



OFFICE of
INSPECTOR GENERAL
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UNITED STATES DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT

The Columbus Metropolitan Housing Authority Did Not Always Comply With HUD's Requirements for Its Housing Choice Voucher Program Units

Audit Report Number: 2024-CH-1001

June 28, 2024

To: Brian D. Murray
Director, Office of Public Housing, 5DPH

//signed//

From: Kilah S. White
Assistant Inspector General for Audit, Office of Inspector General, GA

Subject: The Columbus Metropolitan Housing Authority, Columbus, OH, Did Not Always Comply With HUD's Requirements for Its Housing Choice Voucher Program Units

Attached is the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) final results of our audit of the Columbus Metropolitan Housing Authority's Housing Choice Voucher Program.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. Please furnish us copies of any correspondence or directives issued because of the audit.

The Inspector General Act, as amended, requires that OIG post its reports on the OIG website. Accordingly, this report will be posted at <https://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call Kelly Anderson, Audit Director, at (312) 913-8499.

Highlights

The Columbus Metropolitan Housing Authority Did Not Always Comply With HUD's Requirements for Its Housing Choice Voucher Program Units | 2024-CH-1001

What We Audited and Why

We audited the Columbus Metropolitan Housing Authority's Housing Choice Voucher (HCV) Program. The audit was initiated based on our assessment of risks associated with public housing agencies' HCV Program units and recent media attention and public concern about the conditions of subsidized housing properties. Our objective was to determine whether the physical condition of the Authority's HCV Program units complied with the U.S. Department of Housing and Urban Development's (HUD) and its own requirements.

What We Found

The Authority did not always ensure that its HCV Program units met HUD's housing quality standards (HQS). Specifically, we reviewed a sample of 84 units that had passed a recent HQS inspection and determined that 48 units had 248 deficiencies. More than 56 percent of the 48 units had 67 deficiencies that existed before the Authority's last inspection. In addition, the Authority did not consistently stop housing assistance payments (HAP) to owners for uncorrected unit deficiencies. It also did not ensure that its contractors (1) categorized deficiencies as life threatening, requiring corrective actions within 24 hours and (2) conducted the required number of quality control inspections in 2022. Further, the Authority did not comply with HUD's reporting and data collection requirements of the Lead Safe Housing Rule (LSHR) for cases of children with elevated blood lead levels (EBLL).

These conditions occurred because the Authority's current contractor did not thoroughly inspect units in a consistent manner. Additionally, the Authority relied on its contractor to perform both HQS and quality control inspections of its program units without effectively overseeing the contractor's performance. Further, the Authority did not ensure that its (1) current contractor's information system properly transferred data to the Authority's information system regarding stop payments and (2) former and current contractors complied with the Authority's policies and procedures for stopping HAP. The Authority also lacked adequate oversight to ensure that its (1) former and current contractors properly categorized 24-hour life-threatening deficiencies and (2) current contractor performed the appropriate number of quality control inspections. In addition, the Authority did not update its policies and procedures to align with HUD's EBLL requirements and relied on the State health department to initiate contact and facilitate the sharing of information for cases of children with EBLLs.

As a result, families participating in the Authority's HCV Program resided in housing units that were not always decent, safe, and sanitary. Based on our statistical sample, we estimate that over the next year, the Authority will pay owners nearly \$36 million in housing assistance for units that do not meet HQS. Further, (1) the Authority paid ineligible or unsupported HAP totaling \$15,427 to owners for units with uncorrected deficiencies and (2) HUD and the Authority lacked assurance that owners appropriately addressed their responsibilities under the LSHR for cases of children with EBLLs in a timely manner.

What We Recommend

We recommend that the Director of HUD's Cleveland Office of Public Housing require the Authority to (1) provide evidence that the owners corrected the outstanding unit deficiencies; (2) support that HAP was appropriately stopped or recover or repay from non-Federal funds \$15,427 in housing assistance that was not properly stopped; (3) implement controls over its inspections, stop payments for uncorrected deficiencies, and quality control reviews; (4) work with its contractor to ensure that the contractor's inspectors receive training on how to properly identify and categorize life-threatening deficiencies; and (5) develop and implement policies and procedures to ensure that owners follow the requirements of the LSHR. Additionally, we recommend that the Director of HUD's Cleveland Office of Public Housing work with HUD's Office of Lead Hazard Control and Healthy Homes to provide technical assistance to the Authority's staff to develop and implement procedures and controls for managing cases of children with EBLs to ensure compliance with the LSHR, including collaborating with public health departments to identify cases of EBL in children under 6 years of age under its HCV Program and updating its policies and procedures accordingly.

