
Audit Report #97-AT-201-1814
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EXECUTIVE SUMMARY

We completed a limited review of the Housing Authority of the City of Atlanta at the request of former HUD Secretary Cisneros to assess the Authority's progress in eliminating its longstanding problems. We focused on activities we considered essential to the Authority's primary responsibility to provide decent, safe, and sanitary housing. To establish a foundation of the actions needed to improve the Authority, we used the Memorandum of Agreement and the Cooperative Recovery Agreement. Both of these agreements with HUD laid out goals and strategies designed to increase the effectiveness of the Authority's operations so that it could be removed from HUD's troubled housing list.

The Memorandum of Agreement was signed on September 12, 1995 and covered the period of July 1, 1995 through December 31, 1996. At the time of our field work in June 1997, the Authority and HUD had not negotiated a new Memorandum of Agreement. The Cooperative Recovery Agreement was signed on September 12, 1995 to guide the use of the \$2.4 million technical assistance grant awarded under Section 6(j) of the U.S. Housing Act of 1937.

Our assessment shows that the Authority is improving its operations in the areas we reviewed which included: housing management, security, vacancies and unit turnaround, admissions and continued occupancy, maintenance, modernization and redevelopment, and annual inspections. Although improvements are being made, the Authority should continue to work to assure its operational improvements are institutionalized. We noted that the Authority did not complete many of the strategies under the Memorandum of Agreement because they were either on-going initiatives, were adjusted, or were deemed inappropriate by the Authority and abandoned. The Authority should continue to periodically assess its actions to assure its initiatives correct the problems they were designed to address. The Authority needs to make sure the actions it has initiated or planned are adjusted when necessary, and carried through to completion.

THE AUTHORITY MADE IMPROVEMENTS

The Atlanta Housing Authority completed many of the strategies listed in the Memorandum of Agreement and the Cooperative Recovery Agreement for housing management, security, vacancies and unit turnaround, admissions and continued occupancy, maintenance, modernization and redevelopment, and annual inspections. Notable actions included the implementation of the Olympic Legacy Program and the move to site-based management.

Olympic Legacy Program. The Authority initiated this \$300 million neighborhood revitalization effort, and developed a financial and legal framework for possible use as a model for other Public Housing Authorities. The Program called for the demolition of five of the Authority's worst developments and replacing them with new mixed income housing apartment complexes. In total the Atlanta Housing Authority will revitalize 2,935 units or about 21 percent of the Authority's total units. At the time of our review, the Authority had implemented the Program by demolishing three developments, had started demolition at the other two sites, and had completed construction on the first phase of Centennial Place.

Site Based Management. The Authority implemented a site-based management system that operated under site-based budgets and performance measures. Site-based management included Authority managed and privately managed developments. For Authority managed developments, the transition to site-based management placed total responsibility for the property on the site team under the direction of the property manager. Responsibilities for rent collections, Housing Quality Standards inspections, work orders, and supportive services moved to the site level. The move of these functions represented a change from the Authority's centralized operational approach in managing its housing stock. Also, the Authority placed 18 sites, or 41 percent of its housing stock, under private management in order to enhance its capacity to deliver services to all its communities.

SUGGESTIONS FOR FURTHER IMPROVEMENTS

We are recommending the Authority follow through on many of the strategies and tasks it had implemented or planned, but had not completed at the expiration of the Memorandum of Agreement on December 31, 1996. We also recommend that HUD monitor the Authority's progress and provide technical advice and assistance when needed.

The incomplete strategies involved on-going initiatives, some of which have been revised to address changes at the Authority. Of the areas we reviewed, the asset management function under the housing management area needed specific attention. The Authority had hired four private management firms to manage 18 developments, but had not yet formalized its asset management function to monitor these firms. The Authority had started to develop procedures during our review to address our concerns on asset management.

DIGEST OF AUDITEE COMMENTS

We gave a draft of the chapters included in this report to the Executive Director of the Atlanta Housing Authority during the audit. We held an exit conference on July 29, 1997. The Authority provided written responses for each chapter. The Authority's comments are summarized with each chapter and included in their entirety as Appendix A. We did not include the supporting documentation, submitted as Exhibits A through H in the auditee's response, but will make it available upon request.

Although the recommendations in this report will not be controlled in HUD's Audits Management System, we will follow-up on them after the Authority has had an opportunity to further improve its operations.

The Authority stated that the draft report in general focused on what remained to be done without being sufficiently reflective of the tremendous amount of work accomplished during the last 3 years. The Authority observed the report failed to draw conclusions or make recommendations as to the next steps HUD's Office of Public Housing should take with respect to the Authority's troubled status. The Authority concluded that a determination by HUD to remove the troubled status should be based upon the AHA's meeting

or exceeding the goals set out in the Memorandum of Agreement, and that this approach is recognized by the applicable regulations at 24 CFR 901.140. The Authority believed it should not be classified as troubled and does not anticipate having to amend its Memorandum of Agreement with HUD.

OIG EVALUATION

The objective of our review did not encompass making a recommendation on whether the Authority should be on HUD's troubled list. The responsibility for a determination on the Authority's troubled status lies with HUD's Office of Public Housing. We did not assess the progress on all of the goals and tasks under the Memorandum of Agreement, nor did we determine the validity of data reported by the Authority. Our report reflects both accomplishments and on-going initiatives related to the goals and tasks we reviewed. This report is not intended to include all accomplishments or all initiatives at the Authority. Therefore, we do not make a recommendation concerning the Authority's troubled status. We included references to an amended Memorandum of Agreement in our recommendations because HUD requires all troubled Public Housing Authorities to execute a Memorandum of Agreement while they are classified as troubled.

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List of Abbreviations

AHA	Housing Authority of the City of Atlanta
CFR	Code of Federal Regulations
HUD	U.S. Department of Housing and Urban Development
OIG	Office of Inspector General
PHMAP	Public Housing Management Assessment Program

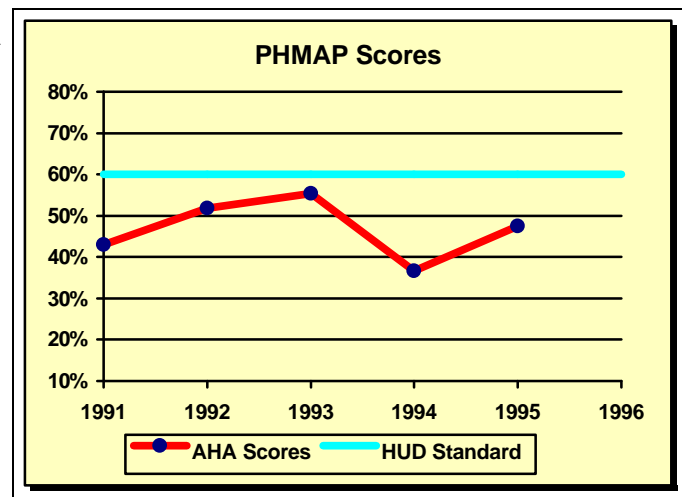
INTRODUCTION

The Housing Authority Of the City of Atlanta (the Authority or AHA hereafter) was organized in 1938 under the laws of the State of Georgia. The Authority was established to provide safe and sanitary dwelling accommodations to low income persons. Under the direction of the current executive director, AHA established its vision statement as:

“The Atlanta Housing Authority will be an economically viable and self-sustaining provider of quality affordable housing and a catalyst for community revitalization and individual self-sufficiency.”

AHA is the fifth largest public housing authority in the nation. At December 31, 1996, the Authority administered about 11,000 public housing units located across the City of Atlanta. The Authority has family residential properties and highrise residential properties that are Federally funded.

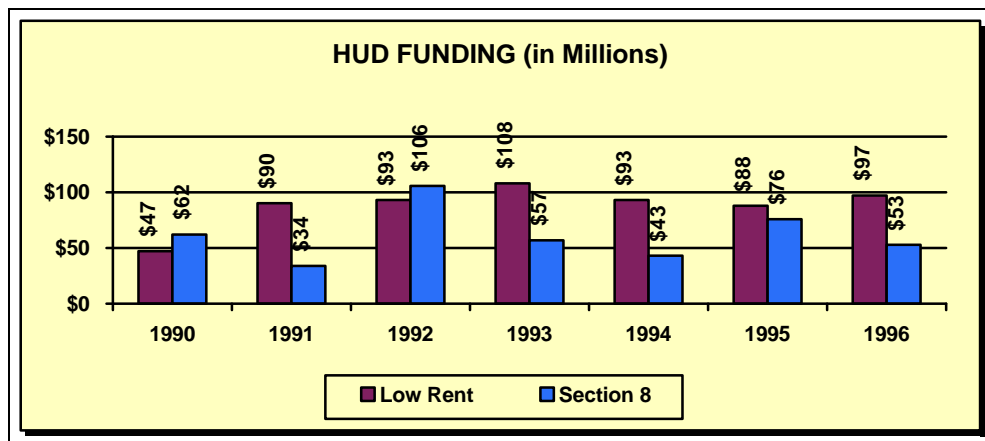
HUD and AHA’s management and Board have known of prolonged broad management problems at the Authority for years. These problems involved excessive vacancies, maintenance, vacant unit preparation, and rent collection. As shown in the graph, the Authority has consistently scored under 60 percent, the score required to be classified as a standard performer under the Public Housing Management Assessment Program (PHMAP).



