



Issue Date

October 21, 2005

Audit Report Number

2006-FW-1001

TO: Justin Ormsby  
Director, Office of Public Housing, 6APH

FROM: Frank E. Baca  
Regional Inspector General for Audit, 6AGA

SUBJECT: The Fort Worth Housing Authority, Fort Worth, Texas, Did Not Properly Apply  
Its Section 8 Subsidy Size Standards for Existing Tenants

## **HIGHLIGHTS**

### **What We Audited and Why**

As part of the Inspector General's annual audit program, we audited the Fort Worth Housing Authority's (Authority) Section 8 program. We wanted to determine whether the Authority properly applied the subsidy size standards in its administrative plan.

### **What We Found**

The Authority had sound policies regarding assignment of tenant subsidy size. However, it did not follow its policy when it neglected to change voucher sizes for as many as 382 tenants between January 2003 and March 2005. This resulted in \$5,951 in ineligible payments, \$174,667 in unsupported payments, and potential overpayments of \$521,744 over the next 3.7 years. The Authority could better use its Section 8 funding and avoid future overpayments by strictly applying the subsidy size standards in its administrative plan, as required by U.S. Department of Housing and Urban Development (HUD) regulations. Further, the

Authority's Section 8 department enacted policy changes without approval from its board of commissioners.

### **What We Recommend**

We recommend that you require the Authority to: (1) repay ineligible housing assistance overpayments of \$5,951; (2) repay or support questioned costs of \$174,667; (3) develop and implement procedures to ensure it assigns the correct subsidy size for all tenants to better use \$521,744 in Section 8 funding; and (4) institute controls to ensure that the board of commissioners approves any program changes before being implemented.

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 provided the Authority a draft report on September 20, 2005, and held an exit conference on September 23, 2005. At the exit conference, Authority officials said that they had provided us with the wrong subsidy standards during the audit. In its October 4, 2005 written response to the draft audit report, the Authority apologized for providing incorrect subsidy standards and disagreed with the audit results, which were based upon the incorrect subsidy standards. As a result of the Authority's response, we modified Finding 1 of the report to reflect analysis using the correct subsidy size standards. Further, we added a finding on the Authority implementing policy not enacted by its board of commissioners. The Authority's response and our evaluation of the response are in Appendix B of this report.

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## **BACKGROUND AND OBJECTIVES**

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### **Fort Worth Housing Authority**

The Fort Worth Housing Authority (Authority) was created in 1938 by the City of Fort Worth and is governed by a five-member board of commissioners. It administers more than 4,800 Section 8 vouchers with funding of \$29.9 million in fiscal year 2005. The majority of this funding is for the Housing Choice Voucher program. The U.S. Department of Housing and Urban Development (HUD) allocated an additional \$2.5 million in funding for the Authority to administer its Section 8 programs.

### **Section 8 Tenant-Based Assistance: Housing Choice Voucher Program**

The Authority uses its Section 8 funding to provide rental subsidies so eligible families can afford decent, safe, and sanitary housing in the private market. Participants may choose any housing that meets program requirements. The Authority pays a housing subsidy directly to the landlord on behalf of the participating family, who then pays the difference between the actual rent and the subsidy amount. The Authority determines eligibility based on income and family size in accordance with its administrative plan. The Authority verifies family income and composition annually and ensures the unit meets minimum housing quality standards.

### **Section 8 Project-Based Certificate Program**

Project-based assistance has the same purpose and eligibility requirements as the Housing Choice Voucher program, but the assistance is tied to the housing unit. Families who move from the assisted unit do not have a right to continued assistance. The Authority managed funding for four project-based developments during the audit period that were included in the audit scope.

Our audit objective was to determine whether the Authority properly applied the subsidy size standards in its administrative plan.

## RESULTS OF AUDIT

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### Finding 1: The Authority Did Not Properly Apply Its Section 8 Subsidy Size Standards for Existing Tenants

The Authority paid for tenants to live in units larger than allowed under its administrative plan and HUD regulations. Although the Authority consistently applied its subsidy size standards for new Section 8 tenants, it did not reissue vouchers as required when existing tenants reported decreases in family size. As a result, from January 2003 to March 2005, the Authority made \$5,951 in ineligible overpayments and \$174,667 in unsupported housing assistance payments. In addition, the Authority may incur up to \$521,744 in overpayments over the next 3.7<sup>1</sup> years unless it properly applies its subsidy size standards to existing tenants.

