



Issue Date	June 15, 2010
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Audit Report Number	2010-CH-1008
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TO: Steven E. Meiss, Director of Public Housing Hub, 5APH
Barbara Knox, Director of Fair Housing and Equal Opportunity Hub, 5AEH

FROM: 
Heath Wolfe, Regional Inspector General for Audit, 5AGA

SUBJECT: The DuPage Housing Authority, Wheaton, IL, Inappropriately Administered Its
Section 8 Project-Based Voucher Program

HIGHLIGHTS

What We Audited and Why

We audited the DuPage Housing Authority's (Authority) Section 8 Project-Based Voucher program (program). The audit was part of the activities in our fiscal year 2009 annual audit plan. We selected the Authority as part of our internal audit of the U.S. Department of Housing and Urban Development's (HUD) oversight of the program and based upon our analysis of risk factors relating to the housing authorities in Region V's jurisdiction. Our objective was to determine whether the Authority effectively administered its program in accordance with HUD's requirements and its administrative plan. This is the second of two audit reports on the Authority's program.

What We Found

The Authority inappropriately administered its program. It lacked the required eligibility documentation for its program projects to support more than \$3.4 million in housing assistance payments. Further, it made improper housing assistance payments totaling more than \$33,000 for eight months before the effective dates of two housing assistance payments contracts.

The Authority executed housing assistance payments contracts with inappropriate contract rents. The contract rents for 6 of the Authority's 11 projects exceeded the maximum allowable amounts according to HUD's requirements. Based on the inappropriate contract rents, the Authority overpaid nearly \$270,000 in housing assistance. We estimate that over the next year, it will overpay more than \$90,000 in housing assistance due to the improper contract rents.

The Authority did not properly select program households from waiting lists. It allowed its program projects to select the households and did not perform quality control reviews of the selection process. As a result, it inappropriately paid more than \$188,000 in housing assistance for 14 households that did not meet project eligibility requirements and was unable to support more than \$57,000 in housing assistance payments for 3 households. Further, it underpaid \$200 in housing assistance for two households. We estimate that over the next year, the Authority will pay more than \$100,000 in housing assistance for households that do not meet project eligibility requirements.

What We Recommend

We recommend that the Director of HUD's Chicago Office of Public Housing require the Authority to (1) reimburse its program from non-Federal funds for the improper use of more than \$600,000 in program funds, (2) provide documentation or reimburse its program from non-Federal funds nearly \$4 million in program funds, and (3) implement adequate procedures and controls to address the findings cited in this audit report. These procedures and controls should help to ensure that nearly \$200,000 in program funds is spent on program administration that meets HUD's requirements over the next year. We also recommend that the Director of HUD's Chicago Office of Fair Housing and Equal Opportunity review the Authority's household selections to ensure that they comply with HUD's requirements. If the Authority fails to comply with HUD's requirements, then HUD's Director should take appropriate action against the Authority and/or its applicable employee(s).

For each recommendation without a management decision, please respond and provide status reports in accordance with HUD Handbook 2000.06, REV-3. Please furnish us copies of any correspondence or directives issued because of the audit.

Auditee's Response

We provided our review results and supporting schedules to the Director of HUD's Chicago Office of Public Housing and the Authority's executive director during the audit. We also provided our discussion draft audit report to the Authority's executive director, its board chairman, and HUD's staff during the

audit. We held an exit conference with the Authority's executive director on May 5, 2010.

We asked the Authority's executive director to provide comments on our discussion draft audit report by June 1, 2010. The Authority's executive director provided written comments, dated June 1, 2010. The executive director disagreed with findings 1 and 2, but agreed with finding 3. The complete text of the auditee's response, along with our evaluation of that response, can be found in appendix B of this report except for 1,193 pages of documentation that was not necessary for understanding the Authority's comments. A complete copy of the Authority's comments was provided to the Director of HUD's Chicago Office of Public Housing.

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BACKGROUND AND OBJECTIVE

The DuPage Housing Authority (Authority) was established by the State Housing Board of Illinois in September 1942 under the laws of the State of Illinois to provide decent, safe, and sanitary housing. The Authority is governed by a seven-member board of commissioners (board) appointed by the chairman of the DuPage County Board to 5-year staggered terms. The board's responsibilities include overseeing the administration of the Authority and approving policies. The board appoints the Authority's executive director. The executive director is responsible for ensuring that policies are followed and providing oversight of the Authority's programs.

The Authority administers a Section 8 Housing Choice Voucher program funded by the U.S. Department of Housing and Urban Development (HUD). It provides assistance to low- and moderate-income individuals seeking decent, safe, and sanitary housing by subsidizing rents with owners of existing private housing. As of March 30, 2010, the Authority had 2,613 units under contract with annual housing assistance payments totaling more than \$21.4 million in program funds.

On January 1, 2005, the Authority executed its first Section 8 Project-Based Voucher program (program) housing assistance payments contract. The Authority may use up to 20 percent of its Section 8 Housing Choice Voucher program funding for newly constructed, existing, or rehabilitated program units. Households must live in the program units for a minimum of 1 year. After the initial year, the households may join the Housing Choice Voucher program, provided there are vouchers available. The Authority made housing assistance and utility allowance payments totaling more than \$4 million for 203 program households between January 1, 2005, and March 31, 2010.

This is the second of two audit reports of the Authority's program. Our objective was to determine whether the Authority effectively administered its program in accordance with HUD's requirements and its program administrative plan to include determining whether it (1) maintained adequate documentation to support project eligibility, (2) executed housing assistance payments contracts with appropriate contract rents, and (3) appropriately selected program households from the waiting list. The first audit report (report #2009-CH-1016, issued on September 28, 2009) included one finding. The objective of the first audit was to determine whether the Authority (1) maintained adequate documentation to support program household eligibility and (2) accurately calculated housing assistance and utility allowance payments.

RESULTS OF AUDIT

Finding 1: The Authority Did Not Maintain Adequate Documentation to Support the Eligibility of Its Projects

The Authority administered its program contrary to HUD's requirements. The problems occurred because the Authority lacked an understanding of the program regulations and failed to implement adequate procedures and controls to ensure that HUD's requirements were appropriately followed. As a result, it was unable to support the use of more than \$3.4 million in housing assistance payments and inappropriately paid more than \$33,000 in housing assistance.

The Authority Inappropriately Administered Its Program

We reviewed 100 percent of the Authority's program projects that received housing assistance between July 1, 2007, and August 31, 2009. The 11 program projects contained 187 units. The program project files were reviewed to determine whether the Authority maintained documentation to support the projects' eligibility. Our review was limited to the information the Authority maintained in its program project files.

