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AUDIT RELATED MEMORANDUM  
98-CH-203-1803

December 4, 1997

MEMORANDUM FOR: David Kellner, Director of Public Housing,  
Ohio State Office

FROM: Dale L. Chouteau, District Inspector General for Audit,  
Midwest

SUBJECT: Columbus Metropolitan Housing Authority  
Section 8 Program  
Columbus, Ohio

We completed a review of the Columbus Metropolitan Housing Authority's Section 8 Program. The review resulted from a congressional inquiry regarding concerns from a constituent about alleged fraud, waste, and mismanagement at the Authority. The objectives of our review were to determine whether any of the constituent's concerns were valid.

The specific concerns alleged that the Housing Authority did not: (1) properly calculate and disburse its Section 8 administrative fees; (2) correctly report Section 8 expenses to HUD; (3) cite tenant-caused damages during its inspections; (4) conduct initial inspections timely; (5) establish Section 8 rents according to HUD's requirements; (6) process landlords' requests for annual rent increases; and (7) inspect its units using Housing Quality Standards. Additionally, the constituent believed that the Housing Authority inappropriately steered tenants from landlords. The constituent also questioned how the Housing Authority, funded with public funds, could qualify for tax credits to fund construction operations for its projects.

The Authority manages 5,239 Section 8 units consisting of: 845 Vouchers; 256 Moderate Rehabilitation; 3,793 Existing Certificates; and 345 Shelter Plus Care.

The Authority was organized under the laws of the State of Ohio. A five-member Board of Commissioners governs the Authority. The Executive Director is responsible for the Authority's day to day operations. The Authority's Executive Director is Dennis Guest. The Chairman of the Board is Hamilton Teaford. The Authority's records are located at 960 East Fifth Avenue, Columbus, Ohio.

To achieve our objectives, we reviewed the Housing Authority's: Section 8 Housing Assistance Payment register and general ledger for 1996; consolidated trial balance for 1996 and 1997; Section 8 canceled checks for April 1997; Section 8 Administrative Plan; Section 8 employees' personnel files; Board meeting minutes between January 1995 and June 1997; audited financial statements for fiscal years 1992 through 1996; and Section 8 tenant files. We also reviewed HUD's Section 8 files for the Housing Authority. We interviewed the Housing Authority's staff, HUD's staff, Section 8 tenants and landlords, and inspected Section 8 units.

We found that the Housing Authority properly calculated its Section 8 administrative fees. The Authority also properly reported its Section 8 expenses to HUD. Based upon our interviews, we found no evidence that the Housing Authority inappropriately steered Section 8 tenants from landlords. The Housing Authority was approved to use tax credits for its Rosewind development. The State of Ohio allows housing authorities to receive tax credits to fund construction costs. HUD encourages housing authorities to obtain alternative sources of funding since funding from HUD has been reduced.

However, as shown in the six findings which follow, we determined that the Authority did not always follow its policies and procedures and HUD's requirements. Specifically, the Authority did not: properly disburse its Section 8 administrative fees because it lacked an acceptable cost allocation plan; properly identify the cause of Housing Quality Standards violations; conduct initial inspections timely; ensure Section 8 contract rents were reasonable; process requests for annual rent increases; and always identify the Housing Quality Standards violations.

We presented our draft findings to the Authority's Executive Director during the audit. We held an exit conference with the Authority on November 3, 1997. The Authority provided written comments to our findings. We considered the comments in preparing our memorandum. The complete text of the comments are included in Appendix A. However, we excluded the exhibits when the exhibits were not necessary to understand the Authority's comments. We provided a complete copy of the responses to the Director of Public Housing in HUD's Ohio State Office.

Within 60 days, please give us, for each recommendation made in

the memorandum, a status report on: (1) the corrective action taken; (2) the proposed corrective action and the date to be completed; or (3) why action is considered unnecessary. Also, please furnish us copies of any correspondence or directives issued because of the audit.

If your staff has any questions, please contact me at (312)353-7832.

# The Housing Authority Did Not Always Follow Housing Quality Standards Requirements

The Columbus Metropolitan Housing Authority did not follow HUD's requirements and its Section 8 Administrative Plan regarding Housing Quality Standards inspections. Specifically, the Housing Authority failed to identify all Housing Quality Standards violations during its inspection. We identified 30 uncited violations in 10 of the 12 units we inspected. The Housing Authority also inappropriately cited eight items as Housing Quality Standards violations. The Director of Section 8 Programs said the inspectors missed violations because of misinterpretations of the Housing Quality Standards and a lack of management oversight. Its inspectors cited non-Housing Quality Standards items as violations to press owners to make additional repairs. Because the Housing Authority did not cite all of the Housing Quality Standards violations, neither HUD nor the Housing Authority had assurance that tenants were living in decent, safe, and sanitary units. Further, owners remove dwelling units from the Section 8 Program since the Housing Authority was citing them for non-Housing Quality Standards violations.

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## HUD Requirements

24 CFR Part 882.108(a) requires that Section 8 dwelling units be decent, safe, and sanitary. 24 CFR Part 982.405(a) states the Housing Authority must inspect Section 8 leased units at least annually to determine whether the unit meets Housing Quality Standards.

24 CFR Part 982.401(a)(1) says that Section 8 housing must comply with the Housing Quality Standards, both at initial occupancy of the dwelling unit, and during the term of the assisted lease. 24 CFR Part 982.404(a)(1) says the owner must maintain the unit according to Housing Quality Standards.

## Housing Authority's Requirements

The Housing Authority's Section 8 Administrative Plan dated June 28, 1996, page XI-1, states in part that units must meet the Housing Quality Standards to remain under contract with the Housing Authority.

## Sample Selection

We judgmentally selected a sample of 12 Section 8 units to determine whether the Authority adequately identified Housing Quality Standards violations. The Housing Authority inspected the units between August 15, 1997 and August 19, 1997. We conducted our inspections of the same units between August 25, 1997 and August 27, 1997 and were

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accompanied by the Housing Authority's Section 8 Coordinator for Inspections.

Violations Were Not Cited

The Columbus Metropolitan Housing Authority did not identify 30 Housing Quality Standards violations during its inspection. The violations were detected in 10 of the 12 units selected. Four of the 10 units were inappropriately passed by the Housing Authority. For example, the Housing Authority conducted an annual inspection of one unit on April 21, 1997 and found that the unit did not meet the Housing Quality Standards. The unit was reinspected on August 19, 1997 by a different inspector and passed the Housing Quality Standards. However, we inspected the unit on August 26, 1997. We found two violations cited by the Housing Authority on April 21, 1997 were not corrected. The two violations consisted of peeling paint and air infiltration at the front door. The Section 8 Coordinator who accompanied us concurred with our determination. The Director of Section 8 Programs said the inspectors missed violations because of misinterpretations of the Housing Quality Standards and a lack of management oversight. As a result, tenants were residing in substandard housing. We provided the inspection results to HUD's Ohio State Office Director of Public Housing and the Housing Authority's Director of Section 8 Programs.