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#### Authority Establishes Subsidy Sizes

HUD regulations required the Authority's board of commissioners to adopt a written administrative plan that establishes local policies for administration of its Section 8 program. The Authority must administer its program in accordance with its administrative plan.<sup>2</sup> In its plan, the Authority must establish subsidy size standards that determine the number of bedrooms needed for families of different sizes.<sup>3</sup> Table 1 shows the subsidy size standards in effect during the audit period.

Number of Bedrooms	Number of Persons	
	Minimum	Maximum
0	1	1
1	1	2
2	2	4
3	3	6
4	5	8

Table 1: Fort Worth Housing Authority subsidy size standards

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<sup>1</sup> The median length of time in program for those receiving assistance in the 50 largest metropolitan statistical areas is 3.7 years. HUD Office of Policy Development and Research (2003).

<sup>2</sup> 24 Code of Federal Regulations 982.153.

<sup>3</sup> 24 Code of Federal Regulations 982.54(a) and (c).

## **The Authority Did Not Change Vouchers When Required**

The Authority consistently assigned subsidy size to new tenants entering the program within its approved standards. However, the Authority did not always reissue smaller vouchers to existing tenants when circumstances required it to do so. Also, some tenants held vouchers that were too small for their families. HUD regulations allowed the Authority to grant exceptions to its subsidy size standards under certain conditions.<sup>4</sup> The Authority's administrative plan required tenants to request exceptions in writing and provide documentation as to why a larger subsidy size was necessary. In addition, the Authority's policy required that approval of an increased voucher size would be dependent upon the financial feasibility of the program. However, the Authority's staff allowed exceptions for existing tenants without explanation or documentation of tenant requests for exceptions. The files contained no supervisory approval for the exceptions or evidence the Authority weighed the financial feasibility of the voucher size. While the Authority did not require supervisory approval of exceptions, such a procedure would serve to enforce the Authority's subsidy size standards and facilitate a financial feasibility review.

A review of the tenant files indicated incorrect subsidy size assignments occurred when:

- A tenant reported a decrease in family size;
- The decrease in family size reduced the subsidy size for which the family qualified, requiring the Authority to issue a new voucher; and
- The housing counselor neglected to change the voucher and recalculate the subsidy payment.

In most instances, the unit rent was less than the maximum subsidy for the correct voucher size. For example, a family consisted of a man and his son with a two-bedroom voucher. The son moved out after reaching adulthood, leaving the man as the only person in the unit. Under the Authority's subsidy size standards, a single person only qualified for a one-bedroom voucher. The son's move required the Authority to change the man's voucher from two bedrooms to one. In this case, the man's \$615 rent for a two-bedroom apartment was less than the \$643 maximum subsidy for a one-bedroom voucher. It appears the housing counselor did not change the voucher because the rent was below the maximum subsidy amount and there was no monetary impact for the Authority if the man remained in his \$615 apartment.

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<sup>4</sup> 24 Code of Federal Regulations 982.402(b)(8).

In a similar case, a housing counselor simply included a note on the recertification checklist that indicated the rent was within the maximum subsidy amount. Because rent amounts were often lower than the maximum subsidy amounts, this practice did not frequently result in subsidy overpayments. The Authority's Section 8 managers acknowledged this was not appropriate and commented that staff needed additional training on the issue. The Authority should require its housing counselors to change vouchers under these circumstances to prevent future subsidy overpayments resulting from rent increases or tenant relocations.

Analysis of the Authority's housing assistance payments records showed 382 of 6,914 tenants (5.5 percent) held vouchers larger than allowed. The records further indicated that the Authority made possible overpayments for 125 of the 382 tenants. In addition, the Authority made \$5,951 in ineligible subsidy overpayments for four tenants because it did not reduce voucher sizes when tenants reported changes in family composition. Unless the Authority can provide support that the subsidy payments were appropriate for the remaining 121 tenants, it should repay \$174,667 in questionable payments related to these vouchers. The Authority did not overpay for the remaining tenants whose vouchers were too large because the rents were below the maximum subsidy amounts for the appropriate subsidy sizes. Nonetheless, the Authority should correct or support the voucher assignment for all 382 tenants identified in the analysis to prevent possible future overpayments and to comply with its administrative plan.