The Authority inappropriately administered its program when it failed to follow all of HUD's program requirements at 24 CFR (Code of Federal Regulations) Part 983 before approving and contracting units for housing assistance. It did not

- Issue appropriate requests for proposals,
- Properly evaluate project proposals,
- Request HUD approval for projects with conflicts of interest,
- Ensure that agreements and housing assistance payments contracts included the required elements,
- Ensure that environmental and subsidy-layering reviews were conducted for all of its program projects,
- Conduct rent reasonableness determinations for all program units, and
- Conduct housing quality standards inspections for all program units.

Further, the Authority made \$33,632 in retroactive housing assistance payments for two projects for 8 months before the effective date of the housing assistance payments contracts. The contracts were effective April 1, 2005, but on March 15, 2005, the Authority made retroactive housing assistance payments for August 2004 through March 2005.

HUD's Requirements Were Not Followed Regarding Project Selection

The Authority failed to follow HUD's requirements regarding project selection. It approved 7 project applications for 11 projects, with 5 projects included on one application. The requests for proposals were incomplete, and it was unable to provide an application or other program documentation for 1 of the 11 program projects. The Authority provided applications for the remaining projects. However, three of the applications provided were missing the following:

- Two were missing proposed contract rents,
- One was missing a disclosures of possible conflicts of interest,
- One was missing a certification that they were not excluded from Federal programs,
- One was missing a list of included utilities, and
- One was missing estimated monthly utility costs.

In addition, for the six approved project applications reviewed, the Authority was unable to provide documentation to support

- When four of the project applications were received,
- How five of the project applications were scored, and
- When the project selections were made.

According to part 2, section 19, of the housing assistance payments contract, no present or former member or officer of the Authority and no employee of the Authority who formulates policy or influences decisions with respect to the program shall have any direct or indirect interest. Based on the project applications, the Authority had an interest in two of the program projects. The two applications included documentation stating involvement by the Myers Commons Development Corporation in the project development. The corporation file detail report for the Myers Commons Development Corporation listed one of the Authority's commissioners as the president and the Authority's executive director as the secretary.

In addition, the Authority's board meeting minutes dated before the publication of the request for proposals included discussions regarding the development of the Myers Commons project, indicating that the project development was planned before the application was received. According to the Authority's board chairman, the Authority originally planned to develop the project on its own, but later a third party decided to develop the project. Further, the Authority's executive director said that he spoke with HUD regarding the conflicts of interest. However, he was unable to provide evidence of the communication with HUD or documentation showing that the conflict-of-interest restriction was waived. Contrary to HUD's regulations

regarding conflicts of interest, the Authority did not have an independent entity perform the housing quality standards inspections or determine reasonable rents.

The Authority Executed Improper Program Contracts

The Authority was unable to provide a housing assistance payments contract for 1 of its 11 projects. In addition, six of the contracts included units that were occupied by fair-market renters or were receiving tenant-based subsidies. According to HUD regulations, these units were not eligible for the project-based program. Four of the program contracts listed food expenses as a service provided by the owner. However, according to HUD regulations, food expenses cannot be included in the rent to owner. Furthermore, one of the contracts provided was missing part 2, which details the contract definitions and conditions.

The Authority Did Not Perform Required Reviews and Inspections

There was no documentation to support that the Authority completed environmental reviews or submitted requests for release of funds, HUD Form 7015.15, for 10 of its program projects. In addition, there was no evidence that a subsidy-layering review was requested for its new construction project. However, the Authority provided documentation showing that multiple subsidy sources were used to develop the project.

The Authority was unable to provide rent reasonableness determinations for 18 of its 187 program units. Of the 169 rent reasonableness determinations provided, 157 were completed after the housing assistance payments contracts were executed. The Authority's program manager said that rent reasonableness determinations were not completed for units that did not receive program assistance. However, the units were included on the housing assistance payments contracts. In addition, the Authority used one-bedroom apartments as comparable units for the single room occupancy projects without adjusting the rent amounts. According to HUD regulations, the maximum allowable rent for single room occupancy units is 75 percent of the zero-bedroom payment standard, or approximately \$300 less than a one-bedroom unit (see finding 2 of this audit report).

Further, the Authority was unable to provide initial housing quality standards inspection reports for 22 of its 187 program units. Of the 161 initial inspection reports provided, only 13 were conducted before the housing assistance payments contracts were executed. The Authority's program manager said that the units were inspected prior to paying housing assistance but not prior to signing the housing assistance payments contracts as required by HUD.

For two of its program projects, the Authority used spreadsheets to record the results of the initial inspections. One of the spreadsheets did not indicate the date on which the inspections were performed, and the other was dated after the housing assistance payments contract was executed. Neither of the spreadsheets indicated whether follow-up inspections were performed for units with deficiencies.

Conclusion

HUD lacked assurance that program funds were used efficiently and effectively. The Authority did not properly use program funds when it failed to ensure that its program projects were administered in accordance with HUD's regulations. It also lacked an understanding of the program regulations and failed to implement adequate procedures and controls to ensure that HUD's requirements were appropriately followed. It disbursed more than \$3.4 million in housing assistance for program units without documentation to support the projects' eligibility. In addition, it made inappropriate retroactive payments totaling \$33,632 for units in two of its program projects.

In accordance with HUD regulations at 24 CFR 982.152(d) on reducing public housing authority administrative fees, HUD may reduce or offset any administrative fee to the public housing authority, in the amount determined by HUD, if the public housing authority fails to perform its administrative duties correctly or adequately under the program. Because the Authority did not ensure that its program projects were appropriately administered, it improperly received \$378,358 in administrative fees for the project units with missing supporting documentation. In addition, it improperly received \$1,018 in administrative fees in association with the improper retroactive payments.

Recommendations

We recommend that the Director of HUD's Chicago Office of Public Housing require the Authority to

- 1A. Provide supporting documentation or reimburse its program \$3,861,652 (\$3,483,294 in housing assistance payments plus \$378,358 in associated program administrative fees) from non-Federal funds for the housing assistance payments and associated administrative fees for the unsupported program projects cited in this finding.
- 1B. Reimburse its program \$34,650 (\$33,632 in housing assistance payments plus \$1,018 in associated program administrative fees) from non-Federal funds for the inappropriate retroactive payments and associated administrative fees for the two projects cited in this finding.