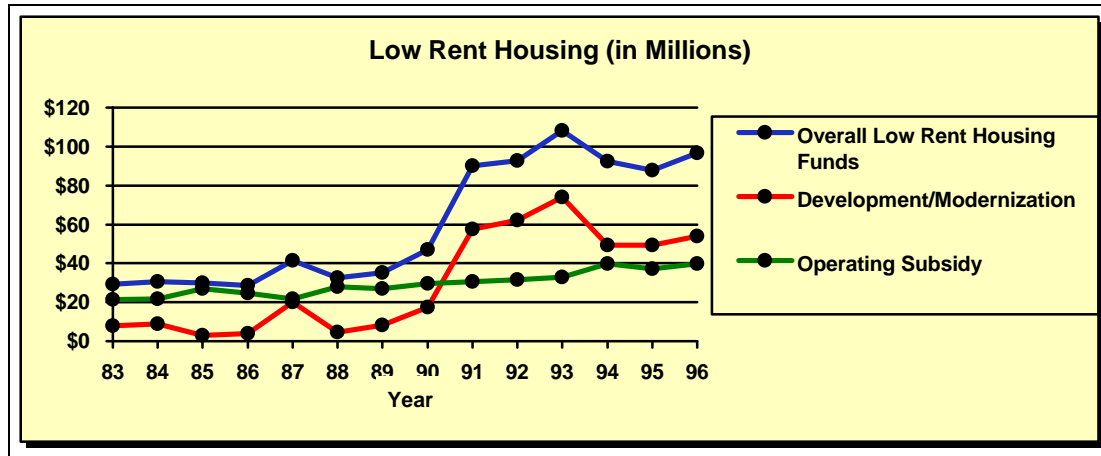
In a letter dated April 3, 1997, the Acting Assistant Secretary for Public and Indian Housing waived the requirement to issue a PHMAP score for the Authority for fiscal year ending June 30, 1996. The letter states that “PHMAP is not an air-tight measure of a Public Housing Authority’s performance and may incorporate unintentional disparities.” HUD recognized that strict adherence to PHMAP by AHA during the fiscal year 1996 would have had a negative impact on the assessment outcome and that

PHMAP does not credit AHA's major management accomplishment during fiscal year 1996: the implementation of the Olympic Legacy Program. The Acting Assistant Secretary concluded "...that to issue a final PHMAP score for the fiscal year ending June 30, 1996 at this time, would inaccurately portray the overall performance of the AHA."

The Authority has been classified by HUD as a troubled agency since November 5, 1990. HUD's troubled classification came shortly after the Olympic Games were awarded to the City of Atlanta on September 18, 1990. The Olympics and the troubled classification created a sense of urgency for the Authority to improve its operations and the condition of its properties. Since 1990, HUD made available over \$1 billion to the Authority.



To assist the Authority in its improvement efforts, HUD increased the overall annual funding nearly two fold for its Low Income Housing programs starting in 1991. The following graph shows the funding increase was primarily for development and modernization activities under the Comprehensive Improvement Assistance Program, the Comprehensive Grant Program, the Major Reconstruction of Obsolete Projects Grant Program, the Vacancy Reduction Program, Public Housing Development, and the HOPE VI Grant Program.



Since being declared troubled, AHA has had five executive directors and has experienced high personnel turnover. The current executive director was hired on September 1, 1994, but served on the Board from June 1991 until hired as the executive director.

To address the long-standing problems, HUD and AHA entered into a Memorandum of Agreement and a Cooperative Recovery Agreement on September 12, 1995. The Authority desired to improve its management performance and eliminate its troubled status by accomplishing the goals and strategies outlined in the Memorandum of Agreement and the Cooperative Recovery Agreement. The Memorandum of Agreement targeted the following areas for improvement: vacancies, modernization, unit turnaround, work orders, inspections, and tenant accounts receivable. The Cooperative Recovery Agreement established tasks to improve information management systems, housing operations, procurement, finance, resident initiatives, human resources, and asset management.

REVIEW OBJECTIVE

The objective of our review was to assess the Authority's general progress in correcting longstanding problems and improving management performance related to the Authority's primary responsibility of providing decent, safe, and sanitary housing. We did not assess either the progress on all goals and tasks listed in the Memorandum of Agreement and Cooperative Recovery Agreement, or try to precisely replicate the HUD evaluative process; rather we selected those goals and tasks we considered to be essential to AHA's primary responsibility.

SCOPE

Our limited review assessed the Authority's actions to accomplish certain goals, strategies, and tasks detailed in the Memorandum and Agreement and the Cooperative Recovery Agreement. Our review generally covered the period of July 1, 1995 to December 31, 1996, but that period was extended as necessary. We interviewed the Authority's staff and HUD personnel working with the Authority to determine the Authority's performance and assess actions taken or scheduled. We conducted on-site work from March through June 1997.

HOUSING MANAGEMENT

Previous consultant and Office of Inspector General reviews showed problems with the Authority's ability to maintain its public housing units and provide decent, safe, and sanitary housing for its residents.

The Authority's Memorandum of Agreement for the period July 1, 1995 through December 31, 1996 contained an overall goal to reduce vacancies and increase occupancy. To meet this goal, the Memorandum of Agreement and the Cooperative Recovery Agreement contained three main strategies and several tasks related to the management of the Authority's housing stock:

- Develop and implement a comprehensive site-based management system with merged management and maintenance functions at the site level.
 - Reorganize housing management administrative and on-site staff to manage the properties effectively.
 - Implement a project-based management system and merge management and site-based maintenance as part of the implementation.
 - Establish certification requirement for management staff and provide training.
 - Develop and implement management plans and management improvement operating plans for each development with resident participation.
- Implement a plan for private management.
 - Identify sites by sector for private management.
 - Develop procurement documents to include performance measures, then procure and enter contracts with private management firms.
 - Identify and format administrative operation and personnel requirements to establish and maintain an asset management capability.
- Revise and update comprehensive policies and procedures for the merged housing management and maintenance functions.
 - Implement an automated management tracking system for vacancies.

- Hire or assign two programmers to modify current systems and provide technical support for asset management over private managers.
- Develop a site-based operations manual.
- Develop operational forms.
- Develop a training video for cross-departmental training.

OBSERVATIONS

The Authority made changes in its operations that we considered significant in their effort to reduce vacancies. Below, we discuss these changes along with the tasks that still need attention.

Site-based Management

The Memorandum of Agreement and Cooperative Recovery Agreement contained four tasks for developing and implementing a comprehensive site-based management system with merged management and maintenance functions at the site level. We considered three successfully completed. They are:

- Reorganize housing management administrative and on-site staff to manage the properties effectively;
- Implement a project-based management system at all sites and merge management and site-based maintenance as part of the implementation;
- Establish certification requirement for management staff and provide training.

Reorganize housing management administrative and on-site staff to manage the properties effectively. The Authority merged the Housing Management Division and the Maintenance Division through a reorganization and created the Housing Operations Division. The Authority phased out the Central Maintenance Division and placed maintenance responsibilities at the site level. Under the policies and procedures of the Housing Operations Division, the Authority divided AHA-managed sites into three sectors under the supervision of three Housing Directors. No one sector contained more than 5,000 units. The Sector Housing Directors reported to the Deputy Executive

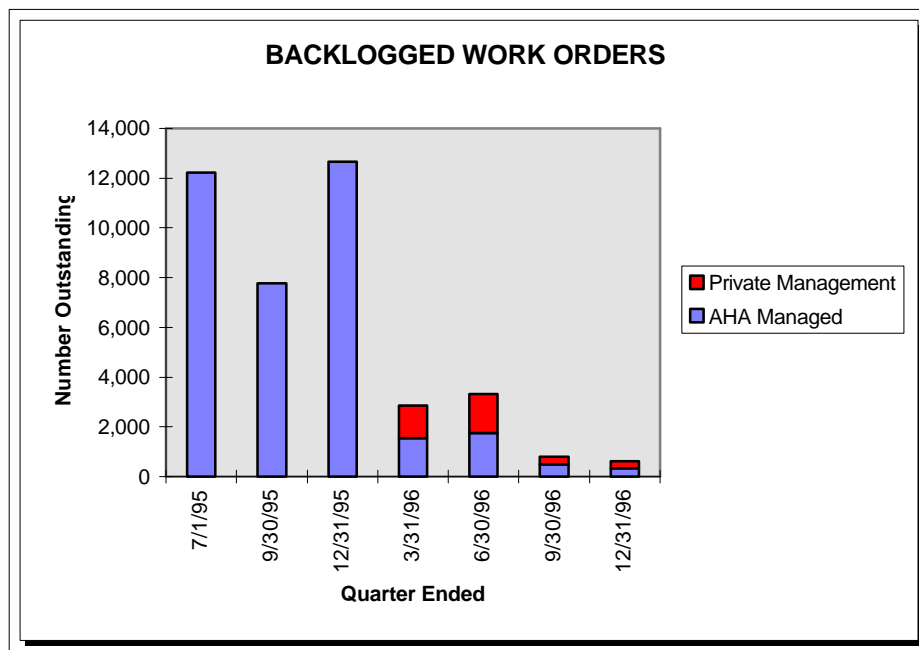
Director for Housing Operations. Each property manager supervised their property and the dedicated site management and maintenance staff. The property managers reported to one of the three Sector Housing Directors.

Implement a project-based management system at all sites and merge management and site-based maintenance as part of the implementation.

The Authority implemented a site-based management system on December 1, 1995. The transition to site-based management placed total responsibility for the property on the site team under the direction of the property manager. Responsibilities for rent collections, Housing Quality Standards inspections, work orders, and supportive services moved to each community. Each site operated under a site-based budget and performance measures.