Analysis of the Authority's tenant data also identified tenants whose vouchers were too small for their families. In March 2005, the Authority had 88 tenants whose vouchers were too small based on its subsidy size standards. In 13 cases, the Authority assigned a family of seven a voucher for three or fewer bedrooms. Under its subsidy size standards, the Authority should have issued a family of seven a four-bedroom voucher. The Authority should take steps to ensure it issues vouchers of the appropriate subsidy size for all families.

**The Authority Could Better Use Funds by Applying its Subsidy Size Standards Correctly**

In addition to unsupported payments during the audit period, the Authority will continue to overpay housing assistance for tenants whose vouchers are too large until it corrects them. Based upon an analysis of the Authority's March 2005 tenant data, 185 of its 4,809 tenants (3.8 percent) held vouchers larger than allowed under the Authority's subsidy size standards. For 108 of the tenants, the Authority may have overpaid as much as \$11,751<sup>5</sup> in March 2005. It did not overpay for the remaining 77 tenants whose vouchers were too large because their rent was less than the maximum subsidy amount for the correct voucher size.

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<sup>5</sup> Amount included in the \$174,667 questioned above.

To avoid future overpayments, the Authority should correct or support the voucher sizes for all tenants whose vouchers were too large. Because the tenant files showed the Authority had not correctly applied its subsidy size standards for some tenants, the same situation will likely continue unless the Authority takes corrective action. If the Authority correctly applies its subsidy size standards for all tenants, it could put as much as \$521,744 in housing assistance to better use over 3.7 years<sup>6</sup> by avoiding subsidy overpayments. The Authority could better document and enforce its compliance with the requirements in its administrative plan by requiring supervisory review and approval for all exceptions and following up on any exceptions identified through quality control procedures.

## Conclusion

For new program participants, the Authority applied its subsidy size standards in accordance with its administrative plan. However, when circumstances required the Authority to change an existing tenant's subsidy size and issue a new voucher, it often did not. As a result, the Authority made \$5,951 in ineligible overpayments and \$174,667 in unsupported housing assistance payments between January 2003 and March 2005. In addition, if the Authority corrects the voucher sizes for all 382 tenants whose vouchers were too large as of March 2005, it could put an estimated \$521,744 in housing assistance to better use over the next 3.7 years.

## Recommendations

We recommend that HUD require the Authority to:

- 1A. Repay ineligible housing assistance overpayments of \$5,951.
- 1B. Support or repay unsupported housing assistance payments of \$174,667.
- 1C. Develop and implement procedures to ensure it assigns housing vouchers in accordance with the subsidy size standards in its administrative plan, which could result in an estimated \$521,744 in funding being put to better use.

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<sup>6</sup> Housing subsidy calculations are based on a number of interrelated factors that often change over time, including family composition, income, and unit rent. As a result, the potential overpayments identified here are estimates of potential cost savings from downsizing tenants' vouchers in accordance with the Authority's subsidy size standards ( $\$11,751 \times 12 \text{ months} \times 3.7 \text{ years} = \$521,744$ ).



## Finding 2: The Authority Enacted Policy Changes without Approval from Its Board of Commissioners

The Authority's Section 8 department enacted policy changes without approval from its board of commissioners. In an attempt to save money, the former director of assisted housing<sup>7</sup> (director) established and instructed staff to implement subsidy size standards stricter than those defined in the approved administrative plan. Although the director's initiative began to achieve the desired cost savings, the board of commissioners never adopted the stricter policy. By implementing policy changes without approval from its board of commissioners, the Authority acted outside its administrative plan and HUD regulations. However, if the board of commissioners were to approve the stricter standards, the Authority could save as much as \$2.12 million over the next 3.7 years.

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### Policy Changes Enacted without Board Approval

In HUD's fiscal year 2005 appropriations act, Congress required housing authorities to control the increasing costs of vouchers. In February 2005, HUD issued a notice<sup>8</sup> providing several cost-savings suggestions to housing authorities in response to the congressionally imposed budget constraints. Among them was a suggestion to revise subsidy size standards to two persons per bedroom, regardless of sex or age.