- 1C. Contract with an independent entity to conduct housing quality standards inspections and determine reasonable rents for the two projects for which the Authority had conflicts of interest.
- 1D. Implement adequate procedures and controls to ensure compliance with all Federal requirements for the operation of its program.

Finding 2: The Authority Executed Housing Assistance Payments Contracts With Inappropriate Contract Rents

The Authority did not comply with HUD's requirements in determining appropriate contract rents for program units. This noncompliance occurred because the Authority lacked an understanding of the program regulations and inappropriately followed advice from county officials. As a result, it overpaid more than \$260,000 in housing assistance.

Contract Rents Were Above Maximum Allowable

We reviewed the contract rents for all of the Authority's program units. We compared the contract rents the Authority used to calculate housing assistance payments to the maximum allowable rents according to HUD's regulations. The contract rents for 6 of the Authority's 11 projects were inappropriate based on the housing type. The units were located in single room occupancy projects, and the maximum permitted contract rent for the units was 75 percent of the applicable zero-bedroom payment standard or any applicable exception payment standard approved by HUD. However, the Authority used the one-bedroom payment standard as the contract rent when calculating the housing assistance payments.

Because the incorrect contract rents were used to calculate the housing assistance payments, the Authority overpaid \$268,795 in housing assistance from January 1, 2005, through March 31, 2010. The Authority's executive director said that he read the program regulations but they were unclear. He also said that he was told by a county official that the one-bedroom payment standard was appropriate for the program units based on HUD's community planning and development regulations. However, there was no evidence that the Authority contacted HUD to verify whether the one-bedroom payment standard was appropriate for its program.

Conclusion

The Authority did not properly use program funds when it executed housing assistance payments contracts with contract rents in excess of the maximum allowable according to HUD's regulations. As a result, the Authority overpaid \$268,795 in housing assistance for 6 of its 11 projects.

In accordance with HUD regulations at 24 CFR 982.152(d) on reducing public housing authority administrative fees, HUD may reduce or offset any administrative fee to the public housing authority, in the amount determined by HUD, if the public housing authority fails to perform its administrative duties correctly or adequately under the program. Because the Authority used

inappropriate contract rents to calculate the housing assistance payments, it improperly received \$92,069 in program administrative fees from January 1, 2005, through March 31, 2010, for the overpaid housing assistance.

HUD lacked assurance that the Authority used its program funds efficiently and effectively since it overpaid \$268,795 in housing assistance. If the Authority does not reduce the contract rents to or below the maximum allowable rent based on HUD regulations, we estimate that it could overpay \$90,600 in housing assistance over the next year. Our methodology for this estimate is explained in the Scope and Methodology section of this audit report.

Recommendations

We recommend that the Director of HUD's Chicago Office of Public Housing require the Authority to

- 2A. Reimburse its program \$360,864 (\$268,795 in housing assistance payments plus \$92,069 in program-associated administrative fees) from non-Federal funds for the overpaid housing assistance and associated administrative fees cited in this finding.
- 2B. Execute new housing assistance payments contracts with contract rents within the amounts allowable in accordance with HUD regulations to ensure that an estimated \$90,600 in program funds is appropriately used for future payments.
- 2C. Implement adequate procedures and controls to ensure compliance with HUD's regulations regarding the determination of contract rents for its program.

Finding 3: The Authority Did Not Properly Select Program Households From Waiting Lists

The Authority did not comply with HUD's requirements and its program administrative plan regarding the selection of program households. It did not administer a waiting list for its program. Instead, it allowed the program projects to select the households and did not perform quality control reviews of the selection process. This noncompliance occurred because the Authority lacked an understanding of its program requirements regarding the selection of only elderly or disabled applicants. As a result, it inappropriately paid more than \$188,000 in housing assistance and was unable to support the use of more than \$57,000 in housing assistance payments. In addition, the Authority underpaid \$200 in housing assistance.

The Authority Did Not Maintain Program Waiting Lists

We reviewed the Authority's waiting list procedures for its program. Contrary to HUD's regulations and its program administrative plan, the Authority did not maintain waiting lists for its program projects. It allowed the projects to select the households and did not perform quality control reviews of the selection process. The Authority's executive director said that the waiting lists were handled by the individual projects and that he had faith that the projects were being fair. In addition, there was no evidence that the Authority informed applicants on its tenant-based program waiting list about their eligibility for the project-based program.

HUD and the Authority lacked assurance that program applicants were selected fairly and consistently and in accordance with HUD regulations since the Authority did not administer a program waiting list and lacked quality controls over the selection process.

The Authority Failed To Ensure That Households Met Program Eligibility Requirements

We reviewed the household files for the households that did not meet the program eligibility requirements detailed in the housing assistance payments contracts between the Authority and its program projects. According to the housing assistance payments contract between the Authority and the Rose Glen project, all 44 units were designated for elderly households, individuals at least 62 years old. However, 14 nonelderly households were admitted to the program. The Authority made \$188,722 in housing assistance payments for the 14 households from April 1, 2007, through March 31, 2010, although the households did not meet the

project's eligibility requirements. The Authority's executive director said that he thought "elderly" was defined as households age 55 and older.

According to the housing assistance payments contract between the Authority and the DuPage Housing Solutions project, all 12 units were designated for disabled households. However, there was no documentation to support that three of the households were disabled. The Authority disbursed \$57,552 in housing assistance payments from August 1, 2007, through March 31, 2010, for the three households without proper documentation to support their program eligibility. In addition, the Authority failed to include the disability allowance for two households, resulting in \$200 in underpaid housing assistance.

Conclusion

The Authority did not properly use program funds when it failed to ensure that program households were eligible in accordance with HUD's regulations, its program administrative plan, and its housing assistance payments contracts. As a result, it made \$188,722 in housing assistance payments for 14 non-elderly households that did not meet project eligibility requirements. In addition, it disbursed \$57,552 in housing assistance payments for three non-disabled households without proper documentation to support program eligibility. Further, it failed to include the disability allowance for two households, resulting in \$200 in underpaid housing assistance.

In accordance with HUD's regulations at 24 CFR 982.152(d) on reducing public housing authority administrative fees, HUD may reduce or offset any administrative fee to the public housing authority, in the amount determined by HUD, if the public housing authority fails to perform its administrative duties correctly or adequately under the program. Because the Authority did not ensure that households were appropriately selected, it improperly received \$22,851 for the 14 households that did not meet eligibility requirements, \$5,750 for the 3 households with no support for project eligibility, and \$200 for the 2 households with underpaid housing assistance.