Items Inappropriately Cited As Housing Quality Standards Violations

The Housing Authority inappropriately cited items as Housing Quality Standards violations. Of the 12 units inspected, the Housing Authority cited four units with eight items that were not violations of the Standards. For example, the Housing Authority cited violations at two units because of discolored caulking. The inspectors cited non-Housing Quality Standards items as violations so owners would make repairs and thus improve the quality of the units. The Director of Section 8 Programs said the items should have been cited as non-Housing Quality Standards violations with the understanding that the amount of rent the owner would receive would depend on the condition of the units. Two owners have removed 53 dwelling units from the Section 8 Program because the Housing Authority cited them for non-Housing Quality Standards violations. These units were in addition to the 18 the owners removed because the Authority failed to cite tenant-caused damage. (See Finding 2).

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Auditee Comments

[Excerpts from the Executive Director's comments on our draft finding follow. Appendix A contains the complete text of the comments. However, we excluded the exhibits when the exhibits were not necessary to understand the Director's comments.]

Most of the violations have been corrected or the owners have been notified that the fail items must be corrected. Seven units have been corrected since the Inspector General's review. The Authority has abated the rents for two units and sent Housing Quality Standards correction notices for three units.

The Authority disagrees with reimbursing HUD for the Section 8 Administrative fees since prompt action was taken to correct deficiencies.

The Authority will improve management oversight by expanding its quality control reviews and performance tracking systems. If quality control reviews detect a weakness in a particular area of Housing Quality Standards regulations, the Authority will provide additional training.

The Authority agrees to provide further instructions to the inspection staff on distinguishing between cosmetic defects and actual Housing Quality Standards violations. The Authority issued a memorandum dated October 31, 1997 to its Section 8 inspection staff advising them to cease immediately all unwarranted citations of non-Housing Quality Standards violations. Training for staff will follow immediately after the memorandum is distributed.

OIG Evaluation of  
Auditee Comments

The actions proposed by the Housing Authority, if implemented, should improve its Housing Quality Standards inspections. However, 24 CFR Part 982.152(b)(2)(d) states in part that HUD may reduce or offset any administrative fee to the housing authority, if the authority fails to perform its administrative responsibilities adequately. By not enforcing the Housing Quality Standards requirements, the Authority failed to perform its administrative responsibilities adequately. Therefore, the Housing Authority should reimburse HUD for the Section 8 administrative fees earned for the four units that had existing violations that the Authority did not detect. We estimate the amount of the fees to be \$300.

Recommendations

We recommend that the Director of Public Housing, Ohio State Office, assures the Columbus Metropolitan Housing Authority:

- 1A. Cites the owners for the Housing Quality Standards violations we identified during our inspections and ensures that repairs are made.
- 1B. Reimburses HUD for the Section 8 administrative fees collected since the Housing Authority's last inspection of the four units that had existing violations that the Authority did not detect.
- 1C. Instructs its inspectors to stop citing items that are not Housing Quality Standards violations as violations.
- 1D. Improves its management oversight of the Housing Quality Standards inspections to ensure that inspectors are citing all appropriate violations.

## Cause of Violations Was Not Properly Identified

The Columbus Metropolitan Housing Authority did not accurately identify the cause of Housing Quality Standards violations during its Section 8 inspections. HUD requires that Housing Authorities identify tenant-caused damages and hold the tenants responsible for the damages they have caused. However, the Housing Authority had not established policies and procedures to properly identify the cause of Housing Quality Standards violations. The Housing Authority also failed to provide training to its Inspectors to assist with the identification of tenant-caused violations. As a result, owners have removed units from the Housing Authority's Section 8 Program and tenants have fewer opportunities for housing.

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### HUD Requirements

24 CFR Part 982.404(a)(4) states in part that the owner is not responsible for a breach of the Housing Quality Standards for which the family is responsible. Further, the Housing Authority may terminate assistance to a family that causes a Housing Quality Standards breach.

24 CFR Part 982.404(b)(1)(iii) states in part that the family is responsible for a breach of the Housing Quality Standards that is caused by any member of the household or guest that damages the dwelling unit or premises, beyond ordinary wear and tear.

### Cause of Damages Was Improperly Cited

The Columbus Metropolitan Housing Authority failed to properly identify the cause of violations during its Housing Quality Standards inspections. We reviewed 21 inspections consisting of 235 violations conducted by the Housing Authority from July 25, 1996 to October 6, 1997. The Authority identified seven of the violations as tenant-caused. The Authority told the tenants that they were responsible for repairing the damage. The repairs were made. We determined that 58 of the 235 violations were caused by the tenants. The 58 violations included the seven violations identified by the Authority. Examples of violations cited by the Housing Authority which we believe were caused by tenant abuse were: (1) missing or torn window screens; (2) or a broken light fixture; (3) a missing register cover; and (4) holes in walls.

We believe these damages were caused by the tenants because of the nature of the items and the fact that they did not appear on prior inspection reports.



During the course of our interviews, we asked 12 owners whether the Housing Authority had accurately identified tenant-caused violations during its inspections. Seven of the 12 landlords indicated the Housing Authority had failed to properly identify the cause of violations during the inspections. Two of the 12 landlords said they removed at least 18 units from the Housing Authority's Section 8 Program for failing to cite tenants for violations they caused. The landlords said they did not want to continue to pay for damage for which the tenants were responsible. The Deputy Director of Grants and New Development acknowledged that the Housing Authority must improve its process of identifying the cause of violations.

The Housing Authority has not established policies and procedures to identify the cause of Housing Quality Standards violations. For example, the Housing Authority's Section 8 Inspectors would ask the tenant if they had caused the violations, but would not ask the owners. Owners' representatives generally do not accompany the inspectors. However, the inspectors could call the owners if they had questions about the cause of the damage. The Housing Authority has also failed to provide training to its staff on steps to identify the cause of violations. As a result, landlords have removed units from the Housing Authority's Section 8 Program and housing opportunities for tenants have been reduced.

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## Auditee Comments

HUD regulations do not provide any explanation of damages beyond ordinary wear and tear. Tenant damages must be individually assessed by the inspector appraising the nature of the violation, the overall condition of the unit, and the unique circumstances surrounding the alleged violation. There is no HUD regulation which requires a housing authority to interview the family or the owner in order to determine which party is responsible for the Housing Quality Standard violations. If the Housing Authority proposes termination of the Section 8 rental assistance, the family has the opportunity to present their case in an informal hearing with [the] Authority.

The Housing Authority disagrees that [it] failed to provide training to its staff. The Housing Authority conducted training [on several occasions] and developed a tenant damage

letter for staff use. It should be noted that owners may evict tenants for damages beyond ordinary wear and tear. The primary responsibility for enforcing lease provisions rests with the landlord.

The Housing Authority will meet with a selected group of landlords by December 31, 1997 to gain additional insight into their concerns and explain [the] Authority's views on tenant caused Housing Quality Standards violations. The Authority [will] discuss the results of the meeting with the inspection staff. The Housing Authority has scheduled a training session on November 6, 1997 [with the inspection staff regarding tenant-caused damages].