Early in 2005, the director established and instructed staff to implement stricter subsidy size standards than those defined in the approved administrative plan.<sup>9</sup> According to the Authority, managers and counselors considered the director's instructions to be the policy of the Authority and implemented them as such. The stricter standards were in accordance with HUD guidance and, after only three months of implementation, reduced program costs by as much as \$35,875<sup>10</sup> per month. The Authority's policy allowed it to grant exceptions "for generations, unusual family concerns or medical reasons."<sup>11</sup> Managers trained staff on the stricter standards and counselors began to apply them as they recertified tenant eligibility. Counselors stated tenants quickly became aware of the change and over time reluctantly accepted the stricter standards and smaller voucher assignments. Although the Authority applied the stricter standards for all new tenants entering the program, it did not consistently apply them for existing tenants at recertification.

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<sup>7</sup> The director retired on August 1, 2005.

<sup>8</sup> HUD Notice PIH 2005-9 (HA).

<sup>9</sup> The director presented to us these subsidy standards as approved by the board of commissioners.

<sup>10</sup> December 2004 per unit cost of \$503.14 less March 2005 per unit cost of \$495.68 multiplied by 4,809 tenants as of March 2005 ( $\$503.14 - \$495.68 \times 4,809 = \$35,875$ ).

<sup>11</sup> Refer to the Authority's policy in Appendix B, page 18, section 6.3.

In discussing the draft audit report, the Authority disclosed that its board of commissioners had never approved the stricter standards even though the Authority had begun implementing them. Although the Authority had the flexibility to define its own subsidy size standards, these policies must be clearly stated in the administrative plan. HUD regulations required that the board of commissioners formally adopt the administrative plan and any revisions to the plan.<sup>12</sup>

When questioned about the implemented policy, the executive director acknowledged the director was not authorized to make changes without board approval. By implementing policy changes without approval from its board of commissioners, the Authority acted outside its administrative plan and HUD regulations. The Authority should institute controls to ensure the board of commissioners approves any program changes before they are implemented. In addition, if the board of commissioners were to approve them, the Authority could resume its implementation of the stricter standards, which could save approximately \$59,000 per month,<sup>13</sup> when it recertifies existing tenants.

## Conclusion

The stricter standards the director implemented began to achieve desired results by cutting program costs while allowing exceptions “for generations, unusual family concerns or medical reasons.” The Authority should not have implemented the stricter standards without approval of its board of commissioners. By doing so, the Authority did not comply with HUD requirements or implement its Section 8 program in accordance with its administrative plan. To ensure that it effectively and efficiently administers its \$29.9 million in annual Section 8 funding, the Authority must establish controls to guarantee that policy changes are approved by its board of commissioners before being implemented. In addition, if the board of commissioners were to approve the implementation of the stricter standards for both new and existing tenants, the Authority could save more than \$2.12 million over the next 3.7 years.<sup>14</sup>

## Recommendations

We recommend that HUD require the Authority to:

- 2A. Institute controls to ensure that the board of commissioners approves any program changes before they are implemented.

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<sup>12</sup> 24 Code of Federal Regulations 982.54.

<sup>13</sup> Based on tenants as of March 2005.

<sup>14</sup> \$59,603 x 12 months x 3.7 years = \$2,646,373 - \$521,744 from Finding 1 = \$2,124,629.

- 2B. Officially adopt, by board resolution, the stricter subsidy size standards. If the Authority applies the stricter standards to existing tenants at recertification, it could save as much as \$2.12 million over the next 3.7 years.

## SCOPE AND METHODOLOGY

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The audit covered the period from January 2003 through March 2005. To accomplish our objectives, we reviewed federal regulations, the Authority's administrative plan, and its audited financial statements. We analyzed data provided by the Authority, reviewed tenant files, and interviewed Authority and HUD program staff. We performed fieldwork at the Authority's administrative offices in Fort Worth, Texas, from May to July 2005.