HUD lacked assurance that program funds were used efficiently and effectively since the Authority made \$246,274 (\$188,722 plus \$57,552) in housing assistance payments for households not eligible for the program. In addition, HUD and the Authority lacked assurance that program applicants were selected fairly and consistently and in accordance with HUD regulations since the Authority did not administer a program waiting list and lacked quality controls over the selection process.

If the Authority does not implement waiting list procedures in accordance with HUD's regulations and its program administrative plan and ensure that households admitted to the program meet eligibility requirements, we estimate

that it could make \$101,064 in housing assistance payments for ineligible households over the next year. Our methodology for this estimate is explained in the Scope and Methodology section of this audit report.

Recommendations

We recommend that the Director of HUD's Chicago Office of Public Housing require the Authority to

- 3A. Reimburse its program \$211,573 (\$188,722 in housing assistance payments plus \$22,851 in associated program administrative fees) from non-Federal funds for the housing assistance and associated administrative fees for the 14 households cited in this finding.
- 3B. Provide supporting documentation or reimburse its program \$63,302 (\$57,552 in housing assistance payments plus \$5,750 in program associated administrative fees) from non-Federal funds for the unsupported payments and associated administrative fees for the three households cited in this finding.
- 3C. Reimburse the appropriate households \$200 from program funds for the underpayment of housing assistance cited in this finding.
- 3D. Reimburse its program \$200 in associated administrative fees from non-Federal funds for the underpayment of housing assistance cited in this finding.
- 3E. Amend the current or execute new housing assistance payments contracts to exclude the units occupied by ineligible households and provide those households eligible for the program with housing choice vouchers.
- 3F. Implement waiting list and household selection procedures in accordance with HUD's regulations and its program administrative plan to ensure that an estimated \$101,064 in program funds is appropriately used for future payments.

We also recommend that the Director of HUD's Chicago Office of Fair Housing and Equal Opportunity

- 3G. Review the Authority's household selections to ensure that they comply with HUD's requirements. If the Authority fails to comply with HUD's requirements, then HUD's Director should take appropriate action against the Authority and/or its applicable employee(s).

SCOPE AND METHODOLOGY

To accomplish our objective, we reviewed

- Applicable laws; regulations; HUD's program requirements at 24 CFR Parts 5, 982, and 983; and HUD's Housing Choice Voucher Guidebook 7420.10.
- The Authority's accounting records, annual audited financial statements for 2007 and 2008, bank statements, household files, policies and procedures, board meeting minutes for July 2007 through October 2009, organizational chart, program annual contributions contract with HUD, and program administrative plan.
- HUD's files for the Authority.

We also interviewed the Authority's employees and board chairman and HUD staff.

Finding 1

We reviewed 100 percent of the Authority's program projects that received housing assistance between July 1, 2007, and August 31, 2009. The 11 program projects contained 187 units. Based on the missing eligibility documentation, we determined the total housing assistance payments made from January 1, 2005, through March 31, 2010, were not supported. To prevent double-counting the funds, we subtracted the amounts from findings 2 and 3, and the improper funds from our phase 1 audit of the Authority's program.

Finding 2

We compared the contract rents for the Authority's program projects with the maximum allowable contract rents according to HUD's regulations. We determined that 6 of the 11 program projects had contract rents in excess of the maximum allowable. The Authority overpaid housing assistance for 38 households residing in the 6 projects from January 1, 2005, through March 31, 2010.

Based on the average monthly overpayment of housing assistance for the 38 households with overpaid housing assistance, the total monthly average of overpaid housing assistance was \$7,550. We multiplied the average monthly overpayment of \$7,550 by 12 months for a total estimated overpayment of housing assistance of \$90,600 over the next year. This estimate is solely to demonstrate the annual amount of program funds that could be put to better use if the Authority implements our recommendation.

Finding 3

We obtained a household report from the Authority for 100 percent of its program units. Based on the report, 18 households did not meet the program eligibility requirements according to HUD's regulations and the Authority's housing assistance payments contracts. We reviewed the

household files for the 18 households and determined 14 were not eligible for the program and improperly received housing assistance payments between January 1, 2005, and March 31, 2010.

Based on the average monthly improper housing assistance payments for the 14 households that did not meet program eligibility requirements, the total monthly average overpaid housing assistance was \$8,422. We multiplied the average monthly overpayment of \$8,422 by 12 months for a total estimated overpayment of housing assistance of \$101,064 over the next year. This estimate is solely to demonstrate the annual amount of program funds that could be put to better use if the Authority implements our recommendation.

We performed our onsite audit work between October 2009 and March 2010 at the Authority's office located at 711 East Roosevelt Road, Wheaton, IL. The audit covered the period July 1, 2007, through August 31, 2009, but was expanded as determined necessary.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

INTERNAL CONTROLS

Internal control is an integral component of an organization's management that provides reasonable assurance that the following controls are achieved:

- Program operations,
- Relevance and reliability of information,
- Compliance with applicable laws and regulations, and
- Safeguarding of assets and resources.

Internal controls relate to management's plans, methods, and procedures used to meet its mission, goals, and objectives. They include the processes and procedures for planning, organizing, directing, and controlling program operations as well as the systems for measuring, reporting, and monitoring program performance.

Relevant Internal Controls

We determined that the following internal controls were relevant to our audit objective:

- Program operations – Policies and procedures that management has implemented to reasonably ensure that a program meets its objectives.
- Validity and reliability of data – Policies and procedures that management has implemented to reasonably ensure that valid and reliable data are obtained, maintained, and fairly disclosed in reports.
- Compliance with laws and regulations – Policies and procedures that management has implemented to reasonably ensure that resource use is consistent with laws and regulations.
- Safeguarding resources – Policies and procedures that management has implemented to reasonably ensure that resources are safeguarded against waste, loss, and misuse.

We assessed the relevant controls identified above.

A significant weakness exists if management controls do not provide reasonable assurance that the process for planning, organizing, directing, and controlling program operations will meet the organization's objectives.

Significant Weaknesses

Based on our review, we believe that the following items are significant weaknesses:

- The Authority lacked an understanding of program regulations and adequate procedures and controls to ensure compliance with HUD's requirements regarding the administration of its program (see findings 1, 2, and 3).
- The Authority lacked waiting list procedures to ensure that applicants are treated fairly and consistently, and only eligible households were admitted to the program (see finding 3).