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Background and Objective

The Housing Choice Voucher (HCV) Program, or Section 8,¹ is the Federal Government’s largest tenant-based rental assistance program for low-income families, the elderly, and persons with disabilities. Housing choice vouchers are administered locally by public housing agencies (PHA) that receive Federal funds from HUD, and the HCV Program landlords are essential partners in providing affordable, decent, safe, and sanitary housing to low-income households. Participants are free to choose any housing that meets the requirements of the program and is not limited to units located in subsidized housing projects. Program regulations set forth minimum housing quality standards (HQS), which all units must meet before assistance can be paid on behalf of a family and at least biennially² throughout the term of the assisted tenancy. PHAs must stop housing assistance payments (HAP) for owners that fail to maintain dwelling units in accordance with the HQS.³ PHAs help ensure that units are decent, safe, and sanitary by conducting inspections and enforcing inspection standards.

The State of Ohio passed legislation to create the Columbus Metropolitan Housing Authority in May 1934. The Authority’s purpose is to provide housing and build a healthy community environment in which residents can live with safety, comfort, and dignity. A five-member board of commissioners appointed by the Common Pleas Court, the mayor, the Franklin County Commissioners, and the Probate Court governs the Authority. The board appoints the executive director, who has general supervision over the administration of the Authority’s business and affairs but is subject to the direction of the board of commissioners.

HUD’s Cleveland Office of Public Housing monitors the Authority’s compliance with HCV Program requirements. As of October 2023, the Authority administered nearly 15,000 housing choice vouchers through the HCV program to assist low-income families, the elderly, and the disabled in affording decent, safe, and sanitary housing in the private market. HUD authorized the following financial assistance for the Authority’s HCV Program for fiscal years 2020 through 2023, as shown in table 1 below.⁴

Table 1. Authority’s HCV funding for fiscal years 2020 through 2023

Fiscal year	Authorized funding	Administrative and other fees
2020	\$105,610,317	\$12,410,785
2021	101,881,034	8,583,427
2022	108,961,338	10,871,468
2023	110,878,030	13,220,861

Source: Office of Inspector General (OIG) analysis of data provided by HUD

In September 2020, the Authority contracted with a third party to perform HQS inspections for its HCV Program, and in March 2022, the Authority executed a contract to work with a new third-party entity to

¹ Section 8 of the Housing Act of 1937 (codifying 42 U.S.C. (United States Code) 1437f), often called Section 8, as repeatedly amended, authorizes the payment of rental housing assistance to private landlords on behalf of low-income households.

² 24 CFR (Code of Federal Regulations) 982.405(a) (Criteria are cited in appendix E of this report.)

³ 24 CFR 982.404(a)

⁴ The Authority’s fiscal year is from January 1 through December 31.

administer the Authority’s HCV Program. The new contractor started inspecting the Authority’s HCV Program units in June 2022. Specifically, the contract states that all HCV Programs are to be implemented and administered with industry best practices in accordance with HUD requirements, in areas including waiting list management, admissions, inspections, eligibility determinations, setting of family payments, and enforcement of program integrity and management of hearings and appeal.

In May 2023, HUD published the National Standards for the Physical Inspection of Real Estate (NSPIRE) Rule⁵ as the single inspection standard across multiple HUD programs, including the HCV Program. NSPIRE aims to improve confidence in HUD’s ability to keep properties in compliance by accurately assessing the condition of a unit, implementing streamlined inspection processes, and prioritizing the health and safety of residents. PHAs’ HCV Programs must comply with NSPIRE no later than October 1, 2024.⁶ This change did not impact our audit since the Authority will not implement the NSPIRE requirements until October 1, 2024.⁷

In 1999, HUD published the Lead Safe Housing Rule (LSHR)⁸ to implement the requirements of the Lead-Based Paint Poisoning Prevention Act, as amended, and the Lead-Based Paint Hazard Reduction Act of 1992 to eliminate lead-based paint hazards, as far as practicable, in certain HUD-assisted properties. Based on the requirements in the LSHR, in 2017, HUD issued a notice to include specific actions or steps that property owners and PHAs are required to take when a child under 6 is identified with an elevated blood lead level (EBLL).⁹ Table 2 summarizes the responsibilities of PHAs and HCV rental property owners for compliance when a child in the HCV Program is identified with an EBLL as identified in Office of Public and Indian Housing (PIH) Notice PIH 2017-13.