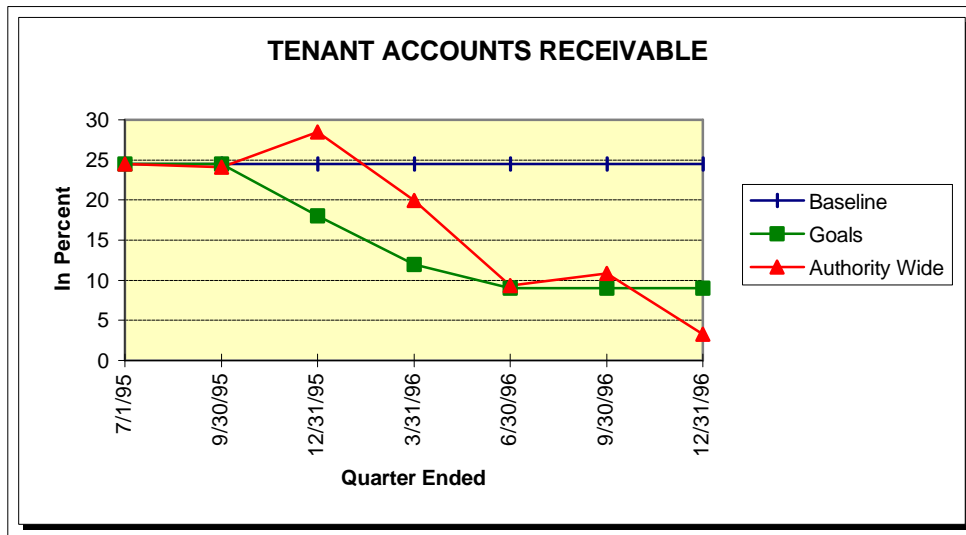
The Authority based site performance measures on PHMAP indicators established by HUD, including vacancies, average unit turnaround, work order activity, and tenants accounts receivable. Beginning in April 1996, the Authority established quarterly PHMAP goals for each development. Housing Operations management compared all work order activity, tenant accounts receivable, average number of days to re-occupy a unit, and vacancies with the goals established for each development to evaluate progress at each site.

For example, the chart below illustrates the Authority's progress in reducing backlogged work orders. To improve this indicator, the Authority established a weekly tracking of routine work orders to monitor productivity. At the beginning of the Memorandum of Agreement, the Authority reported 12,228 backlogged work orders. By December 31, 1996, the Authority had reduced the number of backlogged work orders to 613¹.



¹ We formulated the chart using data provided by the Authority. We did not perform tests validating the accuracy of the data. Prior to April 1, 1996, the Authority managed all developments. On April 1, 1996, the Authority executed the first group of contracts for private management agent services at thirteen developments. Today, eighteen Authority developments are under private management encompassing 41 percent of the housing stock.

Furthermore, the Authority made progress in reducing tenant accounts receivable. To improve this indicator, the Authority initiated a plan for training staff and enforcing leases. The Authority set quarterly goals and monitored those goals through a monthly reporting process. As of December 31, 1996, the Authority had reduced tenant accounts receivable from 24.52 percent to 3.27 percent²



Establish certification requirement for management staff and provide training. The Authority implemented a requirement for the certification of management staff within one year. In August 1996, sixty-eight staff were trained and certified as Certified Occupancy Specialists and in November 1996, the Authority provided Certified Manager of Housing training through the National Center for Housing Management to forty-two Authority and private management staff. All received certifications after attending the training and passing examinations.

In addition to completing these tasks, the Authority made progress toward completing the tasks discussed below:

² The Authority charged \$684,795 to collection losses on vacated units for the fiscal year ending June 30, 1996. The tenant accounts receivable declined from 24.52 percent at July 1, 1995 to 9.35 percent at June 30, 1996.

Develop and implement management plans and management improvement operating plans for each development with resident participation. The Authority made progress in developing and implementing management plans and management improvement operating plans for privately managed developments. Each private management company submitted plans that contained the policies and procedures they would use to operate Authority owned sites.

Progress in developing and implementing management plans and management improvement operating plans for AHA managed sites stalled until the transition to site based management was complete. The transition included reorganizing its daily operations and training the staff. The Authority revised its completion date from December 31, 1995 to July 1, 1997.

- 1A. We recommend the Authority continue to prepare and utilize the management plans and management improvement operating plans for each development.**

Private Management

The Memorandum of Agreement and Cooperative Recovery Agreement contained three tasks for implementing the plan for private management. Of the three tasks, we considered two successfully completed. They are:

- Identify sites by sector for private management covering up to 50 percent of the outstanding units owned and operated by the Authority;
- Develop procurement documents to include performance measures, then procure and enter contracts with private management firms.

Identify sites by sector for private management covering up to 50 percent of the outstanding units owned and operated by the Authority. As part of a site-based management approach, Authority officials decided to place a portion of the low-income housing units under private management in order to operate its housing stock more efficiently. The Authority identified 18 sites, or 41 percent of the housing stock, for private management. Authority officials based their decisions on a combination of factors at each development that included: the day-to-day operations, the needed capital improvements,

and the resident social services needed at the site. Authority officials chose a combination of sites with the greatest challenges and some strong sites in order to encourage management agents to bid in certain sectors.

Develop procurement documents to include performance measures, then procure and enter contracts with private management firms.

In December 1995, the Authority initiated an extensive procurement process to place approximately 30 percent, or 13 sites, of the housing stock under private management. The Authority executed contracts with 4 companies for management agent services at 13 sites. In addition, the Authority contracted with one company to provide interim management services at one site during the relocation process of residents prior to the site's demolition. In April 1996, the Authority initiated a second procurement process to place an additional four sites under private management. In June 1996, the Authority executed contracts with 2 management agent companies (4 developments), bringing the total number of communities under private management to 18.

Under the management agent service contracts, the Authority established the same performance measures as Authority managed sites for evaluating the performance of management agents. Each month, the management agent reported to the Authority on the status of vacancies, average unit turnaround, tenant accounts receivable, and work order activity. As mentioned earlier, the Authority established quarterly goals for each indicator to evaluate progress at each site.

In addition to completing these tasks, the Authority made progress toward completing the following task:

Identify and format administrative operation and personnel requirements to establish and maintain an asset management capability.

The Authority made progress in completing the Memorandum of Agreement tasks relating to its establishment of an asset management capability. As part of this task, the Authority completed the Section 202 Property Viability Report, completed assessments for each development it planned to demolish, and completed a physical needs assessment for the entire Authority. Also,

the Authority planned another assessment of its properties to result in recommendations concerning the long-term physical and financial viability of each property. As of April 1997, the Authority was in the process of developing and executing a contract for the assessment. The scope of work included in the contract will consist of evaluating each community on the physical needs assessment and the value of the land and buildings, as well as the surrounding neighborhood; assessing and making recommendations on ways to improve each community over a five year period; and, developing an effective implementation plan for carrying out these recommendations.

1B. We recommend the Authority develop a plan for implementing the recommendations to be made by the contractor. The Authority should amend its Memorandum of Agreement to include a new target date for completing the contract and developing the implementation plan.

We interpreted the establishment and maintenance of an asset management capability differently than the Authority. We considered this task to mean the development of a system for monitoring the performance of the private management agents. At the time of our review, private management agents had managed AHA developments for almost one year. The Authority had established an informal system for monitoring the performance of the private management companies. However, the system needed to be improved. For instance, the Authority had not established a system for verifying information submitted by the private management companies and evaluating whether private management companies were following HUD and Authority regulations and guidelines.

During the transition to private management, the Authority created two positions, Asset Manager and Financial Analyst, to oversee the operational and financial management of seventeen of the eighteen³ communities under private management. Authority staff relied on project information submitted by the management agents without making on-site monitoring visits to verify the data, and performed very

³ One development operated under private management as a pilot for conversion to a homeownership cooperative.

limited testing in the areas of lease enforcement, tenant certifications, and Housing Quality Standards inspections. However, the Authority staff did review the monthly submissions from the management companies (i.e., revenues, expenditures, and PHMAP indicators for vacancies, tenant accounts receivable, unit turnaround, and outstanding work orders). Because operational and financial data was provided by management agents without proper verification, the Authority could not assure the completeness and accuracy of the information.

1C. We recommend the Authority establish and implement a formal system for monitoring private management agents to evaluate their performance and determine their compliance with HUD and Authority regulations and guidelines.

Furthermore, the Authority did not have the ability to adequately monitor its developments using site-based financial statements. AHA did not generate internal financial statements for Authority managed or privately managed developments from its financial management system. For privately managed developments, the Authority relied on the monthly financial data submitted by private management companies. AHA extracted this financial data and incorporated it into the Authority's general ledger without conducting on-site monitoring to verify the accuracy of the data. In addition, we found that the Authority had not posted the financial data from private management companies from November 1996 to April 1996 when we reviewed this area.

1D. We recommend the Authority establish and implement procedures to generate site based financial statements for AHA managed and privately managed developments. For privately managed sites, AHA should implement procedures for conducting on-site reviews to verify the accuracy of financial information. HUD Public Housing staff should provide the Authority with technical assistance as needed.

Comprehensive Policies and Procedures

The Memorandum of Agreement and Cooperative Recovery Agreement contained five tasks for revising and updating the comprehensive policies and

procedures for the merged housing management and site-based maintenance staffs. The Authority completed the following two strategies:

- Implement an automated management tracking system for vacancies at the site level.
- Develop operations forms.

Though the Authority made progress, it needs to continue efforts to complete the following tasks:

- Hire or assign two programmers to modify the current systems and provide technical support for asset management over private managers.
- Develop a site-based operations manual to serve as the basis as the policies and procedures that will support the site-based operations and the project-based accounting recovery process.
- Develop training video to facilitate cross departmental communication and team approach.

Hire or assign two programmers to modify current systems and provide technical support for asset management over private managers.

The Authority assigned two programmers to make modifications to the information system requested by the Housing Operations Division through June 30, 1997. During the transition to site-based management, the Authority made several modifications to the system. For example, AHA modified the system for tracking vacancies, decentralized the work order system, and developed the paperless procurement system. In addition, a Housing Quality Standards inspection system was in the test stages.

In May 1997, the Authority's Board approved a resolution to upgrade the current Data Directions, Inc. information system. The Memorandum of Agreement status report reflected the Authority's plan to purchase a new information system. However, the evaluation committee for the purchase decided it would be more cost effective to upgrade the current system. The Authority included this as a task when it received additional funding for the technical assistance grant awarded under Section 6(j) regulations. The Authority established a completion date of December 31, 1997.

- 1E. We recommend the Authority complete its plan to upgrade the current information system.**

Develop a site-based operations manual to serve as the basis as the policies and procedures that will support the site-based operations and the project-based accounting recovery process. The working draft of the site-based operations manual is underway. Originally, the Authority planned completion by December 31, 1996. The Authority revised the completion date to August 31, 1997.

- 1F. We recommend the Authority complete its plan for developing a site-based operations manual and amend its Memorandum of Agreement to reflect the new target date.**

Develop training video to facilitate cross departmental communication and team approach. The Authority made no progress in developing a training video to facilitate cross departmental communication and team approach.