APPENDIXES

Appendix A

SCHEDULE OF QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE

Recommendation number	Ineligible 1/	Unsupported 2/	Funds to be put to better use 4/
1A		\$3,861,652	
1B	\$34,650		
2A	360,864		
2B			\$90,600
3A	211,573		
3B		<u>63,302</u>	
3C			200
3D	<u>200</u>		
3F			<u>101,064</u>
Totals	<u>\$607,287</u>	<u>\$3,924,954</u>	<u>\$191,864</u>

- 1/ Ineligible costs are costs charged to a HUD-financed or HUD-insured program or activity that the auditor believes are not allowable by law; contract; or Federal, State, or local policies or regulations.
- 2/ Unsupported costs are those costs charged to a HUD-financed or HUD-insured program or activity when we cannot determine eligibility at the time of the audit. Unsupported costs require a decision by HUD program officials. This decision, in addition to obtaining supporting documentation, might involve a legal interpretation or clarification of departmental policies and procedures.
- 3/ Recommendations that funds be put to better use are estimates of amounts that could be used more efficiently if an Office of Inspector General (OIG) recommendation is implemented. These amounts include reductions in outlays, deobligation of funds, withdrawal of interest, costs not incurred by implementing recommended improvements, avoidance of unnecessary expenditures noted in preaward reviews, and any other savings that are specifically identified. In this instance, if the Authority implements the recommendations, it will ensure that program funds are spent according to Federal requirements. Once the Authority successfully improves its controls, this will be a recurring benefit. Our estimates reflect only the initial year of this benefit.

Appendix B

AUDITEE COMMENTS AND OIG'S EVALUATION

Ref to OIG Evaluation

Auditee Comments

DuPage Housing Authority

John E. Day
President

Robert J. Hess
Executive Vice President

John E. Howlett
Counsel

May 28, 2010

Mr. Ronald Farrell
Assistant Regional Inspector General for Audit, Region V
HUD-OIG Audit
200 N. High Street, Room 334
Columbus, Ohio 43215

Via Fax, E-Mail, and overnight delivery
Re: OIG Audit 2101-CH-100X

Dear Mr. Farrell:

Enclosed please find the following responses to the OIG draft audit report on the DuPage Housing Authority's (DHA) Project Based Voucher (PBV) program. The actual hard copy of the letter and support documentation is being sent via overnight delivery (FedEx) for receipt by June 2.

While we agree with some findings, the DHA believes overall that it is in compliance with most of the requirements of the Project Based Assistance Program. The DHA is greatly appreciative for the extension granted to fully prepare this response.

It is the belief of the DHA that upon further review, there are no unsupported funds. The DHA would like the record to show that none of the issues raised had to do with theft or fraud in the program. Ultimately, all ineligible items will be addressed and resolved with our regulator, the HUD Office of Public and Indian Housing (PIH) in Chicago.

While it may appear that there is some lacking documentation and/or procedures, this does not undermine the desperate need that those individuals and families have who receive the subsidy. None of the project based program participants were income ineligible for the Housing Choice Voucher (HCV) Program. Our mission at the DHA is to deliver subsidy to those less fortunate, of limited income in DuPage County. Our history at the DHA has been that the various government audits allow us to effectively deliver the federal programs. Your audit will contribute to our efficiency and we thank you for your review.

711 East Roosevelt Road . Wheaton, IL 60187-5646
Telephone (630) 690-3555 . Fax (630) 690-0702

Ref to OIG Evaluation

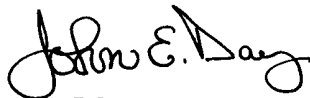
Auditee Comments

OIG Audit Response Letter – Page 2

Please consider that the DHA continually tries to be “ahead of the curve” with HUD programs (e.g. HCV Homeownership and FSS). This program was new to the DHA and we were one of the first in the area to implement. Our neighboring PHA (the colossal CHA) is just starting to do a PBV program.

The DHA appreciates the opportunity to respond to this report and looks forward to resolving any outstanding issues with the Chicago PIH office.

Sincerely,



John E. Day
President

JED/jjs

Attachments:

- Finding 1 Response
- Finding 2 Response
- Finding 3 Response
- Appendix C Response
- Program Files: Senior Home Sharing (5), Trinity Services (2), Myers Commons, Rose Glen, and DuPage Housing Solutions/Olympus Place

Cc: A. Donner/DHA Chairman

Ref to OIG Evaluation

Auditee Comments

Finding 1 (page 6 of the audit report)

Inappropriate Administration of the Program

The Authority does not agree with this finding.

Comment 1

- The Authority published *Requests For Proposals* that were in line with the regulations at the time. This includes the first set of issued regulations. The DHA had worked closely with the Chicago Public and Indian Housing (PIH) Office of HUD. In the regulation 24 CFR 983.51(c) it states that a PHA "may" include publication in a local newspaper. As opposed to the earlier rules, publication for 2 of the 11 programs is not mandatory. The DHA intends to resolve this issue with the Chicago PIH office.

Comment 2

- The Authority believes that it appropriately *evaluated* the proposals submitted. Applications were reviewed based on the requirements of 24 CFR 983 that existed at the time. Herb Small, a former Chicago PIH employee and independent outside contractor, was utilized to assist in conducting the reviews. All applications were checked to ensure each met the minimum application standards. When the number of units in applications exceeded the supply, the scoring system was used for evaluation and ranking purposes. The Board even set a minimum point count (80) for its consideration. In the interest of capturing all of the documentation, the DHA feels that the scope of the evidence supporting our position may have been limited in that the documentation was limited to that contained in the files as opposed to a direct interview with Mr. Small and other current and former employees involved.

Comment 3

- Assuming that the issue about conflict of interest is only related to the Myers Commons program, the DHA did *request HUD approval* for the Myers Commons project as required under the regulations. This is highlighted in the minutes that were provided to the OIG. To the best of our knowledge and belief, verbal approval was given by a former Chicago PIH regulator. A direct written request has been made of the Director of the Chicago PIH office for evidence affirming their approval. (*Please see the Myers Commons file attachment*)

Comment 4

- To the extent that there may be deemed a conflict of interest with Rose Glen, it is the DHA's belief that this is incorrect. Neither the DHA nor any of its affiliates have been involved with Rose Glen in any way that could be perceived as a conflict. In the PBV application under prior experience, the Myers Commons Development Corp. was mentioned. This entity was not mentioned on any manner of participating in the Rose Glen development. Prior involvement with an entity does not meet the standards under 24 CFR 983.3, as a PHA owned unit. The DHA has requested an opinion from the legal counsel for Rose Glen on this matter which it will review with the

Ref to OIG Evaluation

Auditee Comments

Comment 5

Page 2 of Finding 1

Chicago PIH office with respect to 983.154(e) concerning possible conflicts.
(Please see the Rose Glen file attachment)

Comment 6

- The DHA, pursuant to OIG’s request, have amended the *HAP agreements* to correct the issues raised and the scrivener errors (including dates) contained in those documents. Other changes include documentation to our files, the reattachment of the actual PBV application, and other missing documents to the agreement and revised effective dates. It should be noted that the previous audits and contractor litigation caused files to be disassembled.
- It was the DHA’s understanding that Section 22 of the Part 2 of the HAP states a subsidy review is not required for existing housing projects. As a result, only the Myers Commons Program would be required to produce this review. Our recollection is that the DHA reviewed the subsidy layering performed by the local government grantors of the financing. A copy the reviewed received from the County is contained in the Myers Commons File attachment.