Table 2. PHAs’ and owners’ EBLL compliance responsibilities under the HCV Program

Activity	Responsible entity	
	PHA	HCV owner
Initial notification of confirmed case to HUD within 5 business days of being notified	*	✓
Verification, when necessary	✓	*
Initial notification of confirmed case to public health department	*	✓
Environmental Investigation ¹⁰	✓	
Lead hazard control		✓
Clearance after work completed	*	✓
Notification to other residents, ¹¹ if applicable		✓
Ongoing lead-based paint maintenance		✓

⁵ On May 2023, HUD published the Economic Growth Regulatory Relief and Consumer (NSPIRE) final rule in the Federal Register (NSPIRE final rule), 88 FR 30442.

⁶ HUD’s Notice PIH 2023-28

⁷ The HQS discussed in this audit report and citations to legal authority reflect the standards and authority that were in effect during our audit period.

⁸ LSHR at 24 CFR part 35

⁹ HUD’s Notice PIH 2017-13 (HA)

¹⁰ The process of determining the source of lead exposure for a child under age 6 with an EBLL

¹¹The owner must notify building residents of any lead-based paint hazard evaluation or reduction activities.

Provide the local HUD field office documentation that it has conducted the required activities within required timeframes ¹²		✓
Monitoring of owner's compliance with LSHR and HQS	✓	

** The PHA may wish to collaborate with the owner on implementing this process, as described in Notice PIH 2017-13.*

The objective of our audit was to determine whether the physical condition of the Authority's HCV Program units complied with HUD's and its own requirements. Specifically, we wanted to determine whether the Authority had adequate oversight of its HCV Program-subsidized units to ensure that (1) units met HUD's and its own housing standards; (2) appropriate actions were taken to address physical deficiencies and owner noncompliance in a timely manner to ensure that the housing units were decent, safe, and sanitary; and (3) it complied with HUD's requirements for cases of children under 6 years of age with confirmed EBLLs¹³ residing in subsidized units.

To assess the physical conditions of the Authority's HCV Program units, we focused on the following three areas:

1. Assisted units meeting minimum physical standards.
2. Corrective actions taken after failed unit inspections.
3. The Authority's and owners' compliance with HUD's EBLL requirements.

¹² 24 CFR 35.1225

¹³ Notification from the Authority's tenants, public health department, or medical provider

Results of Audit

Overall Assessment of the Physical Conditions of the Authority’s HCV Program Units

We assessed the physical conditions of the Authority’s HCV Program units in the following three review areas and identified exceptions in all areas as noted in the table below.

Three review areas	Exception identified?
Assisted units meeting minimum physical standards	Yes
Corrective actions taken after failed unit inspections	Yes
The Authority’s and owners’ compliance with HUD’s EBLL requirements	Yes

Additional details of the exceptions identified in each of the areas are discussed in the following sections.

The Authority Did Not Ensure That Its Program Units Met Minimum Housing Standards

The Authority did not ensure that its HCV Program units met HUD’s HQS. Specifically, of the 84 units reviewed that had passed a recent HQS inspection, 48 units (57 percent) had 248 deficiencies. More than 56 percent of the 48 units had 67 deficiencies that existed before the Authority’s last inspection but were not identified.¹⁴ These conditions occurred because the Authority’s contracted inspectors did not thoroughly inspect units in a consistent manner. Additionally, the Authority relied on its contractor to perform both HQS and quality control inspections for its program units without effectively overseeing the contractor’s performance. As a result, families participating in the Authority’s HCV Program resided in housing units that were not always decent, safe, and sanitary. Based on the results of our statistical sample, we estimate that over the next year, the Authority will pay owners nearly \$36 million in housing assistance for units that do not meet HQS.¹⁵

Program Units Did Not Always Meet Minimum Housing Standards

¹⁴ We identified a preexisting condition as a deficiency that predated the Authority’s previous inspection based on observations made by our appraiser and auditor during the unit inspections and tenants’ comments during the inspection interviews. We took a conservative approach to determine the facts and circumstances to conclude whether the deficiencies existed during the Authority’s last inspection. If we could not reasonably determine when a deficiency occurred, we did not categorize it as preexisting.

¹⁵ See the Scope and Methodology section of this report for details on our sampling and projection.