- 1G. We recommend HUD review the need for this task, and Authority's action to delete it from the Memorandum of Agreement.**

AUDITEE COMMENTS

Management Plans and Management Improvement Operating PlanThe Authority agreed with our draft recommendation to complete the management plans and management improvement operating plans for each development. The Authority stated the site managers prepared their first budgets for fiscal year 1997 and prepared the site budgets and management improvement operating plans for the fiscal year beginning July 1, 1997. The Sector Housing Directors will monitor the plans monthly and submit needed revisions quarterly.

Asset Management.The Authority provided support showing they had contracted for the assessment of the physical and financial viability of the Authority's properties which included making recommendations on the highest and best use of their properties.

The Authority stated the draft report implied that no review or monitoring of the private management operations took place and that reports were accepted at face value. The Authority concurred with our observation that the monitoring process had not been formalized with an established written procedure for evaluating the performance of the private management companies. The Authority's comments described their informal monitoring system in place during our review.

Since our review, the Authority initiated efforts to formalize their monitoring of private management companies. The Authority hired an Asset Director whose duties include verifying information submitted by the property management companies and performing reviews of work orders and Housing Quality Standards inspections.

The Authority agreed with our recommendation to generate site-based financial statements from its financial management system and to post the financial data in a timely manner. The Authority provided support to show it had posted the financial data to its general ledger.

Modification of Information Systems. The Authority agreed with our recommendation to upgrade the current information system.

Site-Based Operations Manual. The Authority agreed with our recommendation to complete the site-based operations manual.

Training Video. The Authority advised us that this strategy has been eliminated in favor of other training approaches.

OIG EVALUATION

Management Plans and Management Improvement Operating Plan. We revised our recommendation based on the auditee's comments. The Authority agreed that they should continue to prepare and utilize the management plans and management improvement operating plans.

Asset Management. We revised our recommendation based on the Authority's comments and additional support concerning the assessment of the physical and financial viability of the Authority's properties. The

Authority agreed that it would develop and implement further property improvements once the contractor's recommendations are received.

We revised the report to recognize that the Authority had an informal system for monitoring private management companies.

Training Video. We revised the recommendation to have HUD review this matter.

SECURITY

Previous consultant and OIG reviews showed problems with the Authority's security initiatives to improve the safety and living conditions of its residents.

The Authority did not include long term goals for security in its Memorandum of Agreement and Cooperative Recovery Agreement with HUD. However, the Authority included short term strategies to improve security in conjunction with its goal to develop and implement a plan to reduce vacancies and increase occupancy.

OBSERVATIONS

The Authority's Memorandum of Agreement and Cooperative Recovery Agreement with HUD contained three short term strategies to improve security:

- Develop a comprehensive security plan for each community to be implemented as a part of site-based management,
- Develop an automated criminal reporting management system, and
- Provide training and technical support for records management, security management, and administration.

The Authority had not fully implemented any of the three strategies, but had made significant efforts to improve security with other initiatives.

Develop a comprehensive security plan for each community to be implemented as a part of site-based management. The Authority decentralized its operations by implementing site based management, but did not develop a comprehensive security plan for each community when the transition was made.

When the Authority moved to site based management, 18 of the 42 developments were privately managed and the remaining 24 developments were managed by Authority personnel. A HUD consultant agreed that a move to private management was needed. In its December 1995 *HUD Technical Assistance Report Assessment on Improving Safety and Security in Public Housing in the Atlanta Housing Authority*, the consultant found two primary impediments to resident safety and security at Authority housing: (1)

flagrant open-air drug selling on and around AHA housing premises, and (2) poor housing stock and environment. Through the reorganization, the Authority hoped the housing environment would improve by eliminating the ineffective centralized approach to maintenance.

Though the Authority moved to site based management, it did not develop a comprehensive security plan for each community. The Authority started to develop an overall comprehensive security plan that was not community specific. The objective of this security plan was to create a safe and secure environment for the residents of the Authority, its guests and employees by reducing the incidents of crime and drugs throughout the properties owned and operated by the Authority. The Authority abandoned the security plan while it was still in draft form because the Authority realized that plans needed to be developed specifically for each community. At the time of our review, the Authority had contracted with a consulting firm to accomplish this task by July 31, 1997.

2A. We recommend the Authority develop a community specific comprehensive security plan and establish a target date for completing the plan in the amended Memorandum of Agreement.

Develop an automated criminal reporting management systemThe Authority has not developed an automated criminal reporting management system as specified in its Cooperative Recovery Agreement. The automated criminal reporting management system was to be used in conjunction with the Atlanta Police Department system in crime compilation and analysis. Consequently, the Authority had no way to measure the effectiveness of its security initiatives to reduce crime until the system is implemented.

The Authority relied on the Atlanta Police Department to supply crime statistics occurring in its developments. However, the Atlanta Police Department did not supply the Authority with crime statistics after October 1996 due to delays in equipment installations at the Atlanta Police Department. When crime statistics become available, the Authority should have a measure to evaluate its performance to reduce crime.

2B. We recommend the Authority complete the implementation of its automated criminal reporting management system and establish a revised target date in its amended Memorandum of Agreement.

The Authority should consider developing measures of performance for each security initiative undertaken other than relying on the Atlanta Police Department.

Provide training and technical support for records management, security management, and administration. The Authority did not provide training and technical support for records management and administration, but did provide security management training. The Authority provided crime prevention training seminars and resident patrol training courses. Security personnel attended the United States Army Military Police School.

According to management, other training for records management and administration is planned, but not under its Department of Protective Services. Accomplishment for training and technical support is expected by September 1998.

2C. We recommend the Authority complete the training for records management and administration.

AUDITEE COMMENTS

Comprehensive Security Plan. The Authority agreed with our recommendation to develop a community specific comprehensive security plan and provided support to show it had initiated the procurement process to complete the task by December 1997.

Automated Tracking System. The Authority disagreed with draft report's implication that they had no way to measure effectiveness of its security programs. The Authority agreed that their automated tracking system was dependent on information provided by the Atlanta Police Department. However, in the past, they used other information such as its own informal records of incident reports, tenant complaints, and other special request reports generated by the Atlanta Police Department.

The Authority expressed concern over HUD's revised PHMAP system whereby Public Housing Authorities will be rated (Indicator 8, Component 1), in part, on reporting data such as crime reports. The Authority is dependent on third parties for such data and does not feel it should be rated when data is not made available timely.

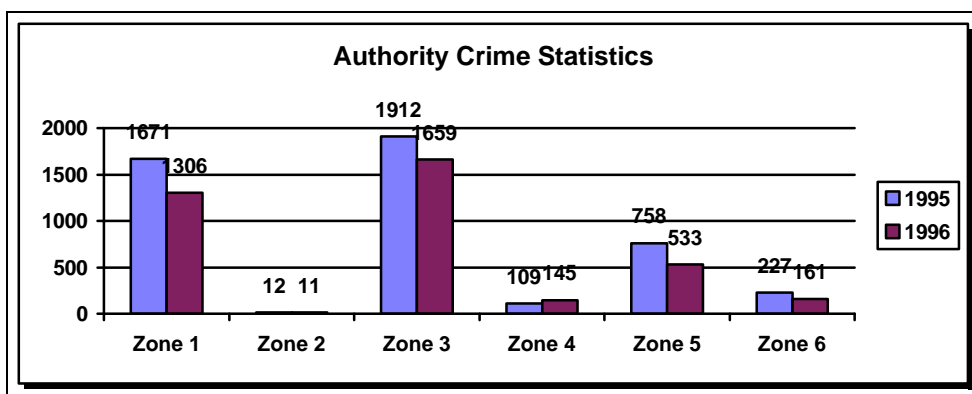
Training. The Authority agreed with the recommendation to complete training for records management and administration.

OIG EVALUATION

Automated Tracking System. Though other measures of security effectiveness were mentioned by the Authority, we found no formal tracking and use of the information. The Authority primarily had to rely on the Atlanta Police Department for information. We agree that HUD should consider that such information, if not supplied timely, is out of the control of the Authority.

OTHER SECURITY INITIATIVES

Although the Authority did not complete the strategies listed in its Memorandum of Agreement and Cooperative Recovery Agreement, it made progress to improve security and reduce crime. Our review showed many initiatives had or will have a continuing impact on security including: redevelopment, installation of a central monitoring system, criminal history checks, the One Strike You're Out Policy, resident identification cards, and the strategic use of private security contractors. As shown in the chart, the number of criminal incidents committed on Authority premises decreased from 1995 to 1996.



- **Redevelopment.** In November 1994, the Olympic Legacy Program began as a strategic initiative focused on the redevelopment and revitalization of five outdated public housing communities: Techwood Homes, Clark Howell Homes, East Lake Meadows, John Eagan

Homes, and John Hope Homes. The redevelopment involved the demolition and replacement of 5,200 units, comprehensive modernization of 1,800 family units, and the renovation of 3,000 high-rise units. The Authority designed the new developments with security enhancements such as fencing, gated parking lots, decreased density of units, enhanced lighting, and high visibility of police patrolling communities.

Also, we believe that demolition had a direct impact on the decrease in the number of crimes reported in 1996. For example, 1993 crime statistics showed that Zone 5, which includes Techwood Homes and Clark Howell Homes, led all Authority communities in the number of incidents reported. By 1996, Zone 5 was eliminated as the worst crime area. Zones 1 and 3 took the lead in the number of criminal incidents reported, with Zone 3 targeted as the worst area in the Technical Assistance Report study.