Comment 7

- Due to additional file review, the required environmental review (HUD Form 7015.15) for Myers Commons was located and is contained in the Myers Commons File attachment. As for the other programs, the DHA relied on 24 CFR 58.35(3), that all of the conditions were met as to not warrant an environmental review.

Comment 8

- Rent Reasonableness and HQS inspections are addressed later in this response.
- With respect to the retroactive housing assistance payments made, this was due to a scrivener error that was previously noted. Amended versions are submitted in the Trinity Services Eagle and Turtle File attachments.

Comment 9

Project Selection (Page 7)

Based on the information provided to date and the explanation above, the DHA feels it followed guidelines in project selection. The DHA is sincerely sorry for the loss of one of the program files (Kids in Need) involving one unit that dropped out of the PBV program in 2008. Procedures have been changed to assure retention of terminated PBV programs.

It is our understanding that the following items have been secured or pending through our interim correspondence:

- Certifications of not excluded from federal programs;
- Possible conflicts of interest are present for four of the applications. The legal counsel for the other two is preparing the documents;
- Evidence of site control; and
- The proposed contract rents and contract utilities.

Copies of these documents are in the attached program files.

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Auditee Comments

Comment 10

Page 3 of Finding 1

Part 2 Section 19 comments (Page 7)

- The DHA has no involvement with Rose Glen other than Program Administration.
- As for Myers Commons Development Corp. the DHA has no economic or operational control of this property. It intends to resolve this issue with the Chicago PIH office.
- Based on the fact that according to a discussion with Chicago PIH/HUD there was no conflict of interest and thus no need for an outside entity to perform the inspections.

Improper Program Contracts (Page 8)

It is the understanding of the DHA from recent OIG correspondence that the AHAP issues have been resolved, with the exception Exhibit F. The Authority has contacted and is awaiting the submission of the architect's letter from the vendor.

Comment 11

Attachments should address the rest of the HAP issues (with the exception of the one missing program file for the one unit). These include the following items that have been added to the HAPs:

- Unit identifications
- Services Provided
- List of Included utilities
- Initial Contract Rents
- Site and building identification
- Total number of units

Copies of these documents are in the attached program files.

Required Reviews and Inspections (page 8)

Comment 12

The total number of Project-Based units under contract with the DuPage Housing Authority (DHA) is 187, however that number included 26 units that were occupied by Fair Market Renters. Because the 26 units were not receiving program assistance, the DHA did not conduct HQS Inspections and Rent Reasonable determinations. This was also omitted due to cost considerations. The units should not have been listed on the Project-Based HAP Contract, because Program Participants were not occupying the units at the time of contract execution. Although, there were HQS Inspections and Rent Reasonableness determinations noted untimely due to the DHA executed Project-Based HAP Contracts prior to the Initial Inspection, the DHA did inspect all units prior to issuing the housing assistance payment.

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Comment 13

Page 4 of Finding 1

As for the DHA utilizing a spreadsheet for HQS Inspection for Myers Commons and Rose Glen, which was based on the HUD approved customary practice of a Housing Authority in the area. Each unit is listed on a spreadsheet by bedroom size and whether the unit passed or failed the inspection. Notwithstanding the spreadsheet, inspection booklets for each unit are attached in the Myers Commons file. Additional information is contained in the Rose Glen file.

Recommendations:

The DHA will work with the Chicago PIH office per your recommendations of 1A through 1D.

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Comment 14

Finding 2 (Page 11)

The Authority does not agree with this finding.

It is the DHA's understanding that the matter related to this finding deals with the including of a refrigerator in a congregate unit for seniors and special needs individuals. The DHA believes the regulations in 24 CFR 982.609(b)(1) states that in congregate housing, "*The unit must contain a refrigerator of appropriate size*". Chicago PIH staff has indicated to the DHA that would apply to entire structure, not in each bedroom as the OIG has interpreted the code to mean. A copy of the correspondence sent to Chicago PIH to verify their verbal communication is included in the Senior Home Sharing and Trinity Services files. Thus, by going on the guidance provided by the HUD field office, the unsupported/ineligible calculations are not correct.

We look forward to resolving this issue with the Chicago PIH Office.

Recommendations:

The DHA will work with the Chicago PIH office per your recommendations of 2A through 2C.

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Auditee Comments

Comment 15

Finding 3 (Page 13)

Administration of the Waiting List:

The Authority agrees with this finding.

- All of the projects have been notified that the DHA will now administer a waiting list for all the developments and refer potential renters when notified of vacancies. *Please see copies the letters contained in the Program Files.*
- The PBV waiting list is currently being set up at the DHA offices. As there are no names on the current (it is set to open later this year), all of the names on the current project waiting lists will be transferred to the new list. When the DHA's waiting list is opened, the new applicants will be given the chance to also be on the PBV list.
- It should also be noted that during the entire period under review, the DHA was not accepting names on the general waiting list. In addition, during part of the same time frame, the DHA did not have any names on the list.
- As a result of this, and considering that the existing developments approved for the PBV program already had waiting lists, the existing site lists would be used first to prevent possible confusion and discriminatory issues. Unless the DHA opened its waiting list - which it was not prepared to do at the time (due to issues being resolved with the Chicago PIH office from an earlier review of the waiting list) - those on the existing site based lists could not be referred over. Those applicants will be put on the Project Based waiting list the DHA is creating.
- In conversations with the owners of some of the approved developments, due to the unique nature of the clients they serve (developmentally disabled, shared housing for seniors), they have asked if a specific waiting list can be created just for clients who may qualify for placement in their units. The DHA will work with the Chicago PIH staff to address this and if necessary, request a waiver.
- In accordance with the regulations, all qualified residents living in the units were given priority and were allowed to stay in their units. Since Myers Commons was new construction, qualified applicants on the DHA waiting list (seniors) were notified.