We obtained computer data files from the Authority that contained Section 8 housing assistance payments and related information for all tenants during the audit period. We validated the data in accordance with professional standards.<sup>15</sup> We analyzed the data using ACL software to identify the audit universe of tenants whose vouchers were too large based on family composition and the Authority's subsidy size standards. Because of difficulty obtaining accurate policy information from the Authority, we revised our methodology during the audit. As discussed below, our final analysis of the Authority's data is based on unadjusted housing assistance payments during the audit period.

We performed comprehensive analytical testing of the Authority's data to identify potential overpayments attributed to tenants whose vouchers were larger than allowed under the Authority's subsidy size standards. This resulted in identification of unsupported payments of \$180,618 for 125 tenants from January 2003 through March 2005.

We reviewed a representative sample of 34 tenant files to support the data analysis. We used EZ-Quant software to generate the sample. From the tenant files reviewed, we identified \$5,951 in ineligible overpayments resulting from the Authority's failure to ensure tenant voucher assignments complied with its subsidy size standards. To illustrate the ongoing impact, we analyzed the Authority's March 2005 tenant data to identify possible overpayments for tenants whose vouchers were larger than allowed. The analysis showed 382 of its 4,809 tenants held vouchers larger than allowed and the Authority potentially overpaid \$11,751 in housing subsidy for 108 tenants. Over 3.7 years,<sup>16</sup> the Authority could overpay as much as \$521,744 (\$11,751 x 12 months x 3.7 years) unless it strictly enforces its subsidy size standards.

We used statistical concepts to identify the sample files we reviewed. Therefore, the sample was expected to be representative of the population. A small representative sample was sufficient to support the conclusions reached from the data analysis in an objective manner; as such, we did not project the results of the sample testing to the population. We reduced unsupported amounts identified through data analysis by the ineligible amounts identified in the tenant file reviews so as not to duplicate the amounts.

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<sup>15</sup> Government Accountability Office, "Assessing the Reliability of Computer-Processed Data," GAO-03-273G, October 2002.

<sup>16</sup> The median length of time in program for those receiving assistance in the 50 largest metropolitan statistical areas is 3.7 years. HUD Office of Policy Development and Research (2003).

We evaluated the potential cost savings the Authority might achieve if it obtained board approval and fully implemented the stricter subsidy size standards discussed in Finding 2. We calculated the Authority's unadjusted per unit cost in December 2004 and in March 2005. A comparison of the two showed the Authority's implementation of the stricter standards reduced its per unit cost by \$7.46, providing a realized cost savings of \$35,875 per month. In addition, as of March 2005, 582 tenants held vouchers larger than allowed by the stricter standards. If it adopts this policy, the Authority could realize an additional monthly savings of up to \$59,603.

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; and
- Compliance with applicable laws and regulations.

Internal controls relate to management's plan, 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 objectives:

- Effectiveness and efficiency of program operations - Policies and procedures that management has implemented to reasonably ensure that a program meets its objectives.
- Validity and reliability of data - Policies and procedures that management has implemented to reasonably ensure valid and reliable data are obtained.
- Compliance with laws and regulations - Policies and procedures that management has implemented to reasonably ensure resources are used consistent with laws and regulations.

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 the following items are significant weaknesses:

- The Authority does not have adequate internal control processes for ensuring its housing counselors assign housing vouchers in accordance with the subsidy size standards in its administrative plan (see Finding 1).
- The Authority does not have adequate internal controls to ensure that the board of commissioners approves policy changes before they are implemented (see Finding 2).

## APPENDIXES

### Appendix A

#### SCHEDULE OF QUESTIONED COSTS

<b>Recommendation Number</b>	<b>Ineligible <u>1/</u></b>	<b>Unsupported <u>2/</u></b>	<b>Funds to be Put to Better Use <u>3/</u></b>
1A	\$5,951		
1B		\$174,667	
1C			\$521,744
2B			\$2,124,629
<b>Totals</b>	\$5,951	\$174,667	\$2,646,373

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 polices or regulations.

2/ Unsupported costs are those costs charged to a HUD-financed or HUD-insured program or activity when we cannot determine eligibility at the time of audit. Unsupported costs require a decision by HUD program officials. This decision, in addition to obtaining supporting documentation, might involve a legal interpretation or clarification of departmental policies and procedures.