OIG Evaluation of  
Auditee Comments

The actions proposed by the Housing Authority of meeting with landlords to gain insight into their concerns and to schedule training for its staff on identifying tenant caused damages, if implemented, should improve the process of identifying tenant-caused damages. However, the Authority's processes will be further improved by establishing procedures and controls to accurately identify the cause of violations during its Housing Quality Standards inspections.

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Recommendations

We recommend that the Director of Public Housing, Ohio State Office, assures that the Columbus Metropolitan Housing Authority:

- 2A. Establishes policies and procedures to accurately identify the cause of violations during its Section 8 Housing Quality Standards inspections.
- 2B. Provide training to its staff to assist with identifying the cause of Section 8 Housing Quality Standard s violations.

## Rent Reasonableness Procedures Need to Be Improved

The Columbus Metropolitan Housing Authority did not follow HUD's requirements or its Section 8 Administrative Plan regarding rent reasonableness comparisons. Specifically, the Housing Authority did not: (1) properly complete rent reasonableness certifications for units placed under contract; (2) ensure that quality control reviews of the rent reasonableness certifications were conducted and documented; and (3) maintain adequate records of market units for rent reasonableness comparisons. These deficiencies occurred because the Housing Authority failed to provide training to its Section 8 Inspectors regarding rent reasonableness. Further, the Authority's management did not provide adequate oversight of the quality control reviews. As a result, HUD and the Housing Authority lacks assurance that accurate rent reasonableness comparisons were performed and that appropriate rents are being paid.

### HUD Requirements

24 CFR Part 882.106(b)(1)(i) requires that the public housing authority certify for each unit for which it approves a lease that the Contract Rent for such unit is reasonable in relation to rents currently being charged for comparable units in the private unassisted market, taking into account the location, size, type, quality, amenities, facilities and management and maintenance service of such unit.

Further, Part 882.106(b)(1)(ii) requires that the public housing authority certify for each unit for which it approves a lease that the Contract Rent for such unit is not in excess of rents currently being charged by the Owner for comparable unassisted units.

### Housing Authority's Requirements

The Housing Authority's Section 8 Administrative Plan for the Existing Certificate and Voucher Programs dated June 28, 1996 with revisions effective on June 27, 1997, page XII-2, states in part that the Housing Authority will make a determination as to the reasonableness of the rent the owner is proposing in relation to comparable units on the open market. Rent reasonableness determinations are made when units are placed under contract for the first time and if owners request annual or special contract rent adjustments. The Housing Authority will determine on a case-by-case basis that the approved rent:

- Does not exceed rents charged by the owner for comparable unassisted units in the open market; and
- Is reasonable in relation to rents charged by other owners for comparable units in the open market.

When comparing Section 8 assisted units with open market units, the Housing Authority will use the following indicators: (1) geographical location; (2) unit size; (3) unit type; and (4) amenities, services, and facilities.

In evaluating properties for rent reasonableness, the Housing Authority shall note the condition of the unit on the inspection form and compare the unit with similar open market units.

Further, page XII-3 states in part that a unit's rating will be based on the following scale: (1) Superior; (2) Good; (3) Average; and (4) Poor.

Page XII-4 states in part that the Housing Authority will maintain records that include comparable data on open market units. These records will be used by the inspection staff on-site at the units in making their rent reasonableness determinations. The records will be continually updated.

Page XXIII-1 of the Housing Authority's Section 8 Administrative Plan dated June 28, 1996 states that quality control file audits are conducted by a manager on 10 percent of the units under contract.

Certifications Were Not Conducted or Incomplete

The Columbus Metropolitan Housing Authority failed to adequately perform rent reasonableness certifications. We reviewed 23 tenant files representing \$10,645 in monthly rents placed under contract between August 5, 1997 and September 19, 1997. Of the 23 files, the Housing Authority did not conduct a rent reasonableness comparison for one unit and failed to adequately complete comparisons for the remaining 22 units. The Housing Authority did not include the size, overall number of rooms, and the type of rooms for the 22 units. Fifteen of the 22 files also did not include the physical condition rating for the units. Three units were compared to units that were not the same type structure.

One of the two Housing Authority Section 8 Inspectors responsible for performing the initial rent reasonableness comparisons said the Inspectors lacked sufficient training to conduct the rent reasonableness comparisons. The training consisted of a meeting held with the inspectors where the rent reasonableness certification form was discussed and follow-up meetings where the inspectors were able to ask questions about issues affecting their work. As a result, HUD and the Housing Authority lacks assurance that Section 8 contract rents were reasonable.

#### Quality Control Reviews Were Not Documented

The Housing Authority failed to ensure that quality control reviews of the rent reasonableness certifications were documented. The Section 8 Coordinator for Inspections said she performed the reviews, but the reviews were not documented. The Housing Authority's Section 8 management was not aware that the Coordinator was not documenting her quality control reviews. Quality control reviews ensure that procedures are performed according to established policies. Without the confidence that accurate rent reasonableness comparisons are being documented, HUD and the Housing Authority lacks assurance that contract rents were established properly.

#### Comparison Records Were Not Properly Maintained

The Housing Authority did not maintain adequate records of market units for rent reasonableness comparisons. The Authority's database contains information on approximately 1,700 unassisted units for use in performing rent reasonableness comparisons. However, the database was not complete regarding the overall number of rooms, the type of rooms, the physical condition rating, or whether on-site management or maintenance was provided.

In its 1996 monitoring review, HUD's Ohio State Office cited the Authority for incomplete and inaccurate rent reasonableness information. HUD recommended that the Authority input accurate data into its computer database to comply with HUD's rent reasonableness requirement. The Housing Authority was in the process of updating its database of unassisted units. The Director of Section 8 Programs said the update is being done by a part-time employee. Further, photographs have to be taken of the comparable properties by the inspectors so the Authority can rate their physical condition. The Director said in the worse case scenario he

expects to have the work completed by April 30, 1998. He will add two inspectors by early spring which may speed up the process.

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**Auditee Comments**

The Housing Authority questions the Inspector General's assertion that [the] Authority lacks assurance that the contract rents were reasonable. The gross rents for the 22 units audited are within the Fair Market Rents or HUD approved exception rents for suburban communities. Further, [the] review of the 22 inspected units indicates that most of the Section 8 contract units matched the listed comparable units. Management services were not assessed in many cases; [however], 12 of the 22 units [were] single family and duplex units [which] rarely have on site management services. The Housing Authority generally complied with HUD requirements for conducting rent reasonableness.

The Housing Authority did provide rent reasonableness training to the inspection staff [on several occasions]. The Housing authority will: (1) review HUD's requirements for rent reasonableness and, if necessary, revise [its] Section 8 Administrative Plan by January 31, 1998; (2) provide additional training to staff performing rent reasonableness certifications by January 31, 1998; (3) improve its quality control system to ensure that certifications are consistent with HUD regulations; and (4) complete the update of [its] private market database to include HUD requirements by April 30, 1998.