HUD requires that all HCV Program housing meet HQS at the beginning of assistance and throughout the period in which the tenancy is assisted.¹⁶ In July and August 2023, we inspected 84 units from a universe of 913 HCV Program units that passed the Authority’s HQS inspection between February 13 and May 11, 2023, to determine whether the units met HUD’s requirements. Of the 84 units inspected, 48 units (57 percent) had 248 deficiencies.¹⁷

Further, of the 48 units, 27 units (56 percent) had 67 deficiencies that existed before the Authority’s last inspection, and 14 units (29 percent) had 16 life-threatening deficiencies that needed to be corrected within 24 hours. The 24-hour deficiencies included missing or inoperable smoke or carbon monoxide detectors, blocked egress, and electrical and heating hazards. See table 3 below.

Table 3. The 248 deficiencies for the 48 units that failed our inspections¹⁸

Category	Number of deficiencies ¹⁹	Number of units	Percentage of units ²⁰
Security	23	15	31%
Floor	18	8	17%
Site-neighborhood	18	16	33%
Electrical hazards	17	13	27%
Exterior surface	17	17	35%
Other interior	14	11	23%
Sink	14	11	23%
Ventilation-cooling	13	11	23%
Wall	12	8	17%
Stair-rail-porch	10	9	19%
Smoke detectors	9	9	19%
Water heater	9	9	19%
Ceiling	7	6	13%
Carbon monoxide detector	7	7	15%
Garbage-debris-refuse disposal	7	6	13%
Infestation	7	7	15%
Other exterior	7	7	15%
Tub-shower	7	7	15%

¹⁶ 24 CFR 982.401(a)(3)

¹⁷ The 48 units had 1 or more deficiencies, for a total of 248 deficiencies. See appendix C for the results of our unit inspections.

¹⁸ We identified the 248 deficiencies using (1) 24 CFR part 982; (2) HUD’s Guidebook 7420.10G; and (3) HUD’s Housing Inspection Manual, Section 8 Existing Housing Program.

¹⁹ The categories are listed in descending order according to the number of deficiencies.

²⁰ This is the percentage of the 48 sample units with identified deficiencies.

Roof-gutter	6	6	13%
Window	6	4	8%
Food preparation-storage	4	4	8%
Foundation	4	4	8%
Plumbing-sewer-water supply	4	4	8%
Toilet	4	3	6%
Range-refrigerator	2	2	4%
Heating equipment	1	1	2%
Interior stair-railing	1	1	2%
Total	248		

The following photographs illustrate examples of the deficiencies, identified in table 3, noted during our inspections in the 48 units that failed to meet HUD’s requirements. See appendix D for additional examples.

Figure 1. Heating equipment.

Inspection 7: Ductwork on the furnace is rusted and unstable, affecting the safety of heating and ventilation-cooling equipment. The Authority did not identify this deficiency during its February 27, 2023, inspection or March 13, 2023, and April 18, 2023, reinspections. According to the tenants, the ductwork had been in that condition since they moved into the unit in 2021.



Figure 2. Windows

Inspection 38: The bathroom window is broken, and the frame is rotted. The deficiency is a health and safety threat. Additionally, there is visible peeling paint around the frame. The Authority did not identify this deficiency during its September 27, 2022, inspection or its October 24, 2022, and March 7, 2023, reinspections. According to the tenant, the issues with this bathroom were existing at the time of the previous inspection.



Figure 3. Ventilation and cooling

Inspection 40: The heating, ventilation, and air conditioning condensation line is draining onto the floor, causing a moldlike-mildew substance due to moisture. The deficiency is a health and safety threat that can affect air quality. The Authority did not identify this deficiency during its April 11, 2023, inspection or May 4, 2023, reinspection.



Figure 4. Ceiling and wall

Inspection 46: The ceiling in one of the unit’s bedrooms is stained and damaged due to an active roof leak. The Authority did not identify this deficiency during its March 28, 2023, inspection. According to the tenant, the roof was replaced in 2021, which stopped the water damage; however, the interior damage remained. We found an active leak during our inspection.



Figure 5. Sink

Inspection 57: There is a mildew-moldlike substance from a leak under the bathroom sink. The deficiency is a health and safety threat. The Authority did not identify the deficiency during its February 8, 2023, inspection, or March 7, 2023, and March 28, 2023, reinspections. According to the tenant, the deficiency existed at the time of the previous inspection.



Figure 6. Sink and infestation

Inspection 67: The bathroom sink is nonfunctional, and there is evidence of insect infestation throughout the unit included in the photograph. This is a health and safety threat. The Authority identified an infestation as a deficiency during its July 27, 2022, inspection but did not identify the nonfunctional sink. The unit failed reinspections on July 28, 2022, October 4, 2022, and March 22, 2023. The unit passed on April 4, 2023.



