procedures. A good quality control system will ensure that staff's daily decisions about tenant eligibility, tenant rent, rent reasonableness, housing assistance payments, and housing quality conform to program requirements and are based on accurate information. Information obtained during quality control reviews should not only help identify individual errors or omissions, but it should also be collected on an aggregate basis so that the authority can



determine error rates by category and the extent and causes of errors. Samples (of tenant files, new admissions, housing units, inspection files, etc.) should include the work of all staff responsible for the processing function being reviewed. The sample should also include a representative sample of the various transactions that may occur.

Another approach to preventing and detecting errors, omissions, fraud, and abuse is to provide adequate training to staff and monitor performance. Staff training on the objectives, rules, and regulations governing the Housing Choice Voucher program and authority discretionary policies and procedures significantly reduces the likelihood of errors and omissions. Training staff as a group helps to promote consistency and standardization of processing. In addition, it helps staff to understand how their work responsibilities relate to others' work and the overall goals of the authority.

The authority's administrative plan and written operating procedures are also vehicles for preventing errors and omissions. To provide better guidance to front-line staff, procedures should clearly define program terms and items that may be interpreted differently. The more simplified the policy or procedure, the less opportunity there is for error. Public housing authority management must also ensure that authority policies and procedures are consistently applied by both staff and management.

#### **Agency's Section 8 Administrative Plan: Chapter 5 – Occupancy Policies**

The Agency's administrative plan, adopted in December 2001, outlines the occupancy standard that was used to determine the voucher bedroom size assigned to a family.

Voucher size allowed	Minimum # of persons in household	Maximum # of persons in household
0	1	1
1	1	2
2	2	4
3	3	6
4	4	8
5	6	10
6	8	12

The Agency would grant exceptions upon written request for a larger unit as an accommodation to a family member with disabilities or a verifiable medical or health reason or to adult members of the same gender.

#### **Federal Regulations at 24 CFR [*Code of Federal Regulations*] 982.505**

A payment standard is used to calculate the monthly housing assistance payment for a family. The payment standard is the maximum monthly subsidy payment. The public housing authority shall pay a monthly housing assistance payment on behalf of the family that is equal to the lower of

- (1) The payment standard for the family minus the total tenant payment or

(2) The gross rent minus the total tenant payment.

The payment standard for the family is the lower of

- (i) The payment standard amount for the family unit size or
- (ii) The payment standard amount for the size of the dwelling unit rented by the family.

Irrespective of any increase or decrease in the payment standard amount, if the family unit size increases or decreases during the housing assistance 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.

## Appendix D

### SCHEDULE OF OVERHOUSED TENANTS

Sample item number	Client number	(1) Overhoused period	(2) Excess subsidy for the overhoused period	(3) Monthly excess subsidy for February 2006	(3) Funds to be put to better use for 36 months
1	093855	Sept. 1, 2004 – Feb. 28, 2006	\$ 3,114	\$ 159	\$ 5,724
2	096763	Dec. 1, 2003 – Feb. 28, 2006	\$ 3,007	\$ 195	\$ 7,020
3	094958	June 1, 2005 – Feb. 28, 2006	\$ 1,329	\$ 9	\$ 324
4	003365	Apr. 1, 2005 – Feb. 28, 2006	\$ 3,840	\$ 195	\$ 7,020
5	007409	Nov. 1, 2005 – Dec. 31, 2005	\$	\$	\$
6	056127	Aug. 1, 2004 – Feb. 28, 2006	\$ 645	\$	\$
7	069146	June 1, 2005 – June 30, 2005	\$	\$	\$
8	076258	Jan. 1, 2003 – Feb. 28, 2006	\$ 2,470	\$ 216	\$ 7,776
9	010123	Apr. 1, 2003 – Feb. 28, 2006	\$ 11,839	\$	\$
10	075437	Sept. 1, 2004 – Feb. 28, 2006	\$ 21,366	\$ 961	\$ 34,596
11	070921	Jan. 1, 2003 – Feb. 28, 2006	\$ 7,642	\$ 256	\$ 9,216
12	075293	Jan. 1, 2004 – Jan. 31, 2006	\$ 2,782	\$	\$
13	069903	Mar. 1, 2005 – Feb. 28, 2006	\$ 2,964	\$ 282	\$ 10,152
14	073195	May 1, 2005 – Sept. 30, 2005	\$	\$	\$
15	058306	Mar. 1, 2004 – Feb. 28, 2006	\$ 134	\$	\$
16	054686	July 1, 2004 – Feb. 28, 2006	\$	\$	\$
17	032543	Oct. 1, 2004 – Oct. 31, 2005	\$ 730	\$	\$
<b>Total</b>			<b>\$ 61,862</b>		<b>\$ 81,828</b>

- (1) The overhoused period is from the recertification date (limited to January 1, 2003) when the Agency should have identified the change in family composition and reduced the voucher size to when the Agency actually reduced the tenant voucher. However, if the Agency failed to reduce the voucher size, we used February 28, 2006, as a cutoff date because we began our review at that time. We used the overhoused period to compute the excess subsidy.
- (2) Since the Agency administrative plan allows for different voucher sizes for the same number of persons in a household, we calculated the monthly housing assistance payment by using the largest voucher size allowed by the administrative plan. We compared our monthly calculation to monthly landlord payments from Agency accounting records. The difference is the monthly excess subsidy. We totaled the monthly excess subsidies for the overhoused period.
- (3) We determined that eight tenants were paid excess subsidies for February 2006. Had we not identified this issue, these eight tenants would have continued to incur excess subsidies. As a result, we estimated funds to be put to better use for these eight tenants by multiplying the monthly excess subsidy for February by 36 months. A HUD study indicates the 36-month period is the average number of months that a tenant stays in a unit.<sup>1</sup>

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<sup>1</sup> PDR Publication “Housing Choice Voucher Location Patterns,” page 94, table A-7, “Median Length of Time in Program (Years) for Those Receiving Assistance as of 9/30/00.”