**OIG Evaluation of  
Auditee Comments**

While housing authorities must ensure that contract rents are within the Fair Market Rents and HUD approved exception rents, authorities must also ensure that contract rents are reasonable in relation to rents charged for market units. The Authority failed to properly complete rent reasonableness certifications for units placed under contract and did not ensure that quality control reviews of the rent reasonableness certifications were conducted and documented. It also failed to maintain adequate records of market units for rent reasonableness comparisons.

We do not agree that most of the Section 8 contract units matched the list of comparable units. The Housing Authority did not include the size, overall number of rooms, and the type

of rooms for the 22 files we reviewed. Fifteen of the 22 files also did not include the physical condition rating for the units. Three units were compared to units that were not the same type structure.

The Housing Authority's proposed actions, if implemented, should improve its rent reasonableness process. However, the Housing Authority should establish procedures and controls to ensure rent reasonable certifications are conducted according to its Section 8 Administrative Plan and HUD's requirements.

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## Recommendations

We recommend that the Director of Public Housing, Ohio State Office, assure that the Columbus Metropolitan Housing Authority:

- 3A. Establishes procedures and controls to ensure that rent reasonableness certifications are conducted according to HUD's requirement and its Section 8 Administrative Plan.
- 3B. Provides training to its staff responsible for performing rent reasonableness certifications.
- 3C. Establishes procedures and controls to ensure that quality control reviews are documented according to its Section 8 Administrative Plan.
- 3D. Completes the update of its database for unassisted units by April 30, 1998 to include the overall number of rooms, physical condition rating, type of rooms, and whether on-site management and maintenance services exist for its database of unassisted units.

## The Authority Needs To Develop An Acceptable Cost Allocation Plan

The Columbus Metropolitan Housing Authority did not have an acceptable cost allocation plan to support the allocation of costs among its programs. Housing authorities must allocate costs to benefiting grant programs based upon specific methods such as, time sheets or a time study. However, the Housing Authority allocated some of its costs based upon unsupported estimates made by the Executive Director and the Director of Finance and Administrative Services. As a result, neither the Housing Authority nor HUD had assurance that costs charged to the Housing Authority's Section 8 Program were reasonable in relation to the benefits it derived from the allocated costs.

### HUD Requirements

24 CFR Part 85.22(b) requires that State, local, and Indian tribal governments follow the Office of Management and Budget Circular A-87, Cost Principles for State and Local Government. 24 CFR Part 85.3 defines a local government to include any public housing agency.

### OMB Circular Requirements

The Office of Management and Budget Circular A-87 Attachment A states in part that State, local, and federally-recognized Indian tribal governments shall establish principles to provide that Federal awards bear their fair share. Further, Attachment C of the Circular states in part that governments need a process whereby costs can be assigned to benefited activities on a reasonable and consistent basis. The cost allocation plan provides that process. All costs and other data used to distribute the costs included in the plan should be supported by formal accounting and other records that support the propriety of the costs assigned to Federal awards. Attachment E requires that the plan be submitted to the government unit's cognizant agency. (HUD is the cognizant agency).

### Acceptable Plan Did Not Exist

The Columbus Metropolitan Housing Authority failed to establish an adequate cost allocation plan for some of its costs. The Housing Authority allocated costs based upon estimates made by the Executive Director and the Director of Finance and Administrative Services. The Housing Authority did not have documentation to support the estimates. This was not an acceptable method of allocating costs. Housing authorities must document an acceptable cost allocation plan. The



Director of Finance and Administrative Services said the Authority can have an acceptable plan by June 30, 1998.

We selected seven Housing Authority employees whose salaries were charged to the Section 8 Program to determine the time they spent related to the Program. Four of the seven employees indicated they spent less time than the percentage the Housing Authority charged to Section 8, two indicated they spent more time than was charged, and one employee indicated her time was charged properly.

For example, 50 percent of the Finance and Planning Accountant's salary was allocated to the Section 8 Program for 1997. But he said he spent only about two hours per month or one percent of his time on Section 8 activities. On the other hand, 50 percent of an Accountant's salary in the Housing Authority's Finance Department was allocated to the Section 8 Program for 1997. She said she spent about 75 percent of her time on Section 8 activities. The Deputy Director of Grants and New Development's salary was not charged to the Section 8 Program for 1997. All of his salary was charged to the Hope VI Program. But, he said he spent approximately seven percent of his time on Section 8 activities.

The Housing Authority was cited by us in 1989 for failing to support its allocation of indirect costs to the Comprehensive Improvement Assistance Program. HUD closed the finding based on the Authority's implementation of time sheets to track the costs of its programs. After the Comprehensive Grant Program was implemented in 1992, the Authority ceased using time sheets because the Program did not allow for the allocation of indirect costs. However, the Comprehensive Grant Program does allow housing authorities to allocate salary expenses through the use of the time sheet method as set forth in the Office of Management and Budget's Circular A-87. Consequently, the Housing Authority should have continued to use time sheets to support direct salary expenses.

The Housing Authority allocated 29 percent of the costs of trash collection and janitorial services to the Section 8 Program. The allocation was based upon an estimate of the square footage the Section 8 Program occupies at the Housing

Authority's central office. The allocation should have been based on actual square footage. Five percent of the Housing Authority's general liability insurance and 16 percent of the Housing Authority's property insurance was also allocated to the Section 8 Program. The allocations were based upon estimates made by the Executive Director and the Director of Finance and Administrative Services rather than on formal records that support the propriety of the costs assigned. As a result, the Housing Authority was not properly allocating its costs to its Section 8 Program.

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Auditee Comments

The Housing Authority [has] developed a new cost allocation plan for shared salary and administrative expenses as related to the Section 8 Program and Public Housing Programs. If [the plan is] acceptable, the Housing Authority will retroactively apply the allocation plan to 1997. It is estimated that \$28,000 in charges will be reimbursed to the Section 8 Program from the Public Housing Program.

OIG Evaluation of Auditee Comments

Based upon the actions taken by the Housing Authority, the condition in the finding should be corrected after the Authority obtains HUD's approval for the cost allocation plan, implements the plan and reimburses the Section 8 Program.

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Recommendations

We recommend that the Director of Public Housing, Ohio State Office, assures the Columbus Metropolitan Housing Authority:

- 4A. Obtains HUD's approval for its cost allocation plan and implements the plan in accordance with the Office of Management and Budget's Circular A-87 by June 30, 1998.
- 4B. Reimburses the Section 8 Program for any excessive costs charged during 1997 once the cost allocation plan is developed.

## Requests For Annual Rent Increases Were Not Processed

The Columbus Metropolitan Housing Authority did not follow HUD's requirements or its Section 8 Administrative Plan regarding rent requests. Specifically, the Housing Authority did not process requests for annual rent increases because of a lack of management oversight. As a result, owners were not receiving rental increases to which they were entitled.

### HUD Requirements

24 CFR Part 882.108(a) states in part that contract rents shall be adjusted upon request to the Housing Authority. However, the unit must be in decent, safe, and sanitary condition and the owner must otherwise be in compliance with the terms of the lease and the housing assistance payment contract.