- **Central monitoring system.** The Authority started to implement a central monitoring station, the Asset Protection Center, at the Authority's central office. The Authority planned to use the security monitoring center to monitor the following functions at 17 high rise buildings: building access control, entry logging, remote door and gate control, surveillance with video documentation, distress call monitoring, fire alarm, entry intercom, and emergency elevator telephones. When the system is fully implemented, it should provide for increased security at Authority high rise developments.
- **Criminal history checks.** The Authority conducted criminal history checks when screening housing applicants and denied those applicants with a criminal history.
- **One Strike You're Out Policy.** In conjunction with the criminal history checks, the Authority instituted the "One Strike You're Out" policy which stated "people in public housing who engage in drug and other criminal activity will face certain and swift eviction."
- **Resident identification cards.** The Authority had issued resident identification cards to about 95 percent of Authority residents. The cards along with parking decals, gated parking lots, perimeter fencing,

and lighted common areas have been effective in deterring crime from potential drug dealers and other problem visitors. We observed the security at the Cosby Spears/U-Rescue Villa, Jonesboro South and other communities and found the fencing and resident identification cards allowed security staff to more effectively monitor traffic in and out of communities and enabled the Authority to reduce criminal trespassing.

VACANCY REDUCTION AND UNIT TURNAROUND

Previous consultant and Office of Inspector General reports showed significant problems with AHA's vacancy rates and average unit turnaround time. The poor condition of AHA's housing stock brought about by age and deferred maintenance allowed some units to deteriorate to a point where it was not economically feasible to repair them.

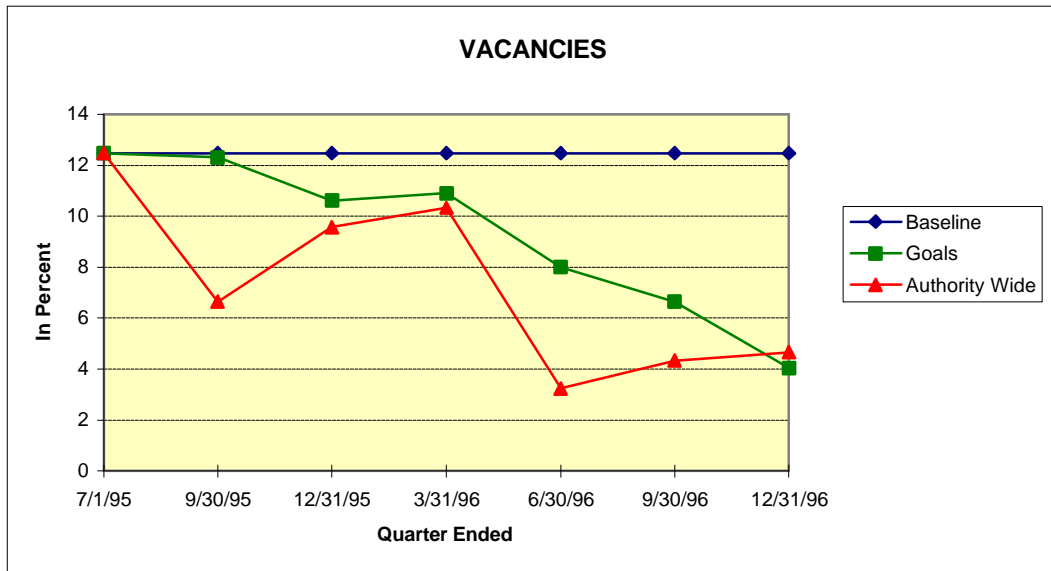
The Authority's Memorandum of Agreement for the period July 1, 1995 through December 31, 1996, contained two broad goals that dealt with vacancies and unit turnaround: (1) develop and implement a plan to reduce vacancies and increase occupancy, and (2) to improve AHA's capacity to re-occupy units. AHA was to reduce vacancies to 8 percent and improve average unit turnaround to 45 days by June 30, 1996.

OBSERVATIONS

The current AHA administration took positive steps to deal with vacancy reduction and unit turnaround including reorganization of its housing management and maintenance divisions, demolition and disposition of obsolete communities, unit reclassification, and a better reporting and monitoring system. According to the Memorandum of Agreement baseline performance measures at June 30, 1995, the vacancy rate was 12.47 percent and the average unit turnaround was 67 days. HUD standards were 3 percent for vacancies and 30 days for average turnaround for vacant units. AHA's final performance and progress report for the period ending December 31, 1996, reported that the vacancy rate was 4.67 percent (See Chart)⁴ and overall average unit turnaround time was 128 days. The average unit turnaround time rose because HUD required the Authority to compute the average with units that stood vacant for extended periods but were being repaired and occupied. AHA reported the average unit turnaround time for units vacated after July 1, 1995 to be 24 days, which exceeded the Memorandum of Agreement goal of 45 days.

⁴ The Memorandum of Agreement included a goal of 8 percent through June 30, 1996. The Authority established interim goals of 6.54 percent and 4.05 percent for the quarters ending September 30, 1996 and December 31, 1996, respectively.

HUD's approving 4,277 of the Authority's 14,308 units for demolition during the Memorandum of Agreement period directly reduced the reported number of vacant units and thereby vacancy percentages. We believe the turnaround time for units vacated after July 1, 1995, gives a better picture of current operations since AHA has units that have been vacant for extended periods.



The Memorandum of Agreement contained 15 strategies to address vacancies and unit turnaround. We addressed four⁵ strategies and their related tasks in this chapter. AHA completed the three strategies and related tasks as listed:

- Strategic categorization of vacancies and obtain concurrence by HUD.
 - determine status of current vacancies
 - obtain concurrence by HUD with categorization
- Reduce vacancies and increase occupancy through strategic approaches.
 - redesign and begin implementation of Vacancy Reduction Program
 - establish vacancy reduction targets for each development to include units returned to inventory from modernization/revitalization programs
 - obtain HUD approval to demolish or dispose of the following developments: East Lake Meadows, John Hope Homes, John Eagan

⁵ Other related strategies appear in the Housing Management chapter, Admissions and Continued Occupancy chapter, Security chapter, and Maintenance chapter. We did not review either the strategy dealing with purchasing and procurement of supplies or the two strategies related to tenant participation in management.

Homes, Gilbert Gardens Annex, Perry Annex, Kimberly Courts, Carver Homes, and Perry Homes.

- develop and implement a HUD approved plan for designated housing
 - develop and implement procedures to identify and repair fire damaged units
 - redesign a weekly report of vacant units by category and region
 - implement improved automated management reporting and monitoring system to support strategies, including training for staff
- Implement system to track vacancies and reduce the number of unit turn-around days.
 - establish a system to identify vacancies immediately as they occur
 - identify appropriate grant funds and costs centers for make ready units
 - identify total vacant units that have sustained property/casualty damage
 - review casualty coverage
 - establish an automated tracking system for unit turnaround and work orders by costs
 - review weekly make ready productivity to support vacancy reduction goals.

AHA did not complete the two tasks for the strategy of implementing and training staff on vacancy reduction and vacancy preparation procedures. The tasks were to develop and implement the quality control/assurance program, and develop work standards.

Develop and implement quality control/quality assurance program.

AHA developed but had not implemented a quality control/quality assurance program for maintenance work, including unit turnaround. The program was designed to provide a formal process to evaluate the timeliness of service delivery, appropriateness of materials used, quality of workmanship, and staff courtesy.

Under the program, a Customer Satisfaction Questionnaire (CSQ) will be provided to the resident by the maintenance staff. The CSQs asked the residents to report on the response time, the quality of the work and materials, the courtesy of the employee, and the condition the house. The property manager was responsible for collecting the CSQs and was required to personally contact 10 percent of the residents. The CSQs were

to be filed and retained for a year. The property manager was to provide the sector director the results of the CSQs monthly.

The program also required weekly inspections of at least 10 percent of the completed work by maintenance leaders at all levels. The inspectors were to use a Quality Control Inspection Form to document their inspections. The forms were to be filed and retained for one year and a copy forwarded to the sector maintenance supervisor.

The quality control/assurance program was detailed in its draft Maintenance Policies and Procedures Manual that was recently completed by a contractor. The manual had not been officially approved by HUD nor adopted by the Authority at the time of our review. Once the manual is adopted and procedures are implemented, this task will be complete.

3A. **We recommend AHA implement its quality control/assurance program.**

Develop work standards. The Authority developed and implemented work standards but did not include them in their Maintenance Policies and Procedures Manual. According to the Memorandum of Agreement, AHA was to develop standards for work items at each development as established by the National Center for Housing Management, American Standards of Testing and Measurements, or the Means Catalog. AHA was to modify the work items to fit its specific situations and incorporate them into its Maintenance Policies and Procedures Manual.

AHA provided a copy of the work standards for vacancy preparation. These standards include a general section, a unit identification and boarding section, and a planning and coordinating repairs section. The standards also include specific work standards for plumbing, structural, electrical, plastering and sheetrock, mechanical, painting, and custodial.

Though the work standards were detailed, they were not included in AHA's Maintenance Policies and Procedures Manual as called for in the Memorandum of Agreement. According to Authority personnel, the standards were left out by HUD's contractor, but the Authority would revise the manual to include the work standards. Authority personnel

stated that although the procedures were not included in the manual, they were implemented by memorandum to all housing managers.

AUDITEE COMMENTS

Quality Control/Assurance Program. The Authority agreed with the recommendation to implement its quality control/assurance program.

Work Standards. The Authority agreed with the draft recommendation to incorporate the work standards in the Maintenance Policies and Procedures Manual. We deleted the recommendation based on the Authority's comments that they incorporated the work standards into the Manual.

ADMISSIONS AND CONTINUED OCCUPANCY

Our 1994 OIG audit report disclosed that excessive vacancies had been a long standing problem at the Authority. The problem existed because at times more residents were moving out than moving in due to poor living conditions, and AHA took excessive time to get vacant units ready for rent. As a result, the Authority lost millions of dollars in revenues while minimally doing its primary mission of timely providing suitable housing.

The Memorandum of Agreement for the period July 1, 1995 through December 31, 1996 included a goal to reduce vacancies and thereby increase occupancy.

OBSERVATIONS

To accomplish this goal, the Memorandum of Agreement and Cooperative Recovery Agreement contained three main strategies and several tasks related to admissions and continued occupancy:

- Make communities more desirable and stabilize occupancy.
 - Evaluate move out causes.
 - Develop a corrective action plan based on the findings.
 - Develop and implement curb appeal at each site.
 - Create an on-going resident self-service center to provide tools and small supplies for home/property upkeep.