Eligibility Requirements:

The DHA agrees with this finding. Notwithstanding this finding, due to the needs of these low-income individuals, the DHA is requesting an annual waiver from the HUD office (for which there is precedence in the Region). This will allow the remaining few individuals to attain age 62.

Comment 16

- The Rose Glen development used the definition of a senior as someone who is 55 years of age or older. This is in keeping with the Fair Housing regulations from HUD. To correct the finding, the DHA is requesting from

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Auditee Comments

Comment 17

Page 2 of Finding 3 (Page 13)

Chicago PIH an annual waiver on this requirement pursuant to HUD rules and procedures outlined in the applicable HUD handbook.

- A request has been made to the owner and management agent for the DuPage Housing Solutions development to provide greater detail from a qualified medical professional to verify the person's disability. *Please see the DuPage Housing Solution/Olympus Place Files.*
- It should be noted that all the participants were income eligible to be on the program, the problem was with the issues raised was the breach of the 25% rule for non- family or elderly developments.
- The Authority will provide to the Chicago PIH office proof that the new participants meet the requirements of senior and disabled for these developments.

Recommendations:

The DHA will work with the Chicago PIH office per your recommendations of 3A through 3G.

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Comment 18

Appendix C (Page 22)

Please note that all but two of the applications for PBVs were approved prior to November 2005, when revised regulations became effective. As such, several of the federal requirements referred to did not exist, or were substantially different, at the time of approval.

These include 24 CFR:

- 983.51 (d) – Not in the old rule;
- 983.59(b) – has a different definition of PHA owned (the old rule at 983.8(f)(1) states...a unit owned by an entity substantially controlled by the PHA. It does not mention a controlling interest);
- 983.152.(c)(1) – None of these items are contained in 983.101, the part dealing with the AHAP; and
- 983.203 – None of these items are in the old rules.

Comment 19

Form 52530B discusses having a direct or indirect interest. 24 CFR 983.3 further defines this as "including an interest as titleholder or lessee, or as a stockholder, member or general or limited partner, or member of a limited liability corporation, or an entity that holds any such direct or indirect interest". No individuals of the DHA fall within this standard.

OIG Evaluation of Auditee Comments

- Comment 1** The Authority provided evidence that it published requests for proposals in July 2002 and March 2007. According to HUD's regulations at the time of the two requests for proposals, the Authority was required to obtain HUD approval of the request for proposals, and the proposal was required to include an application deadline. The Authority was unable to provide documentation to show HUD's approval of the requests for proposals, and that the requests for proposals included an application deadline.
- Comment 2** The Authority was unable to provide support for how the projects were selected, including evaluation sheets for 10 of its 11 projects.
- Comment 3** No documentation was provided to support that HUD granted a waiver for the Authority's conflict of interest with the Myers Commons project. Further, HUD had no documentation to support that the Authority contacted it to discuss the conflict of interest.
- Comment 4** Exhibit B of the application for the Rose Glen project listed the Myers Commons Development Corporation as a general partner and provided the previous experience for the general partner. According to the corporation file detail report for the Myers Commons Development Corporation, one of the Authority's commissioners is the president, and the Authority's executive director is the secretary.
- Comment 5** While we appreciate the Authority's attempt to amend the housing assistance payments contracts, the contracts were not amended in accordance with HUD's requirements.
- Comment 6** The Authority is correct that a subsidy-layering review is only required for its new construction project. HUD's regulations at 24 CFR 983.55(b) state that before executing an agreement, the Authority must obtain a subsidy-layering review from HUD or a HUD-approved entity. However, the Authority did not provide support that a subsidy-layering review was completed by the local government grantors of the financing. The Authority provided only page 6 of an 11-page application, in which item 21 listed the sources of funds for the project.
- Comment 7** HUD's regulations at 24 CFR 58.35(a)(3) refer to the rehabilitation of buildings. The Authority's projects are existing projects except for Myers Commons. According to HUD's regulations at 24 CFR 983.58(d), the Authority may not enter into an agreement or housing assistance payments contract until either (i) the responsible entity has completed the environmental review, (ii) the responsible entity has determined the project exempt, or (iii) HUD has performed an environmental review.

- Comment 8** The Authority provided documents to address the error. However, it also provided documents that contradicted the Authority's comment regarding a scrivener error. Therefore, we made no adjustment to the finding.
- Comment 9** We revised the audit report to reflect the supporting documents provided by the Authority since the issuance of the discussion draft audit report.
- Comment 10** According to the applications for the Rose Glen and Myers Commons projects, the Authority had a conflict of interest with both projects. It was unable to support that the conflict was waived by HUD.
- Comment 11** The audit report was updated based on all documents provided by the Authority. The items listed as missing or incomplete in this audit report had not been provided by the Authority at the time of report issuance.
- Comment 12** HUD's regulations at 24 CFR 983.204(a)(2) state that the Authority may not enter into a housing assistance payments contract for any contract unit until the Authority determines that the unit complies with housing quality standards. Of the 187 program units, the Authority was unable to provide initial housing quality standards inspection reports for 22 units. Of these 22 units, 9 received housing assistance from the Authority. Units occupied by fair-market renters should not be included on the housing assistance payments contract, and we recommended that the contract be amended to exclude these units.
- Comment 13** The spreadsheet the Authority used to document the inspections for the Myers Commons project omitted three of the project's units. In addition, the Authority did not provide initial inspection reports for 12 units, of which 3 were not listed on the inspection schedule, 2 were listed as passed on the inspection schedule, and 7 were listed as failed on the inspection schedule.
- Comment 14** HUD's regulations at 24 CFR 982.609(b) state that the following additional performance requirements apply to congregate housing: (1) the unit must contain a refrigerator, and (2) there must be central kitchen and dining facilities on the premises.
- Comment 15** HUD's regulations at 24 CFR 982.206 state the opening and closing of the waiting list that must be followed. These regulations apply to both the tenant-based and project-based voucher programs.
- Comment 16** The applicable program regulations for the project-based voucher program are located at 24 CFR Parts 983 and 982. According to HUD's regulations at 24 CFR 982.4, which refers to 24 CFR 5.100 for the definition of an elderly person, an elderly person is an individual who is at least 62 years of age. In addition, HUD's regulations at 24 CFR 5.403 state that an elderly family means a family in which the head, spouse, or sole member is a person who is at least 62 years of age.