3/ “Funds to be put to better use” are quantifiable savings that are anticipated to occur if an Office of Inspector General (OIG) recommendation is implemented, resulting in reduced expenditures at a later time for the activities in question. This includes costs not incurred, deobligation of funds, withdrawal of interest, reductions in outlays, avoidance of unnecessary expenditures, loans and guarantees not made, and other savings.



# Appendix B

## AUDITEE COMMENTS AND OIG'S EVALUATION

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### Ref to OIG Evaluation

### Auditee Comments

Comment 1

Comment 2

Comment 3

Comment 4



FORT WORTH HOUSING AUTHORITY  
"Investing in the Community"

October 4, 2005

Mr. Frank E. Baca, Regional Inspector General  
U.S. Department of Housing and Urban Development  
Office of Inspector General, Region VI  
819 Taylor Street Room 13 A09  
Fort Worth, Texas 76102

Re: Draft Response to the Audit Report

Dear Mr. Baca:

The Fort Worth Housing Authority (FWHA) must first apologize for the time your staff spent conducting the audit based on the erroneous information that was provided to you by staff. We have no excuse for the wrong information that was given to your staff while conducting the audit. Staff feels bad about it and has reviewed in detail with me the information that was given to you and, more importantly, to find ways of preventing something like this from happening in the future. Our apology at this time cannot undo the long hours your staff put into this audit, but our regret is sincere and our efforts in the future will be guided by this experience.

I have reviewed FWHA records and confirmed that the September 16, 2004 Board Resolution that was given to your staff, was for the approval of the Agency Plan. The subsidy standards approved in the Administrative Plan are not the standards given to you. A copy of the approved standards are attached.

As a result of the review on the nine tenant files that were listed in your report that generated the **\$6,949.00** overpayment, FWHA complied with its policy on subsidy size assignment. Attached is the summary of each file showing that FWHA followed its policy regarding the subsidy size assigned.

FWHA also disagrees with the **\$182,245.00** in unsupported housing assistance payment as a result of the same incorrect application of the subsidy size standards. A sample of the tenant files were reviewed showing FWHA complied with the subsidy size in effect at the time files were processed.

Based on the information provided to you during the Audit Closeout meeting on September 23, 2005, it is evident that FWHA did not deviate from the subsidy size assignment policy during the period covered by the audit, and was therefore in compliance and does not owe the monies.

Again we apologize for any inconvenience this might have caused you and your staff.

Sincerely,

A handwritten signature in blue ink that reads "Barbara Holston".

Barbara Holston  
Executive Director

MAILING: P.O. BOX 430 FORT WORTH, TEXAS 76101  
OFFICE: 1201 EAST 13TH STREET FORT WORTH, TEXAS 76102 TEL: (817) 336-2419 FAX: (817) 336-4507

## 6.0 VOUCHER ISSUANCE

### 6.1 ASSIGNED SUBSIDY (Bedroom) SIZE

The payment standard for the assigned subsidy size determines the maximum subsidy allowed for a participant. This standard is determined by assigning the number of bedrooms the family requires to accommodate the family composition and the number of family members in the applicant household. The assignment of the bedroom unit size is for the purpose of setting the allowable subsidy standard for the family and does not dictate the bedroom size unit the family may select as its housing choice. The following guidelines are used to determine each family's assigned subsidy size without overcrowding or under-housing:

Number of Bedrooms	Number of Persons	
	Minimum	Maximum
0	1	1
1	1	2
2	2	4
3	3	6
4	5	8

The aforementioned standard is based on the assumption that (a) no more than two (2) persons per a bedroom. (b) a qualified live-in aide is permitted a separate bedroom.

The family composition as indicated on the application for assistance is used in determining bedroom size. FWHA may consider the status of a pregnant woman, children in the process of being adopted, and children who are temporarily in foster care or whose custody is being obtained in the determination of the appropriate subsidy size if financially feasible and documentation of returned children is provided by the courts.

### 6.2 REISSUANCE OF VOUCHER SUBSIDY SIZE

Voucher subsidy size is adjusted to meet current Administrative Plan policy at time of issuance of a relocation voucher, at time of annual re-certification and at any time family composition changes.