### Housing Authority's Requirements

The Housing Authority's Section 8 Administrative Plan for the Existing Certificate and Voucher Programs dated June 28, 1996, page XIV-2, states in part that Certificate Program owners must request a rent increase in writing. Rent increases to owners under the Certificate Program are to be effective on or after the anniversary date of the housing assistance payment contract. The Housing Authority will determine on a case-by-case basis that the approved rent:

- Does not exceed rents charged by the owner for comparable unassisted units in the private market; and
- Is reasonable in relation to rents charged by other owners for comparable units in the private market.

Page XIV-3 of the Plan requires that owners may not request a rent increase in the Voucher Program prior to the expiration of the first term of the lease. Rent increases may be effective with a 60 day notice to the family and a copy to the Housing Authority. All rent increases are subject to the Housing Authority's rent reasonableness standards.

### Requests Were Not Acted Upon or Processed

The Columbus Metropolitan Housing Authority failed to process requests for annual rent increases. The Authority received complaints from about 20 owners since January 1997

regarding unprocessed rent increases. We reviewed 14 requests for rent increases that were submitted by one owner between July 5, 1996 and July 11, 1997. Of the 14 requests, the Housing Authority did not process six. The six requests consisted of five units on the Housing Authority's Section 8 Certificate Program and one unit on the Voucher Program.

For example, the owner requested a rent increase for a Section 8 Certificate unit to be effective July 1, 1997, the anniversary date of the Housing Assistance Program contract. The unit passed the Housing Authority's inspection on July 17, 1997 and the inspector approved the requested increase. However, the requested rent increase still was not reflected on the October 1, 1997 housing assistance payment. The clerk who processed rent increases said that she did not process the increase because she never received the inspection results from the inspector. The Authority does not maintain a rent increase request log. Such a log would improve the controls over the process by showing when the request was received from the owner, the unit location, to which inspector it was assigned, when the unit passed inspection, when the inspection results were passed to the clerk, and the date of the rent increase implementation.

The Director of Section 8 Programs said there were a few reasons that the rent increases were not implemented timely: failure of inspectors to provide inspection results to the clerks who implement the rent increases; failure of the clerks to make the rent increases; and sometimes owners submitted the requests for rent increases to someone other than the inspectors. The inspectors are responsible for approving the rent increases.

It is the responsibility of the Authority's management to ensure that procedures are performed correctly. Therefore, management should have monitored to ensure that the rent increase process worked properly. Because of a lack of sufficient management oversight, the owners did not receive the rental increases to which they were entitled.

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#### Auditee Comments

The Housing Authority agrees with [the] finding and will process the four cited rent increase requests retroactive to the contract anniversary dates. In other instances where processing rent requests were due to the Housing Authority's delays, rent increases will be made retroactive to [the]

contract anniversary dates in order to avoid economic losses to owners. The Housing Authority has identified the cause s for the delays and will be taking the necessary actions t o coordinate and control the inspection and ten ant recertification process with owners' requests for rent increases.

The Housing Authority will: (1) establish a control log t o track the rent increase process; and (2) establish sufficien t management oversight over the rent increase pr ocess to ensure that the rent increases are processed.

OIG Evaluation of  
Auditee Comments

The condition in the finding should be corrected after th e Housing Authority implements the proposed actions.

Recommendation

We recommend that the Director of Public Housing, Ohi o State Office, assures the Columbus Metropolitan Housin g Authority:

- 5A. Establishes a control log to track the rent increase request process. The log should show the name of the owner, location of unit, date the request wa s received, the inspector to whom the inspectio n was assigned, when the u nit passed inspection, the date the inspection results were given to the clerk, and the effective date of the rent increase.
- 5B. Establishes sufficient management oversight over the rent increase request process to ensure tha t rent increases are processed.

## Initial Inspections Were Not Conducted Timely

The Columbus Metropolitan Housing Authority failed to follow its own policy regarding initial inspections. Specifically, the Housing Authority did not inspect units entering its Section 8 Program timely. As a result, tenants' Section 8 rental assistance was delayed.

### Housing Authority's Requirements

The Housing Authority's inspection policy dated March 17, 1997 states in part that in order to complete move-in inspections timely, inspections will be scheduled within seven days from the time the Request for Lease Approval is submitted. The Authority provided the landlords with a notice informing them of the new policy.

### Inspections Were Not Timely

The Columbus Metropolitan Housing Authority did not inspect units entering its Section 8 Program in a timely manner. The Assistant Director of Section 8 Programs said it was the intent of the Housing Authority's policy to have initial inspections conducted within seven days. We reviewed 29 initial inspections conducted between June 1997 and September 1997. Thirteen of the 29 inspections were performed over ten days after the Request for Lease Approval was received. The delays ranged from 11 to 34 days and averaged 17 days. Housing authorities are not allowed to provide tenants with assistance prior to their units passing inspection. As a result, the assistance for eight of the 13 tenants was delayed by the untimely inspections. (The delays did not affect the assistance paid for five of the tenants).

The Assistant Director of Section 8 Programs said the delays were primarily caused by landlords not having units ready for inspection when they submitted the Request for Lease Approval. However, only one of the 29 inspection files we reviewed contained documentation that the inspection was delayed because the unit was not ready. We did not include the unit in computing the number of days the inspections were delayed. The other 20 inspections had no documentation showing why the inspections were delayed. The assistance for five tenants was not affected.

There may be another reason that the inspections were not performed timely. The two inspectors who conducted the initial inspections said that they did not have enough time to perform all the inspections within the seven-day requirement.

HUD will be increasing the Housing Authority's number of Section 8 Certificates. The Director of Section 8 Program said he plans to add two inspectors to help with the increased workload. He expects to have the inspectors hired by March 31, 1998. Such action will reduce the current inspectors' workload because the number of units per inspector will decrease by about 60. Therefore the inspectors will have more time to complete the inspections.

### Auditee Comments

The Housing Authority set an internal goal of conducting initial inspections within seven days of [receiving] the Request for Lease Approval. Unfortunately, the Housing Authority has not met this goal. However, the Housing Authority's Section 8 administrative policy states the Authority will schedule a timely inspection of the unit on the date the owner indicates the unit will be ready for inspection or as soon as possible thereafter (generally within 10 working days) upon receipt of a Request for Lease Approval and lease.

The Housing Authority believes that [it] has made a good faith effort to conduct inspections in accordance with its official policy. The Housing Authority agrees that the inspectors should note the reasons for inspection delays in order to assess the timeliness of initial inspections. The Housing Authority will: (1) establish procedures and controls to document delays which prevent the inspectors from conducting timely initial inspections; and (2) hire additional inspectors by March 31, 1998.

### OIG Evaluation of Auditee Comments

The Housing Authority is correct that its Section 8 Administrative Plan, page XI-2, states in part that the Authority will schedule a timely initial inspection of the unit on the date the owner indicates the unit will be ready for inspection or as soon as possible, generally within 10 working days upon receipt of a Request for Lease Approval. The effective date of the Housing Authority's Administrative Plan was June 28, 1996. However, the Housing Authority issued an inspection policy dated March 17, 1997 that superseded the Administrative Plan. The inspection policy requires that initial

inspections will be scheduled within seven days from the time the Request for Lease Approval is submitted. We reviewed 29 initial inspections conducted between June 1997 and September 1997. Therefore, we believe the March 1997 policy applies.