- Revise management tools to improve resident base, lease enforceability, stability of communities and occupancy.
 - Revise and implement the Admissions and Continued Occupancy Policy and resident lease.
 - Develop and implement improved policy and procedures for screening of new applicants including purging and updating the waiting list.
 - Develop a strategy for units to be prepared by determining weekly number and type of units to be made “Rent Ready” and developing and implementing policies and procedures to address mandated transfers.
 - Provide occupancy training for the certification of 68 management personnel to become Certified Occupancy Specialist.

- Provide training to property managers on interviewing techniques for applications and re-examinations.
- Develop and implement an on-site “volunteer swap” program which permits overhoused and underhoused residents living at the same site to exchange units.

Make communities more desirable and stabilize occupancy:

The Authority developed but had not completed plans to make communities desirable and stabilize occupancy. In addition to the tasks discussed below, the Authority's efforts involved implementing site based management and privatization, "Operation Clean Sweep" initiatives, and the "One Strike and You're Out" Policy; awarding landscaping contracts; and improving maintenance and security.

The Memorandum of Agreement contained four tasks for making communities more desirable and stabilize occupancy. The Authority completed the task of evaluating move out causes and made progress toward completing these other tasks.

Develop corrective action plan to decrease move-outs based on findings. The Authority developed and implemented initiatives to decrease move-outs. We reviewed selected move out reports for six developments for the period January 1, 1995 to December 31, 1996 to determine whether the corrective plans had decreased move-outs. Though our review showed that overall move-outs remained constant from 1995 to 1996, we believe the Authority made positive steps toward stabilizing its tenant population. The number of evictions due to nonpayment of rent, housekeeping violations, and crime or drug activities increased from 29 percent in 1995 to 37 percent in 1996. Voluntary moves decreased from 71 percent in 1995 to 63 percent in 1996.

- 4A. We recommend the Authority continue its efforts to decrease move outs and make adjustments to their plan when needed. HUD should provide technical assistance when needed.**

Develop and implement curb appeal at each site. The Authority developed but had not completed its plans to enhance curb appeal. We conducted site visits at 17 properties to assess the curb appeal at the housing communities and found that 10 properties were in good to excellent condition in their overall curb appeal. The remaining seven properties were being rehabilitated or were scheduled for rehabilitation. Landscaping was planned after rehabilitation work is complete for those properties where infrastructure work such as replacing sewer lines was planned. The curb appeal of all the properties should improve as the Authority completes rehabilitation work, implements its security initiatives, and with the awarding of landscape contracts.

- 4B. We recommend the Authority continue its efforts to improve the overall curb appeal of its properties through rehabilitation, security initiatives, and landscape contracts.**

Create an on site resident self service center to provide tools and small supplies for home/property upkeep . The Authority has not created an on site resident self service center to provide tools and small supplies for home/property upkeep. The Authority decided it was responsible for the upkeep of the units and that the residents did not have skills needed to make repairs. Consequently, the Authority deleted the strategy from the Memorandum of Agreement. The Authority notified HUD of the change through the Memorandum of Agreement Quarterly Status Reports. HUD Field Office staff stated they were unaware that the strategy had been deleted and had not formally approved the change at the time of our review.

- 4C. We recommend HUD review the need for this task, and the Authority's action to delete it from the Memorandum of Agreement.**

Revise management tools to improve resident base, lease enforceability, stability of communities and occupancy:

Although progress was made toward completing this strategy, the Authority did not fully accomplish this strategy by December 31, 1996. In addition to the task discussed below, the Authority did not meet its March 31, 1997 completion date for issuing a Operations Manual for site based management (See Housing Management Chapter).

The Memorandum of Agreement and Cooperative Recovery Agreement contained five tasks related to improving the resident base, lease enforceability, and stability of communities. The Authority completed or adequately addressed the four tasks listed below, but needed to address the task of hiring a home visit specialist to further improve the screening procedures for new applicants.

- Revise and implement Admissions and Continued Occupancy Policy and resident lease.
- Develop a strategy for units to be prepared by determining weekly number and type of units to be made “Rent Ready” (See Maintenance Chapter) and developing and implementing policies and procedures to address mandated transfers.
- Provide occupancy training for the certification of 68 management personnel to become Certified Occupancy Specialist.
- Provide training to property managers on interviewing techniques for applications and re-examinations.

Develop and implement improved policy and procedures for screening of new applicants including purging and updating the waiting list.

The Authority developed policies and procedures for screening new applicants and completed the purging and updating of its waiting list. Also, the Authority implemented procedures for maintaining site based waiting lists at its new mixed income developments under the Olympic Legacy program. However, the Authority had not hired a home visit specialist for screening new applicants.

The screening policies and procedures are included in the Admissions and Continued Occupancy Policy. The Authority's new screening procedures includes performing home visits to assess the applicant's housekeeping practices and lifestyle. However, the Authority had not started conducting home visits during the screening process. According to the Authority's staff, home visits were not performed because they did not have the staff to conduct the visits. On April 10, 1997, HUD awarded funds for two years for a Home Visit Specialist. At the end of the two years, the Authority will include the position in its annual operating budget. At the time of our review, the Authority had neither filled nor advertised the position.

- 4D. We recommend the Authority continue with its plan to fill the home visit specialist position and implement the home visit procedures detailed in the Admissions and Continued Occupancy Policy.**

Develop and implement an on-site “volunteer swap” program which permits overhoused and underhoused residents living at the same site to exchange units:

The Authority deleted the strategy related to the "volunteer swap" program from the Memorandum of Agreement. The purpose of the program was to correct problems with residents who were overhoused and underhoused. The Authority believed it accomplished the needed transfers more efficiently and effectively through its mandated transfer plan. The underhoused population decreased from about 1100 to 100 at the time of our field review.

The “voluntary swaps” required both families to move at the same time and both units be cleaned and ready for occupancy. The Authority found it was not practical to pursue the resident moves. The Authority deleted the strategy from the Memorandum of Agreement and notified HUD of the change through the Memorandum of Agreement Quarterly Status Reports. HUD Field Office staff stated they were unaware that the strategy had been deleted and had not formally approved the change at the time of our review.

- 4E. We recommend HUD review the need for this strategy and allow the Authority to delete the strategy from the Memorandum of Agreement if the mandated transfer plan adequately addressed the over and under housed population.**

AUDITEE COMMENTS

Plan to Decrease Move-Outs. The Authority generally agreed with our observations concerning the action plan to decrease move-outs. They noted other initiatives such as the recently revised Comprehensive Grant Program 5-Year Plan and Energy Performance Contract improvements that would make communities more desirable and stabilize occupancy. The Authority agreed with our recommendation.

Curb Appeal. The Authority disagreed with the draft report that a plan for curb appeal was not fully implemented because landscaping would not be started until after the rehabilitation work was complete. The Authority agreed with our recommendation.

Resident Self Service Center. The Authority concurred with our draft recommendation to review the need for resident self service centers to assist with home/property upkeep. The Authority stated there are reasons of risk management, compliance monitoring, and financial control concerns, not to pursue this task.

Screening Procedures/Home Visit Specialist. The AHA agreed with our recommendation to continue with its plan to fill the home visit specialist and implement the home visit procedures detailed in the Admissions and Continued Occupancy Policy. The Authority started the hiring process for these positions after our site review when Section 6(j) funds became available.

Volunteer Swap Program. The Authority believed the recommendation was not necessary because HUD officials acknowledged receipt of the letters stating that certain tasks and target dates were being revised in the Memorandum of Agreement. The Authority does not plan to pursue a voluntary swap program in light of the success of the mandated transfer plan.

OIG EVALUATION

Curb Appeal. We revised the report to reflect that the plans to enhance curb appeal was not complete rather than not implemented.

Resident Self Service Center. We revised our recommendation to have HUD review the decision.

Volunteer Swap Program. We agreed with the Authority's reasons to delete the task.

MAINTENANCE

Previous consultant and Office of Inspector General reports showed problems with the Authority's maintenance function and work order system.

The Authority's Memorandum of Agreement for the period July 1, 1995 through December 31, 1996 contained two broad goals related to its maintenance function: (1) develop and implement a plan to reduce vacancies and increase occupancy; and (2) reduce time required to complete work orders.

OBSERVATIONS

To meet the above goals, the Authority reorganized its maintenance function when it started site-based management in December 1995. The Authority decentralized maintenance so that all developments are controlled by property managers with dedicated management and maintenance staff. Along with the reorganization, the Authority changed its work order system so that work orders were generated by site staff and tracked in the Authority's computer system. The Authority believed⁶ that site-based maintenance allows for greater accountability of those individuals directly responsible for the maintenance function.

The Memorandum of Agreement and Cooperative Recovery Agreement contained nine short-term strategies to improve the Authority's maintenance function and work order system. Each of these strategies should have been completed by December 31, 1996. The following four strategies had been adequately addressed and were considered complete:

- Establish criteria for identifying work orders as emergencies;
- Develop site based automated data system at each development to report outstanding and completed work orders, and turnaround time;

⁶ Our audit report on AHA's management operations (94-AT-201-1012; issued March 11, 1994) included in Finding 1 information on unit inspection deficiencies in part due to its ineffective maintenance program.

- Develop and implement site based work order system to generate emergency and non-emergency work orders, and;
- Analyze work orders to determine areas of improved efficiencies, and eliminate inappropriate tasks.

In addition to the completing these strategies, the Authority made progress toward completing the other five strategies. The Authority needs to continue to improve and complete these five tasks:

- Develop a program to increase "make ready"⁷ productivity in support of quarterly vacancy reduction goals;
- Identify, prioritize and schedule systematic repair of "hard-to-ready"⁸ units;
- Develop and implement an automated Comprehensive Preventative Maintenance Plan;
- Implement procedures to ensure 95 percent of emergency work will be completed or abated within 24 hours, and;
- Training for maintenance personnel to receive certification for freon removal.