### 6.3 SUBSIDY SIZE ADJUSTMENTS

The FWHA may grant exceptions to the normal subsidy standard for generations, unusual family concerns or medical reasons. To obtain an exception the family must put the request in writing and provide documentation as to why a larger subsidy size is necessary. Documentation may include medical statements, court orders, or other third party confirmation of the need for a subsidy size adjustment. Approval of increased voucher size will be dependent upon financial feasibility of program.

The family may select a housing unit with more or less bedrooms than the subsidy size. Should the family select a unit with less bedrooms than the assigned subsidy size, the payment standard for the actual bedroom size of the unit will become the subsidy size and will be used to calculate the

maximum subsidy for the family. However, if the family selects a unit with more bedrooms than the assigned subsidy size, the payment standard for the assigned subsidy size will determine the maximum subsidy.

Subsidy size may be reconsidered, and adjusted if appropriate, when a family moves from one unit to another while eligible for rental assistance.

#### 6.4 **BRIEFING**

A. **SCHEDULING** - A notice is sent to the applicant stating the date and time of the briefing session. Instructions on how to reschedule the briefing and/or request a special accommodation are included in the notice. The notice also informs the applicant that the application for Housing Voucher assistance is automatically withdrawn if they fail to attend or properly reschedule the briefing. The family may reschedule the briefing once. Additional rescheduling appointments will be considered only in circumstances that are considered "good cause". Good cause includes circumstances beyond the control of the family such as illness or hospitalization, death of a family member or other such bona-fide emergencies. The family is responsible for providing third party verification of the "good cause" emergency.

B. **GROUP SESSIONS** – The FWHA briefs each applicant eligible for voucher issuance through a group briefing session. All adults in the household are encouraged to attend the briefing session. However, the head of household is required to attend the briefing in order to receive the housing voucher. Special accommodations are permitted for persons with disabilities.

HUD regulations and the FWHA policies that govern the operation of the Housing Voucher tenant based program are reviewed with the applicant. The FWHA utilizes video, power point, and oral presentations to complete the regulation and policy review. Each applicant is permitted time to ask general questions about the program during the group session. At the close of the group briefing session, a housing counselor will interview each applicant privately to answer any specific or personal questions the applicant may have concerning their application, the calculation of the total tenant payment or assigned subsidy size. The applicant and a FWHA representative execute the housing voucher at this time.

C. **BRIEFING TOPICS** - include a general description of how the program works, HUD regulations, and applicable State and local laws. Other topics addressed are: how to find a suitable unit, general information on housing within the FWHA jurisdiction, encouragement to locate housing in non- minority or low poverty neighborhoods; housing quality standards; family, owner and FWHA responsibilities; how the payment standard, utility allowance, total tenant payment and tenant rent are calculated; security deposit policy; lead base paint poisoning information; portability regulations; and termination procedures (including informal reviews and hearings). The term of the voucher is discussed thoroughly along with the process on how an applicant may request an extension.

D. **BRIEFING PACKET** - Each applicant is given a briefing packet that contains all materials required by HUD regulations and any other pertinent information that the FWHA deems appropriate to assist the family in achieving a successful tenancy under the Housing Voucher tenant based assistance program. The packet includes, but is not limited to, the following items:

Housing Voucher – Extension policy / Form  
Request for Tenancy Approval  
Tenancy Addendum

### **OIG Evaluation of Auditee Comments**

- Comment 1** We thank the Authority for its positive response. Unfortunately, the Authority had implemented the incorrect subsidy standards in an effort to reduce costs. As discussed in Finding 2, we agree with the Authority's effort to administer its Section 8 program efficiently and economically. However, the Authority should only implement policy enacted by its board of commissioners. We modified the report as necessary.
- Comment 2** We reviewed the information the Authority provided and changed the amount we reported as ineligible. We omitted the Authority's attachments because they included private tenant information. We separately provided the Authority with detailed information regarding all ineligible amounts presented in the report.
- Comment 3** We re-evaluated the Authority's tenant data using the standards the Authority provided with its response, which it asserts are those approved by its board of commissioners. Our review of sample tenant files during the audit showed the Authority did not consistently apply its subsidy size standards for existing tenants (see further information in Finding 1). We modified the report to reflect those changes.
- Comment 4** As discussed in Finding 1, the audit identified specific instances where the Authority did not correctly apply its subsidy size standards for existing tenants. We discussed the details of the individual cases with Authority staff throughout the audit.