The condition in the finding should be improved after the Housing Authority: (1) fully implements procedures and controls to document delays caused by landlords during initial inspections; and (2) hires the additional inspectors by March 31, 1998. However, the Housing Authority should establish procedures and controls to assure that it follows its inspection policy regarding initial inspections.

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## Recommendations

We recommend that the Director of Public Housing, Ohio State Office, assure the Columbus Metropolitan Housing Authority:

- 6A. Establishes procedures and controls to assure that it follows its inspection policy regarding initial inspections and documents any delays caused during the inspection process.
- 6B. Hires the two additional Section 8 inspectors by March 31, 1998.



# Auditee Comments

October 31, 1997

Heath Wolfe, Senior Auditor  
Office of Audit  
U.S. Department of Housing  
and Urban Development  
Ohio State Office, Midwest  
200 North High Street, Room 334  
Columbus, Ohio 43215-2499

Subject: OIG Section 8 Program Audit

Dear Mr. Wolfe:

Enclosed for your review is CMHA's response to the draft audit findings.

Please let me know if you have any questions.

Sincerely,

Dennis S. Guest  
Executive Director

Enclosure



## **COST ALLOCATION**

CMHA has developed a new cost Allocation Plan for shared salary and administrative expenses as related to the Section 8 and Public Housing Programs.

Attached for your review is the referenced Allocation Plan. If acceptable, CMHA will retroactively apply the Allocation Plan to 1997 and record the corrections in the October 1997 financial statements. It is estimated that \$28,000 in charges will be reimbursed to the Section 8 Program from the Public Housing Program. This represents one percent of the Section 8 operating budget.

## Cost Allocation Plan

The cost allocation plan was developed by defining administrative salaries and expenses that are not directly related to a program. Allocation methods were then defined to provide a reasonable means to charge off cost.

Listed below are the allocation methods:

### **SALARIES**

1. *Number of employees* - Allocation based on task and shared cost represented by management and administrative time spent by each program. Salaries for Executive staff and Finance and Administrative staff will be allocated on this basis as well as related expenses.
2. *Number of computer users* - Cost of the MIS staff and related computer expenses will be allocated on this basis.
3. *Number of clients served* - The Receptionist and Courier/ Clerks' salaries and benefits will be allocated based on this percentage because their positions have direct and daily contact with all clients served by CMHA.
4. *Number of items purchased* - Cost for the Purchasing staff and Accounts Payable Clerks will be allocated on this basis since this is a direct relationship to their job duties.
5. *Number of items requested from stock* - Since the direct job duties of the Warehouse personnel is to maintain and disburse stock for CMHA, the Warehouse salaries will be allocated on this basis.
6. *Number of units* - The salaries for the Accounting Managers, Accounting Supervisor and two (2) Accountants will be allocated on this basis since their job functions have a direct relationship to the number of units.
7. *Income amounts by program* - The Planning Manager duties are to prepare budgets and manage cash for all programs. The amount of income generated by each program has a direct effect on the amount of work to be performed by the manger. Therefore, the salary of the Planning Manager will be allocated on this basic.

**EXPENSE**

1. *Administrative expense* - Indirect administrative expenses will be allocated on the same basis as the salary allocation by position.
2. *Insurance*- Cost will be allocated based on square footage for property insurance at 960 E. 5th Avenue, number of cars for auto insurance and number of employees for the fidelity bonds.
3. *Utilities and Maintenance Contract for 960 E. 5th Avenue* - Cost associated with operating and maintaining the central office at 960 E. 5th Avenue will be based on square footage used by each program.
4. *Protective Services* - The protective services for 960 E. 5th Avenue will be allocated based on number of people by program working out of the central office. The protective services are provided for the employees working at the central locations.
5. *Employee Benefits* - Employee benefits will be charged on the same basis that the salaries are allocated.

In August of each year, all allocation methods would be reviewed and updated. Any changes in the allocation would be incorporated into the next's year operating budget and the new allocation table would be used in the next fiscal year.

**RESPONSE TO DRAFT IG FINDING:**

**REQUESTS FOR ANNUAL RENT INCREASES WERE NOT PROCESSED**

CMHA agrees with this finding and will process the four cited rent increase requests retroactive to the contract anniversary dates. In other instances where processing rent requests were due to CMHA delays, rent increases will be made retroactive to contract anniversary dates in order to avoid economic losses to owners. Historically, CMHA has always made retroactive rent increases when at fault. Upon further review, CMHA has identified the causes for the delays and will be taking the necessary actions to coordinate and control the inspection and tenant recertification process with owners requests for rent increases.

In response to the IG's recommendations, CMHA will:

- A. Establish a control log to tract the rent increase process, A control log form is attached for your information.
- B. Establish sufficient management oversight over the rent increase process to ensure that the rent increases are processed.

CMHA RENT INCREASE REQUEST CONTROL LOG (FOR DISCUSSION PURPOSES ONLY)

Date Received	Owner name	Tenant Name	Client number	Address	Recert Month	Date Unit Passed Insp	Date Increase Given	Date Increase Denied W/not	Comments

## **RESPONSE TO DRAFT IG FINDING:**

### **THE HA DID NOT ALWAYS FOLLOW HQS REQUIREMENTS**

CMHA has reviewed the IG's concerns and agrees that some HQS violations were not identified by CMHA inspectors. However, CMHA believes that is unreasonable to assume that non-HQS fails were the sole reasons for the owners removing units from the Section 8 Program.

In regard to the cited 30 violations, CMHA does not believe that all violations cited by the IG were overlooked at time of the initial CMHA inspection. Our responses are as follows:

#### 827 S. James Road

Two of the fail items (stove burner and smoke detector) could have occurred after the CMHA inspection. CMHA concurs that the lack of discharge pipe from the hot water tank is a fail item.

#### 956 Ellsworth Avenue

The inspector said the garbage disposal was operable at the time of her inspection. She did not cite the retaining wall because she assumed that the retaining wall was not part of property under inspection since the lots on this street have 33 foot frontages. In researching this matter, CMHA discovered that the vacant lot has been combined with the lot with the structure. Consequently, the retaining wall is a fail item for the subject property. However, this fail item should not be attributed to the inspector's lack of attention to this item. The loose or missing bricks are also questionable fail items due to their location and the low probability of danger.

#### 1007 Fairwood Avenue

CMHA agrees that the cited exposed wiring in the utility box is a fail item.

#### 625 Franklin Avenue #6

The oven could have been working at the time of the inspection. CMHA concurs with the peeling paint citation.

#### 624 S. Champion Avenue

The burners on the oven could have been operable at the time of the inspection. CMHA concurs that the exposed wires are an HQS violation.

#### 1416 Streibel Road #109

CMHA concurs that the junction box should have had a cover plate.

#### 1416 Streibel #320

CMHA concurs that the peeling paint on the bathroom ceiling should have been cited.