Figure 7. Site and neighborhood

Inspection 68: Concrete on the driveway is buckling and cracked through deterioration. The deficiency is a health and safety threat and creates a tripping hazard. The Authority did not identify the deficiency during its March 2, 2023, inspection or March 27, 2023, reinspection.



Figure 8. Exterior surface

Inspection 75: Electric meter mast wiring is deteriorated and needs to be replaced. This is a health and safety threat. The Authority did not identify the deficiency during its March 15, 2023, inspection or April 12, 2023, reinspection. According to the tenant, the meter mast condition had not changed since the prior inspection.



Figure 9. Other interior

Inspection 79: The floor condition in the basement is a hazard due to standing water and mud. According to the tenant, the basement can get ankle deep with water. The Authority inspected the unit on December 20, 2022, and performed a reinspection on February 15, 2023. The inspection report stated that this was not a fail because the lease stated that in older homes, water entry during high periods of rain is frequent. However, the water and mud can create mold and air quality issues. The unit's washer and dryer are located in the basement.



Figure 10. Site and neighborhood

Inspection 80: The unit has a detached garage with peeling paint that was built before 1978. The Authority did not identify the deficiency in its January 19, 2023, inspection. According to the tenant, the deficiency existed at the time of the previous inspection. There is one child under the age of 6 residing in the unit.



The Authority Lacked Adequate Oversight of Its Contractor

These deficiencies occurred because the Authority did not adequately oversee the performance of its contractor to ensure that the contractor's inspectors thoroughly inspected units in a consistent manner to ensure compliance with HQS. Further, the Authority's contractor performed quality control of its own inspectors' inspections; however, the Authority did not review the results of the contractor's quality control inspections to assess the quality of those inspections.

The Authority's Inspectors Did Not Thoroughly Inspect Units in a Consistent Manner

When we accompanied the Authority's inspectors while they inspected 10 HCV Program units, we determined that the inspectors identified most of the HQS deficiencies in the units.²¹ However, there were some deficiencies, such as deterioration under a kitchen sink cabinet, debris in a backyard, a loose back porch ceiling, and an exterior door not fitting properly, that were not identified during the inspections.

²¹ See the Scope and Methodology section of this report for more information.

Further, when we performed our own inspections of the Authority's units, we found that the Authority's inspectors either (1) did not identify the issues we identified, despite our determination that the deficiencies were preexisting or predated the inspectors' last inspections, such as missing carbon monoxide detectors, rotted window frames, ceiling leaks, and rusted ductwork, or (2) reported deficiencies as having been corrected, when our inspections showed that the deficiencies still existed. We provided the results of our inspections to the Authority and later discussed our findings with the Authority's chief program officer. According to the chief program officer, he believed that the PHA's inspectors missed the deficiencies we identified during our separate inspection. However, in a discussion with the Authority's vice president for the HCV Program, he stated that he believed the deficiencies we found during our inspections were not all preexisting.

The Authority's contractor stated that it provided its inspectors with classroom and field training on HQS inspection standards. The classroom training included HQS certification training and lead-based paint training. Field training included new inspectors shadowing the supervisor for a period, followed by the supervisor also shadowing the inspector. Further, according to the Authority, additional training was available for inspectors who needed further training or coaching. The Authority provided documentation showing that the contractor's inspectors received certifications in HQS and lead-based paint. Although the Authority's contracted inspectors appeared to be trained in HQS, based on the results of our observations and preexisting deficiencies identified during our inspections, the inspectors missed deficiencies.

The Authority Did Not Effectively Assess the Quality of the Contractor's Inspections

In addition to performing HQS inspections for the Authority's program units, the Authority's contractor performed the quality control inspections, and the Authority did not effectively oversee the performance of its contracted inspectors. According to the Authority, it conducted multiple weekly meetings to review the contractor's prior performance and address emerging issues. The meetings included both middle and upper management and detailed discussions of accomplishments and performance deficiencies in administering and operating the Authority's HCV Program. However, those meetings did not include a discussion on the contractor's quarterly quality control reports.

The contractor provided to the Authority quality control reports, which generally contained an assessment of the Authority's performance based on HUD's Section Eight Management Assessment Program (SEMAP) indicators.²² One of those indicators is quality control inspections. However, the SEMAP indicator for quality control inspections requires a PHA to assert that it reinspected a minimum sample of units, but it does not assess the quality of the results of unit inspections. To be an effective tool, the Authority's quality control framework needs to have a process for evaluating and measuring performance against established quality standards.