Develop a program to increase "make ready" productivity.The

Authority had a two-pronged approach for increasing productivity for "make ready" vacancy preparation. First, the Authority developed and issued procedures in its Vacancy Reduction Plan to identify and repair **current** vacant "make ready" units. The procedures included vacant unit identification, planning and coordination of repairs, and assigning vacancy preparation tasks by trade. These procedures should adequately address current vacant units classified as "make ready."

The second part of the Authority's plans was to contract an **future** vacancy work when the volume of vacant units exceeded the Authority's capacity to address the work in a timely manner. By contracting the excess, the Authority could address "hard-to-ready" units quicker and reduce future unit turnaround time. In the Memorandum of Agreement status report dated December 31, 1996, the Authority reported it was in the process of contracting the vacancy work. The Authority had not awarded the contract at

⁷ The Authority defined "make ready" units as those requiring repairs of less than \$2,500.

⁸ The Authority defined "hard-to-ready" units as those requiring repairs of more than \$2,500.

the time of our review, but planned to complete the contract award by June 25, 1997.

5A. We recommend the Authority complete its plans to contract for the “make ready” unit turn work. The Authority should amend its Memorandum of Agreement to include a new target date for completing the contracting of the unit turn work.

In addition, the Authority had not established a baseline to be used in measuring the increase in productivity for preparing "make ready" units by contract. The Authority planned to compare historical performance of Authority staff to that of the selected contractor. At the time of our review, the Authority could not furnish us with historical data on unit turn around time specific to site based maintenance staff. However, the Authority implemented a computer application in January 1997 to capture cumulative unit turn performance. The Authority planned to use fiscal year ending June 30, 1997, as its baseline to measure future performance.

5B. We recommend the Authority monitor contractor performance using the performance of its own staff as a guide. A baseline performance measure for the volume of units turned should be available as a guide for fiscal year ending June 30, 1997.

Identify, prioritize and schedule systematic repair of "hard-to-ready" units. The Authority developed a plan to address current and future “hard-to-ready” units. To address current “hard-to-ready” units, the Authority developed an occupancy improvement program. Under this program, the Authority identified the actual number of “hard-to-ready” units and then placed them in either the Vacancy Reduction Program, the HOPE VI Program, or Comprehensive Grant Program. All “hard-to-ready” units in the Authority’s inventory at December 31, 1996, should be completed under one of these programs.

The Authority developed procedures to address future “hard-to-ready” unit turn around work. If units require more than \$2,500 in repairs and the work exceeds the capability of the Authority staff, then the Authority would address those units by contract. These procedures were detailed in the draft maintenance manual and had not been adopted as official policy at the time of our review. Utilizing these procedures should allow site-based maintenance

staff more time to address preventative maintenance, routine and emergency work orders, and work orders generated through Housing Quality Standards inspections.

5C. We recommend the Authority adopt the maintenance operations manual as official policy and implement those procedures addressing “hard-to-ready units.

Develop and implement an automated comprehensive preventative maintenance plan

The Authority was in the process of finalizing a written comprehensive preventative maintenance plan, but had not automated the plan. On May 31, 1995, HUD contracted with Parsons Brinkerhoff to review the Authority’s maintenance function and develop a comprehensive preventative maintenance plan and maintenance operations manual. The comprehensive preventive maintenance plan was intended to cover procedures for both Authority and privately managed developments. At the time of our review, the draft comprehensive preventive maintenance plan had not been adopted as official policy.

The draft plan states, "The preventative maintenance program is a key element in the overall maintenance planning process. The goal of the preventive maintenance program is to reduce the number of service work orders to a point where buildings and structures are being maintained by scheduled work as much as possible." We interviewed Authority and private management staff at five developments and found no official preventive maintenance program was being followed. When the plan is adopted, the Authority should be able to move from crisis management through service work orders toward maintaining its buildings and structures through scheduled work.

The Authority planned to automate the comprehensive preventive maintenance plan after the written version is finalized. The Authority revised its target date to August 30, 1997.

5D. We recommend the Authority implement and automate the comprehensive preventative maintenance plan. The Authority should amend the target date in its Memorandum of Agreement for this strategy.

Implement procedures to ensure 95 percent of emergency work will be completed or abated within 24 hours. The Authority had not adopted detailed procedures related to emergency work orders and needed to improve the monitoring to ensure completion of emergency work orders. The Authority disseminated a memo with limited procedures to address emergency work orders. The memo required all emergency work orders be addressed within 24 hours, but it did not contain detail procedures to accomplish this task.

The maintenance operations manual had not been finalized at the time of our review, but it did contain detailed procedures requiring emergency work orders to be cured or abated within 24 hours. The manual had not been adopted as official maintenance procedures and had not been disseminated to site maintenance staff at the time of our review.

We reviewed the procedures being followed by maintenance staff at five sites and all confirmed that emergency work orders were to be addressed in 24 hours. However, the maintenance staff at each location indicated that there were no current, official, written maintenance procedures concerning this issue. Because the procedures being followed at Authority developments were not written, they lacked the detail of the draft maintenance operations manual.

5E. We recommend the Authority adopt and implement the maintenance operations manual. HUD and the Authority should establish a target date for the adoption of the manual and include it in the amended Memorandum of Agreement.

During our review, we noted areas the Authority needs to improve in monitoring the completion of emergency work orders.

- Actual maintenance practices were inconsistent from site to site. For example, the Maintenance Superintendent at McDaniel Glenn inspected all emergency work order repairs, while the Maintenance Superintendent at Herndon Homes only randomly inspected emergency work orders. Consistency in monitoring should help ensure emergency items are being cured or abated within 24 hours.

- A potential problem existed with the maintenance information provided by private management companies. The Authority accepted work order reports without verifying the information. The Authority's Asset Manager stated she had not been verifying the work order information found in the reports which include emergency work order turn-around time, and the number of emergency work orders logged and completed. As a result, the Authority cannot be certain that the information found in the reports was accurate. This is significant because the Authority uses the information in its Memorandum of Agreement status reports and PHMAP certifications to HUD.

To ensure that the emergency work orders were being abated or cured in 24 hours, the draft procedures state the Deputy Executive Director for Housing Operations, the Sector Maintenance Manager, and the Property Maintenance Superintendent were to review work order reports, inspect a sample of about 10 percent of completed work orders (including emergency work), and monitor the maintenance program to measure levels of effectiveness. If approved and followed, the draft procedures contained in the maintenance operations manual appear sufficiently detailed for monitoring whether emergency work orders are cured or abated in 24 hours.

5F. We recommend the Authority implement procedures to monitor and verify work order data submitted by privately managed developments to insure the accuracy of the information being reported to HUD.

Training for maintenance personnel to receive certification for freon removal. The Authority provided training to maintenance personnel on freon removal, but did not accomplish the intent of the task. The wording of the task was too general and lacked details needed to determine whether the Authority completed the intent of the task. For example, the task did not specify the number of employees to be trained, whether they were to be certified, and whether each development would employ a least one person certified for freon removal. We interviewed the Deputy Executive Director for Housing Operations to make a determination on the status of the task. We determined it was the Authority's goal to have at least one certified person in freon removal located at each of the 42 developments.

The Authority reported it completed this task on its September 30, 1996 status report for the Cooperative Recovery Agreement. The report showed that 12 employees had been trained and certified for freon removal. However, our review of vendor documentation showed that only 9 of 31 maintenance employees taking the certification test passed at least one section. Of those nine employees, only six were still employed at the Authority at the time of our review. The breakdown of certifications received was as follows:

- One employee was certified for Type I freon removal which covered small appliances.
- Four employees were certified for Type I freon removal, and Type II freon removal which covered high pressure appliances and very high pressure appliances.
- Four employees were certified for Type I, Type II, and Type III freon removal which covered low pressure appliances.

Although training was provided in freon removal and some Authority employees received certifications, we do not believe the Authority accomplished the intent of the task.

5G. We recommend the Authority determine the necessity of having at least one maintenance staff certified at each site. If necessary, the Authority should provide additional training and testing for freon removal.

AUDITEE COMMENTS

The Authority generally agreed with the observations and recommendations in the maintenance chapter. The Authority cited certain actions it has taken since our field work to address the recommendations.

MODERNIZATION AND REDEVELOPMENT

Previous consultant and HUD reviews disclosed problems with the Authority's modernization programs.

The Authority's Memorandum of Agreement for the period July 1, 1995 through December 31, 1996 contained three broad goals related to its modernization programs: (1) create viable communities through redevelopment, (2) develop a plan to ensure funds are expended within three years, and (3) develop a plan to ensure the timeliness of obligation of funds.

OBSERVATIONS

The Authority concentrated its efforts on improving the quality of its housing communities. Upon completion of a long-term planning process, the AHA developed a comprehensive physical needs assessment and development activity plan. The plan included: the Olympic Legacy Program aimed at the redevelopment and revitalization of its five most depressed housing communities, the redevelopment and revitalization of its other housing stock, and an effort to reduce reliance on Federal subsidy by developing mixed income housing apartments.

The Memorandum of Agreement contained eight strategies to accomplish the three goals listed above by December 31, 1996. The Authority completed the following four strategies.

- Complete physical needs assessment and assess the viability of the developments based on the results.
- Develop long-term and short-term capital improvement programs.
- Procure and contract for professional services from a Program Manager to assist the Authority in developing the plan and implementing the programs under the Comprehensive Grant Program.
- Complete implementation of the Olympic Legacy Program in accordance with HUD approved plans.

We discuss below the Olympic Legacy Program due to its significance and then discuss the incomplete strategies:

Olympic Legacy Program. The Authority's Olympic Legacy Program highlighted the current administration's recovery efforts. AHA initiated this \$300 million neighborhood revitalization effort, and developed a financial and legal framework for possible use as a model by other Public Housing Authorities. The Program called for the demolition of five of the Authority's worst developments and replacing them with new mixed income housing apartment complexes. In total the Authority will revitalize 2,935 units or about 21 percent of the Authority's total units under this Program. At the time of our review, the Authority had implemented the Program by demolishing three developments, had started demolition at the other two sites, and had completed construction on the first phase of Centennial Place. Because of the success of the Olympic Legacy Program, HUD awarded the Authority an additional \$30 million in HOPE VI funds to address three other large properties that contain 2,234 units.