#### 1698 Cleveland Avenue



CMHA concurs that the peeling paint on the basement wall should have been cited. However, water coming through the wall is not an HQS fail item. (The basement was not wet when at the time of the CMHA inspection). The bathroom fan should have been operable at the time of the CMHA inspection.

1140 Duxberry Avenue

The smoke detectors could have been working at the time of the inspection. CMHA concurs that the threshold should have been repaired. CMHA cannot confirm if the brick on the chimney is actually loose or if it has shifted.

CMHA's responses to the IG's recommendations are as follows :

- A. Most of the violations have been corrected or the owners have been notified that the fail items must be corrected. Units that have been corrected since the IG's review are:

827 S, James Road  
 4151 Cleveland Avenue #30  
 1275 E. 17th Avenue  
 1007 Fairwood Avenue  
 1416 Streibel Road #320  
 1416 Streibel Road #109  
 146 Monroe Avenue

CMHA has abated the rents for 956 Ellsworth Avenue and 1698 Cleveland Avenue. CMHA has sent HQS correction notices for the following units:

625 Franklin Avenue #6  
 624 S, Champion Avenue  
 1140 Duxberry Avenue

- B. CMHA disagrees with reimbursing HUD for the Section 8 administrative fees since prompt action was taken to correct deficiencies.
- C. CMHA will improve management oversight by expanding its quality control reviews and performance tracking systems. If quality control reviews detect a weakness in a particular area of HQS regulations, CMHA will provide additional training.
- D. CMHA agrees to provide further instructions to the inspection staff on distinguishing between cosmetic defects and actual HQS violations. A memorandum to staff is attached for your information. Training for staff will follow immediately after the memorandum is distributed.

MEMORANDUM

To: Section 8 Inspection Staff

From: Thomas Dobies, Director

Date: October 31, 1997

Subject: Citing Cosmetic Defects in Section 8 Assisted Units

The HUD Office of Inspector General has concluded that CMHA inspectors cited non-HQS violations as valid HQS violations (requiring owners to make repairs) as a result of their recent audit of the CMHA Section 8 Program. Non-HQS items cited as violations included chipped or worn enamel in sinks and tubs, discolored caulking, chipped or cracked floor tiles, and chipped/pitted concrete surfaces.

At the June, 1997 HQS training, the CMHA inspection staff was instructed not to fail such items as missing or stained ceiling tile, missing light globes, chipped floor tile, stained or soiled floor coverings, or require owners to paint unclean walls.

The Inspector General has requested CMHA to inform the Section 8 inspection staff of this audit finding and to cease immediately all unwarranted citations of non-HQS violations. This matter will be discussed at the training session on November 6, 1997.

Please see me if you have any questions regarding this matter.

cc: Dennis Guest, Executive Director  
Steve Havens, Deputy Director  
Joyce Clark, Assistant Director  
Section 8 Coordinators

**RESPONSE TO DRAFT IG FINDING:****RENT REASONABLENESS PROCEDURES MUST BE IMPROVED**

CMHA questions the IG's assertion that CMHA lacks assurance that the contract rents were reasonable. We note that the gross rents for the 22 units audited are within the Columbus Fair Market Rents or HUD approved exception rents for suburban communities. Approved gross rents for these units are \$913 or an average of \$41 per unit less per month than the Fair Market Rent for these units. Further, your review of the 22 inspected units indicates that most of the Section 8 contract units and the listed comparable units matched with respect to size, type, amenities, and facilities. Although management services were not assessed in many cases, please note that single family and duplex units (12 of the 22 units) rarely have on site management services. In our opinion, CMHA generally complied with the HUD requirements for conducting rent reasonableness.

Despite one inspector's comments, CMHA did provide rent reasonableness training to the inspection staff. CMHA management met with Section 8 inspection staff on May 15, 1997 to obtain their input on improving the rent reasonableness system. The management staff again met the inspection staff on July 12, 1997 to discuss the new rent reasonableness standards and provided rent reasonableness training to staff. CMHA also provided rent reasonableness training as a part of an overall Housing Quality Standards training on June 23-25, 1997. Subsequent instructions were sent to staff on August 14 and September 9, 1997 regarding the unit size and rating units. Copies of these documents are attached.

In response to the IG's recommendations, CMHA will:

- A. Review HUD requirements for rent reasonableness and if necessary, revise the Section 8 administrative plan to improve its rent reasonableness system by January 31, 1998.
- B. Provide additional training to staff for performing rent reasonableness certifications by January 31, 1998.
- C. Improve its quality control system to ensure that rent reasonableness certifications are consistent with HUD regulations. Quality control reviews will document compliance with rent reasonableness requirements by November 30, 1997.
- D. Complete the update of the private market rental data base to include the HUD requirements of a unit location, size, type, quality, amenities, facilities, and management/maintenance services by April 30, 1998.

**RESPONSE TO DRAFT IG FINDING:**

**INITIAL INSPECTIONS WERE NOT CONDUCTED TIMELY**

In response to landlord complaints CMHA set an internal goal of conducting initial inspections within 7 days of the submission of Request For Lease Approval Forms. Unfortunately, CMHA has not met this goal.

However, please note that in reference to conducting initial inspections, CMHA Section 8 administrative policy states:

"the PHA will schedule a timely inspection of the unit on the date the owner indicates the unit will be ready for inspection or as soon as possible thereafter (generally within ten working days) upon receipt of a Request For Lease Approval and lease."

In reviewing the 29 units tested by the IG, CMHA has determined that 20 inspections were inspected within 10 working days, 4 units were inspected within 11 working days, and 4 units were inspected after 11 working days. One unit in this group had a documented delay. Thus, CMHA believes that the agency has made a good faith effort to conduct inspections in accordance with its official policy.

CMHA notes the concern of the IG in documenting the reasons for inspection delays. According to the inspection staff, the most common reason for delay is that the unit is not ready to be inspected. CMHA agrees that the inspectors should note the reasons for inspection delays in order to assess the timeliness of initial inspections.

In response to the IG's recommendations, CMHA will:

- A. Establish procedures and controls to document delays which prevent the inspectors from conducting timely initial inspections. A memorandum concerning this matter is attached for your information.
- B. Hire additional inspectors by March 31, 1998.

## MEMORANDUM

To: Section 8 Inspection Staff

From: Thomas Dobies, Director

Date: October 31, 1997

Subject: Initial Inspections

The HUD Office of Inspector General has concluded that CMHA inspectors have not made timely initial inspections. As you are aware, CMHA set a goal of conducting initial inspections within 7 calendar days after receiving Request For Lease Approval Forms. The Inspector General noted that in instances where the CMHA inspections occurred after the 7 day period, there was only one documented reason for the delay.

CMHA disagrees with the IG's conclusion that initial inspections were not conducted in a timely manner. However, CMHA has assured the IG that CMHA will document delays of inspection services.

You are instructed to document any delays which would prevent you from providing timely inspection services for initial inspections. A reason for the delay must be noted in the file. You must also date and initial your comments.

Please see me if you have any questions.