Comment 17 We cited the Authority for not enforcing its housing assistance payments contract requirements. HUD Form 52530B, Project-Based Voucher Program Housing Assistance Payments Contract, section 7c, states that each contract unit for which the owner is receiving housing assistance payments is leased in accordance with the housing assistance payments contract. The housing assistance payments contract for the DuPage Housing Solutions project states that the units are designated for disabled households, and the housing assistance payments contract for the Rose Glen project states that the units are designated for elderly households.

Comment 18 We removed the reference to HUD's regulations at 24 CFR 983.51(d) from the report. HUD Form 52530B, part 19, states HUD's requirements regarding conflicts of interest and requires a waiver of the provision. We removed the reference to HUD's regulations at 24 CFR 983.152(c)(1) from the report. However, HUD Form 52531A lists the required elements of the agreement to enter into a housing assistance payments contract. HUD's regulations at 24 CFR 983.203 apply to the housing assistance payments contracts executed after October 2005. Before that date, HUD Forms 52530A and 52530B list the required elements of the housing assistance payments contract.

Comment 19 HUD's regulations at 24 CFR 983.3 provides a definition of a public housing authority-owned unit. However, HUD Form 52530B, section 19, states HUD's conflict-of-interest provision.

Appendix C

FEDERAL REQUIREMENTS AND THE AUTHORITY'S PROGRAM ADMINISTRATIVE PLAN

Finding 1

HUD's regulations at 24 CFR 983.2(a) state that Part 982 is the basic regulation for the tenant-based voucher program. However, paragraphs (b) and (c) of this section describe the provisions that do not apply to the Project-Based Voucher program. Therefore, the rest of Part 982 applies to the program.

HUD issued a notice for fiscal year 2001, Revision to the Public Housing Agency Project-Based Assistance Program, Initial Guidance, in the Federal Register, dated January 16, 2001, stating that as in the tenant-based voucher program, a public housing authority must inspect 100 percent of the project-based voucher units before entering into the housing assistance payments contract and may only enter into a housing assistance payments contract for units that fully comply with the housing quality standards.

HUD's regulations at 24 CFR 983.53(d) state that before a public housing authority selects a specific unit to which assistance is to be attached, the public housing authority must determine whether the unit is occupied and, if occupied, whether the unit's occupants are eligible for assistance. The public housing authority must not select or enter into a housing assistance payments contract for a unit occupied by a family ineligible for participation in the Project-Based Voucher program.

HUD's regulations at 24 CFR 983.58(d)(1) state that the public housing authority may not enter into an agreement or housing assistance payments contract with an owner, and the public housing authority, the owner, and its contractors may not acquire, rehabilitate, convert, lease, repair, dispose of, demolish, or construct real property or commit or expend program or local funds for project-based voucher activities under this part, until (i) the responsible entity has completed the environmental review procedures required and HUD has approved the environmental certification and request for release of funds.

HUD's regulations at 24 CFR 983.59(b) state that in the case of public housing authority-owned units, the following program services may not be performed by the public housing authority but must be performed instead by an independent entity approved by HUD: (1) determination of rent to owner for the public housing authority-owned units and (2) inspection of public housing authority-owned units.

HUD's regulations at 24 CFR 983.103(a)(2) state that if the units to be assisted already exist, the public housing authority must inspect all of the units before the proposal selection date and must determine whether the units substantially comply with the housing quality standards. To qualify as existing housing, units must substantially comply with the housing quality standards on the

proposal selection date. However, the public housing authority may not execute the housing assistance payments contract until the units fully comply with the housing quality standards.

HUD's regulations at 24 CFR 983.103(b) state that the public housing authority must inspect each contract unit before execution of the housing assistance payments contract. The public housing authority may not enter into a housing assistance payments contract covering a unit until the unit fully complies with the housing quality standards.

HUD's regulations at 24 CFR 983.203 state that the housing assistance payments contract must specify (a) the total number of contract units by number of bedrooms; (b) information needed to identify the site and building or buildings; (c) information needed to identify the specific contract units in each building; (d) services, maintenance, and equipment to be supplied by the owner without charges; (e) utilities available to the contract units; (f) features provided to comply with program accessibility requirements; (g) the housing assistance payments contract term; (h) the number of units in any building that will exceed the 25 percent per building cap; and (i) the initial rent to owner.

HUD form 52530B, Project-Based Voucher Program Housing Assistance Payments Contract, section 19, states that no present or former member or officer of the public housing authority, no employee of the public housing authority who formulates policy or influences decisions with respect to the Project-Based Voucher program, and no public official or member of a governing body or State or local legislator who exercises functions or responsibilities with respect to this program shall have any direct or indirect interest, during his or her tenure or for 1 year thereafter, in the program or in the housing assistance payments contract.

Finding 2

HUD's regulations at 24 CFR 982.4(b) include the following definitions. Congregate housing is housing for elderly persons or persons with disabilities that meets the housing quality standards for congregate housing. A group home is a dwelling unit that is licensed by a State as a group home for the exclusive residential use of 2 to 12 persons who are elderly or persons with disabilities. Single room occupancy housing has units that contain no sanitary facilities or food preparation facilities or contain either but not both types of facilities.

HUD's regulations at 24 CFR 982.604(a) state that for a person residing in single room occupancy housing, the payment standard is 75 percent of the zero-bedroom payment standard amount on the public housing authority's payment standard schedule. For a person residing in single room occupancy housing in an exception area, the payment standard is 75 percent of the HUD-approved zero-bedroom exception payment standard amount.

HUD's regulations at 24 CFR 982.609(b) state that the following additional performance requirements apply to congregate housing: (1) the unit must contain a refrigerator of appropriate size.

Finding 3

HUD's regulations at 24 CFR 5.100 state that elderly person means an individual who is at least 62 years of age.

HUD's regulations at 24 CFR 5.403 state that a disabled family means a family in which the head, spouse, or sole member is a person with disabilities. It may include two or more persons with disabilities living together or one or more persons with disabilities living with one or more live-in aides.

HUD's regulations at 24 CFR 5.403 state that elderly family means a family in which the head, spouse, or sole member is a person who is at least 62 years of age. It may include two or more persons who are at least 62 years of age living together or one or more persons who are at least 62 years of age living with one or more live-in aides.

Chapter 20, section B, of the Authority's administrative plan states that a site-specific waiting list for each respective project-based assistance project will be maintained. All applicants on the Authority's tenant-based waiting list will be notified of their opportunity to be listed on individual project-based assistance lists, for which they may be eligible, as such project-based assistance projects are approved and made available for occupancy.