

Audit Related Memorandum
Issued: October 5, 1995
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MEMORANDUM FOR: Anthony Britto, Director, Office of Public Housing, 1PH

FROM: William D. Hartnett, District Inspector General, Office of Audit,
1AGA

SUBJECT: Quincy Housing Authority
Section 8 Certificate Program
Quincy, Massachusetts

Introduction

We conducted a review of the Quincy Housing Authority's (QHA) Section 8 Certificate Program. Audit work was performed between May 1995 and August 1995 and covered the period July 1, 1993 through April 30, 1995. We conducted the review in accordance with generally accepted government auditing standards.

Our overall objective was to evaluate the QHA's effectiveness and efficiency in administering the Section 8 Certificate Program. To accomplish our objective we reviewed the systems and procedures in effect for ensuring rent reasonableness, housing quality, and tenant eligibility.

Summary

Our review disclosed that the QHA has adequate systems and procedures to administer its Section 8 Certificate Program in an effective and efficient manner.

We found that, based on our sample, 64 percent of the Section 8 Certificate units exceeded the latest Fair Market Rents (FMRs). However, the QHA is aware of this and has taken the necessary steps to lessen its impact on the QHA's future Contingency Reserves, such as, not granting rent increases or annual adjustments to landlords.

The majority of Quincy's units have gross rents which exceed the current FMR because the Fair Market Rents have decreased since the early 1990's, as shown in the table below.

Unit Size	FMRs Effective 9/26/91	Current FMRs	Decrease
1 Bedroom	\$ 767	\$ 643	\$124

2 Bedrooms	\$ 902	\$ 804	\$ 98
3 Bedrooms	\$1,129	\$1,005	\$124

The QHA has responded to the decrease in FMRs by freezing the rent on units whose rents exceed the current FMRs. The percentage of total units with gross rents that exceed the current FMRs should decrease with normal tenant turnover; i.e., when tenants transfer to new units, the gross rent on the new unit will be limited by the current FMR, which is likely to be lower than the gross rent of the previous unit.

Also, the QHA is setting rents for new lease-ups at reasonable levels. We examined how the QHA has set rents for units that were leased since the latest FMRs were issued on September 28, 1994 and found that gross rents for new lease-ups are set at approximately the current FMRs. The contract rents for these units are reasonable in relation to rents charged in the private market.

Our examination of leased housing units showed that, overall, the Section 8 housing stock in Quincy is in good physical condition. Our review of the control system for inspections disclosed that the QHA has adequate controls in place to insure that units are inspected on a timely basis.

Concerning units that have failed their HQS inspections, which we estimated to be about 7 percent, inspectors sometimes pass the units after receiving verbal notice from landlords or tenants that the repairs have been made or will be made. One QHA inspector estimated that he has passed 10 to 20 percent of units that failed their physical inspections based upon verbal notice from the landlord that the repairs have been completed.

After discussion with QHA Management, they advised us that it will no longer pass units based upon verbal assurances that repairs have been made. Inspectors must reinspect the units to ensure that the needed repairs have been made, before granting pass ratings. This will ensure that units which pass their inspections meet HQS standards.

Our assessment of the tenant eligibility system indicates that all tenants are income eligible and meet the definition of a "family" and showed that tenants' income is verified by the QHA.

Background

The QHA is governed by a five member Board of Commissioners chaired by James MacDonald. The Executive Director is John P. Comer, who administers the QHA's daily operations. The QHA's leased housing program is under the direction of Ms. Barbara A. Niles. The QHA is located at 80 Clay Street,

Quincy, Massachusetts.

The QHA was established to provide low rent housing for qualified families in accordance with various local and federal laws. The QHA has 471 elderly housing units, 180 low-income family units, 677 Section 8 Certificates, and 47 Section 8 Vouchers. For the QHA fiscal year ending June 30, 1995, the QHA expended \$4,780,137 in its Section 8 Certificate Program to provide affordable housing for a total of 632 families.

We appreciate the cooperation and assistance of the Quincy Housing Authority and your staff in conducting this review.

Please furnish us copies of any correspondence related to this review. A copy of this memorandum has been provided to the Quincy Housing Authority. Should your staff have any questions, please contact our office at (617) 565-5259.