## **RESPONSE TO DRAFT IG FINDING:**

### **CAUSE OF VIOLATIONS WAS NOT PROPERLY IDENTIFIED**

The IG cited regulations (24 CFR Part 982.404(a)(4) and 24 CFR Part 982.404 (b)(1)(iii)) which state that an owner is not responsible for tenant caused HQS violations, that the tenant caused HQS violation is a family obligation, and that a PHA may terminate rental assistance to the family (after due process) if the tenant caused HQS violations are not corrected by the PHA's deadline. CMHA has incorporated these CFR citations in Section XI, subsection H, of the CMHA Section 8 Administrative Plan. A copy of this section is enclosed for your information.

HUD regulations do not provide any explanation of damages beyond ordinary wear and tear. Consequently, tenant damages must be individually assessed by the inspector appraising the nature of the violation, the overall condition of the unit, and the unique circumstances surrounding the alleged violation. There is no HUD regulation which requires a PHA to interview the family or the owner in order to determine which party is responsible for the HQS violations. However, if CMHA proposes termination of Section 8 rental assistance, the family has the opportunity to present their case in an informal hearing with CMHA. Due to the nature of this issue, a PHA's determination will always be subject to criticism and second guessing by a third party who may have an economic interest in the outcome of the determination.

CMHA also disagrees that the agency failed to provide training to its staff. CMHA conducted training sessions on tenant-caused tenant damages on August 8, 1996, June 24, 1997, and at staff meetings. CMHA also developed a tenant damage form letter for staff use. This form letter is attached for your information.

The IG's concern in regard to owners comments that CMHA's failure to cite tenant caused HQS damages caused them to remove units from the Section 8 Program does not support the conclusion that housing opportunities have been reduced for Section 8 families. A loss of 18 units is relatively insignificant considering that there are 185,000 rental units in the greater Columbus area. An owner's willingness to contract his unit with Section 8 rental assistance is clearly an economic consideration along with several other factors such as the owner's ability to make repairs when asked, the added paperwork and compliance with federal regulations, and the rental history of the family. All of these factors influence an owner's decision to participate and no one factor should be singled out as a sole reason for nonparticipation.

It should also be noted that owners may evict tenants for damages beyond ordinary wear and tear. The primary responsibility for enforcing lease provisions rests with the landlord. To assist the landlord in dealing with tenants that abuse their units, CMHA has informed Section 8 owners that tenants may lose their Section 8 rental assistance if they are evicted for damages.

In response to the IG's recommendations, CMHA will:

- A. Meet with a selected group of landlords by December 31, 1997 to gain additional insight into their concerns and to explain CMHA's views on tenant caused HQS violations and discuss the results of the meeting with the inspection staff.
- B. CMHA has sent the attached memorandum to the Section 8 inspection staff and has scheduled a training session on November 6, 1997.

Columbus metropolitan Housing Authority  
Section 8 Programs Dept.  
Inspections Division  
960 E. Fifth Avenue  
Columbus, OH 43201

October 28, 1997

753 SULLIVANT  
Columbus, OH 43223

Dear Tenant:

Please find enclosed the summary of our recent inspection of your Section 8 unit. The owner is not responsible for a breach of the Housing Quality Standards (HQS) that is caused by the tenant.

Checked below are the type of tenant caused HQS violations(s) cited at this inspection:

S)))))) The family has failed to pay for any utility that the owner is not required to pay for under the lease.

S)))))) The family has failed to provide and maintain any appliance that the owner is not required to provide under the lease.

S)))))) A member of the household or guest has damaged the contract unit or the premises (damaged beyond ordinary wear and tear).

S)))))) Other: S))))))  
S))))))

The violations indicated above must be corrected by the reinspection on:

S)))))) a.m./p.m.))

Failure to correct these violations by the reinspection date will result in the proposed termination of your Section 8 Assistance.

Section 8 Representative  
Phone: (614) 421-\_\_\_\_\_:



## MEMORANDUM

To: Section 8 Inspection Staff

From: Thomas Dobies, Director

Date: October 31, 1997

Subject: Tenant Caused HQS Violations

The HUD Office of Inspector General has concluded that CMHA inspectors have failed to cite tenant-caused HQS violations as a result of their recent audit of the CMHA Section 8 Program.

Please be advised that HUD regulations (CFR Part 982.404(b)) and Section XI, subsection H, and Section XVII of the CMHA Section 8 Administrative Plan require CMHA to propose termination of Section 8 rental assistance for a family who does not correct tenant caused HQS violations. The HUD regulations state that an "HA must take prompt and vigorous action to enforce the family obligations."

The following fail items serve as prime examples of tenant-caused HQS violations:

- missing or broken screens, windows, or doors
- holes in wall in excess of 8 1/2 x 11 inches
- broken or missing fixtures due to tenant abuse/neglect
- failure to maintain tenant-paid utilities
- missing or inoperable tenant-furnished appliances
- hazardous and/or unsanitary conditions
- missing or inoperable (batteries missing) smoke detectors

The above examples are not meant to be an inclusive list of all the possible tenant-caused violations.

A training session will be held on this matter on November 6, 1997 at 3:30 pm in the CMHA Board Room. All inspectors must attend this training session.

Please see me if you have any questions regarding this matter.

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# Distribution

Secretary's Representative, Midwest  
State Coordinator, Ohio State Office (2)  
Director of Public Housing, Ohio State Office (2)  
Director, Field Accounting Division, Midwest  
Deputy Secretary, SD  
Assistant Secretary for Congressional and Intergovernmental Relations, J (Room 10120)  
Deputy Assistant Secretary for Public Affairs, W (Room 10220)  
Chief of Staff, S (Room 10000)  
Counselor to the Secretary, S (Room 10234)  
Senior Advisor to the Secretary for Communications and Policy, S (Room 10222)  
Field Comptroller, Midwest  
Assistant General Counsel, Midwest  
Assistant to the Deputy Secretary for Field Management, SDF (Room 7106)  
Comptroller/Audit Liaison Officer, Public and Indian Housing, PF (Room 5156) (3)  
Assistant Secretary for Public and Indian Housing, P (Room 4100)  
Acquisitions Librarian, Library, AS (Room 8141)  
Chief Financial Officer, F (Room 10164) (2)  
Deputy Chief Financial Officer for Finance, FF (Room 10164) (2)  
General Counsel, C (Room 10214)  
Associate General Counsel, Office of Assisted Housing and Community Development, CD (Room 8162)  
Director, Housing and Community Development Issue Area, U.S. GAO, 441 G Street N.W., Room 2474, Washington DC 20548, Attn: Judy England-Joseph  
The Honorable John Glenn, Ranking Member, Committee on Governmental Affairs, United States Senate, Washington DC 20515-4305  
The Honorable Fred Thompson, Chairman, Committee on Governmental Affairs, United States Senate, Washington DC 20515-4305  
Mr. Pete Sessions, Government Reform and Oversight Committee, Congress of the United States, House of Representatives, Washington, DC 20510-6250  
Ms. Cindy Sprunger, Subcommittee on General Oversight and Investigations, Room 212, O'Neil Office Building, Washington DC 20515  
Executive Director, Columbus Metropolitan Housing Authority  
Chairman of the Board of Commissioners, Columbus Metropolitan Housing Authority