The Authority should continue its efforts to complete the remaining four strategies.

- Reorganize Facilities and Development Division to better execute the planning, programming, design, and construction management of the capital improvement programs.
- Reconciliation of Comprehensive Improvement Assistance Program 923, Comprehensive Grant Program Year 1, and Comprehensive Grant Program Year 2.
- Implement and adhere to the Comprehensive Improvement Assistance Program, Comprehensive Grant Program, and Vacancy Reduction Program in accordance with HUD approved comprehensive plans and implementation schedules.
- Implement procedures to ensure the timely obligation of funds.

Reorganize Facilities and Development Division to better execute the planning, programming, design, and construction management of the capital improvement programs. The Authority implemented its reorganization plan during our field review. The Authority reorganized the former Facilities and Development Division into three divisions: Design and Construction Management, Real Estate Development, and Service Contract Component under Housing Operations. These new divisions were organized by operating function.

The Authority had developed an organizational chart for each division and had filled the management positions for each division. However, the Authority had not filled all positions under its new organizational plan. Because the reorganization had recently begun, we could not determine the long term effect on the Authority operations.

- 6A. We recommend that HUD monitor AHA’s progress in completing the reorganization, and evaluate its effectiveness.**

Reconciliation of Comprehensive Improvement Assistance Program 923, Comprehensive Grant Program Year 1, and Comprehensive Grant Program Year 2.⁹ The Authority had made substantial progress toward completing the reconciliation of Comprehensive Improvement Assistance Program 923, and Comprehensive Grant Program Years 1 and 2. When the current AHA administration was hired, the Comprehensive Improvement Assistance Program and Comprehensive Grant Program budgets needed to be revised to coincide with management’s new efforts to modernize the Authority’s units. However, the Authority had not maintained the necessary documentation to fully support many of the expenditures. Consequently, HUD required the Authority to reconcile the expenditures under Comprehensive Improvement Assistance Program 923 and Comprehensive Grant Program Years 1 and 2 with the approved budgets and then to HUD’s Letter of Credit Control System.

At the time of our review, the Authority had submitted each reconciliation to HUD for approval. When approved, the Authority can revise its budgets to coincide with its current modernization efforts.

- 6B. We recommend that HUD continue to work through the reconciliation process with the AHA and approve the new budgets accordingly.**

⁹ Our review focused on the current status of the reconciliation of each program. We did not review the accuracy or validity of the numbers contained in each reconciliation.

Implement and adhere to the Comprehensive Improvement Assistance Program, Comprehensive Grant Program, and Vacancy Reduction Program in accordance with HUD approved comprehensive plans and implementation schedules.

We could not make a determination on whether the Authority implemented and adhered to each of the programs in accordance with HUD approved plans. As noted before, the Authority and HUD must complete the reconciliation process before actual approved HUD budgets and plans can be assessed. However, prior to our site work, the HUD Georgia State Office initiated a review of the modernization programs and found numerous discrepancies between the budgets and actual expenditures. The discrepancies had not been resolved at the time of our review.

- 6C. We recommend that HUD continue to monitor AHA for compliance with approved modernization program budgets and program requirements.**

Implement procedures to ensure the timely obligation of funds. The Authority established its procedures for administering the grant programs in a June 27, 1995 memorandum. The memorandum detailed procedures for procurement, fund obligation, payment processing, drawing funds from HUD, and overall grant administration. The Authority also provided training to its personnel in this area.

The Authority still had not obligated funds timely, which was in part due to the reconciliation and reprogramming of funds under each of the modernization programs. At March 31, 1997 the Authority had not obligated about \$14.5 million in modernization programs that were over two years from the grant award date. During the reconciliation, the Authority planned to revise modernization budgets by moving expenditures to the oldest grants and reducing the oldest unobligated balance. Also, in September 1996 the Authority obtained HUD approval to revise the Comprehensive Grant Program plan based on a new physical needs assessment. HUD granted a time extension for AHA to obligate and expend the Comprehensive Grant Program funds based on the revisions.

- 6D. We recommend that HUD monitor AHA’s progress in obligating funds timely. If the Authority continues to have problems in this area, HUD should provide technical assistance as needed.**

AUDITEE COMMENTS

The Authority agreed with the observations and recommendations in this chapter.

ANNUAL INSPECTIONS

Previous consultant and HUD reviews reported that the quality of the annual Housing Quality Standards inspections performed by the Authority were inadequate.

The Memorandum of Agreement for the period July 1, 1995 through December 31, 1996 contained four long-term goals that pertain to annual inspections of units and major systems: (1) improve capacity to make timely repairs; (2) conduct annual inspections; (3) correct unit deficiencies; and (4) perform timely inspections and repairs on major systems.

OBSERVATIONS

The Memorandum of Agreement contained six short-term strategies to accomplish its goals. The six strategies were to be completed by December 31, 1996. Of these six strategies, the Authority completed the following two:

- Establish a system to identify and correct deficiencies related to major deficiencies to include abating all emergency work orders in 24 hours and correcting all non-emergency work orders in 45 days.
- Identify and competitively procure inspection and repair services for all major systems that were not already under service contracts.

Though the Authority made progress to improve its annual inspections, further improvements are needed. The Authority did not complete the following four strategies:

- Develop and implement an automated system for tracking inspections and repairs.
- Analyze collected data to develop work standards to Housing Quality Standards specifications.
- Establish a system to conduct annual inspections of units including developing and implementing quarterly site based inspection schedules.
- Establish a system to perform inspection and repair of major systems to include developing and implementing procedures to repair major systems and completing inspections and repairs.

Develop and implement an automated system for tracking inspections and repairs. The Authority had not implemented an automated system to track inspections and repairs. According to Authority officials the computer application for the Housing Quality Standards inspection test module had been written and was being tested at the time of our review. The Authority anticipated making changes to the test module before implementing it on an Authority-wide basis. Once implemented, the Authority planned to use the Housing Quality Standards inspection module system to manage, monitor, and analyze Housing Quality Standards inspections. The Authority's target completion date for the system implementation was July 1, 1997.

7A. We recommend the Authority implement an automated system for tracking inspection and repairs. The Authority should include the revised target date for the system implementation in its amended Memorandum of Agreement.

We reviewed the Authority's procedure for tracking inspections in the absence of an automated system. The Authority manually tracked inspections by requiring each community to submit monthly memorandums listing the total units inspected and the total units that passed or failed Housing Quality Standards. We found the Authority had no procedure for verifying the accuracy of the information in the memorandums.

7B. We recommend the Authority establish a procedure to verify that all necessary inspections are conducted.

Analyze collected data to develop work standards to Housing Quality Standards specifications. The Authority did not complete this strategy by the target completion date of December 31, 1995. The Authority analyzed its inspection data and discovered that its inspectors were using internal housekeeping forms that did not contain information pertinent to the minimal requirements of Housing Quality Standards. Consequently, the maintenance staff did not make repairs necessary to maintain units to Housing Quality Standards. The Authority attempted to improve its inspections by implementing new forms for fiscal year 1996 inspections. During a quality control review of inspections at the end of that year, the Authority discovered inspections at University Homes were completed using the wrong forms and inspections at two other developments were deficient. The Authority concluded that its inspection staff needed to be trained in Housing Quality Standards.

In its December 31, 1996 Memorandum of Agreement Status Report, the Authority reported it had completed this strategy. However, the comments state AHA planned to contract with a consultant to provide training to 84 Authority and private management staff to become certified in Housing Quality Standards. The consultant did not plan to start training until May 1997, so the strategy was not complete as reported by the Authority.

- 7C. We recommend the Authority complete the training of its inspection staff and improve its Housing Quality Standards inspections. The Authority should amend its Memorandum of Agreement to include a new strategy and target date to improve Housing Quality Standards inspections.**

Establish a system to conduct annual inspections of units including developing and implementing quarterly site based inspection schedules.

The Authority established and implemented a procedure to conduct annual inspections. The procedure, as outlined in the draft Maintenance Operations Manual, was to inspect one-tenth of the units each month during the first ten months of each fiscal year. However, we noted that the draft Maintenance Operations Manual did not contain a procedure for monitoring the adequacy of the Housing Quality Standards inspections.

When inspections were found to be deficient, the Authority suspended the inspection procedures and hired a consultant to complete the required Housing Quality Standards inspections on 4,783 units for fiscal year ending June 30, 1997. The consultant was performing the Housing Quality Standards inspections at the time of our review. The Authority planned to return to its inspection procedure during fiscal year 1998 after its inspection staff received Housing Quality Standards training.

- 7D. We recommend that HUD assures Authority inspections are adequate and timely once they resume their inspection procedure. The Authority should revise its Maintenance Operations Manual to include a procedure to monitor the adequacy and timeliness of Housing Quality Standards inspections.**

Establish a system to perform inspection and repair of major systems to include developing and implementing procedures to repair major systems and completing inspections and repairs. The Authority executed service contracts for periodic service inspections and repairs of its major systems. We reviewed five contracts and found the scope of work was sufficient to ensure that the Authority's major systems are properly serviced and repaired. For example, The Authority executed a contract with Honeywell Inc. that requires the contractor to inspect and repair HVAC systems at 24 Authority sites.

The Authority manually tracked work invoiced as completed by contractors, but did not verify the information on the invoices. The Authority's draft Preventive Maintenance Manual contained procedures that should improve its monitoring and tracking of service contracts once adopted. Specifically, the manual details procedures using an automated work order system to manage, monitor contractor performance, and analyze the results of its Preventative Maintenance Program. However, the Authority had not implemented the automated system at the time of our field work.

7E. We recommend HUD assures that the Authority implements the automated work order system and uses the system to monitor contractor's work.

AUDITEE COMMENTS

The Authority agreed with the observations and recommendations in this chapter.

AHA MANAGEMENT COMMENTS

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