In reviewing the quality control reports, we determined that for one report, covering the period January 1 through March 31, 2023, the Authority's contractor identified that of 50 units that underwent a quality control inspection, 23 (46 percent) failed with 56 HQS deficiencies. Of the 56 HQS deficiencies noted, 29 (52 percent) were most likely missed by the inspectors at the time of the original inspections.

²² HUD's SEMAP uses 14 key performance indicators and 1 bonus performance indicator to assess PHAs' performance in administering their HCV Programs. The purpose of SEMAP is to help HUD target monitoring and assistance to PHAs' HCV Programs that need the greatest improvement.

Examples of the missed items included missing window screens, ground fault circuit interrupter outlets not operating properly, and missing or loose railing. The report also listed the number of items missed by each inspector.

Further, during our review of contractors' quality control inspections, we determined that units failed at a rate of 46 percent from May 2021 through May 2023. Our percentage was in a range similar to what the Authority's contractor identified in its quality control report. According to the Authority, that quality control report was the only report that included an assessment of the quality of the inspections performed by the contractor's inspectors. The Authority's vice president for the HCV Program said that the Authority had assigned one staff person to review the quality control reports provided by its contractor. The staff person would perform a high-level review of the quality control reports to ensure that the correct number of quality control inspections was performed. Therefore, the Authority's management was unaware of the failure rate of the quality control inspections and did not have a process in place to act when the rate went below a certain threshold.

The Authority's contract required that services be performed in a workmanlike manner consistent with industry standards reasonably applicable to the performance of such services and allow for correction or reperformance, at no additional charge, of any affected services. However, the Authority did not use the results of the quality control inspections to assess performance. Therefore, the Authority could improve its quality control process by showing how it evaluates and uses the results of its monitoring efforts to ensure that inspection standards are achieved.


As a result of the Authority's inspectors' not thoroughly inspecting units in a consistent manner and the Authority's lack of oversight of the contractor's performance of unit inspections, families participating in the Authority's HCV Program were subjected to housing units that were not always decent, safe, and sanitary. In addition, the Authority paid housing assistance to owners of units that did not consistently meet minimum property standards. Based on our statistical sample, we estimate that over the next year, the Authority will pay owners nearly \$36 million in housing assistance for units that do not meet HQS.

The Authority had changed its quality control process for inspections. In October 2023, the Authority hired a quality assurance team to review the quality control reports and files and follow up to ensure that issues found are addressed by its contractor. According to the Authority, it had a greater presence in determining why the quality control inspection failure rates occurred and how it could lower them. The Authority stated that it had also implemented additional advanced training for inspectors whose inspections were reviewed for quality control and scored below 80 percent or if the quality control inspections identified systemic issues. The Authority believed these changes had allowed it to see improvements in the number of inspections that pass quality control inspections.²³

Conclusion

The Authority's HCV Program units did not consistently meet minimum housing standards because (1) the Authority's contractor did not always thoroughly inspect units and (2) the Authority relied on its contractor to perform both HQS and quality control inspections for its program units without effectively

²³ Our audit did not include a review of the Authority's changes to its quality control process.



overseeing the contractor's performance. As a result, families participating in the Authority's HCV Program were subjected to housing that was not always decent, safe, and sanitary. Without improvements to the quality of the Authority's inspections, families residing in subsidized units will continue to be subjected to housing that is not always decent, safe, and sanitary. Further, based on our statistical sample, we estimate that over the next year, the Authority will pay owners nearly \$36 million in housing assistance for units that do not meet HQS.

Recommendations

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

- 1A. Provide evidence that the owners corrected the 248 deficiencies for the 48 units with outstanding deficiencies. If the owners fail to make corrections, the Authority should implement its stop payment procedures and provide supporting documentation to HUD.
- 1B. Implement a quality control process for monitoring its contracted inspectors to ensure that units meet HUD's requirements to prevent nearly \$36 million in program funds from being spent on units that do not meet HQS over the next year.
- 1C. Implement procedures and controls regarding its quality control inspections to ensure that the results of those inspections are appropriately used to evaluate and monitor the performance of the Authority's contracted inspectors and documentation is maintained on communications with the contractor on corrective actions taken to address recurring inspection deficiencies.

The Authority Did Not Consistently Enforce HUD’s Housing Quality Standards and Perform the Required Number of Quality Control Inspections

The Authority did not consistently stop HAP to owners for uncorrected unit deficiencies. It also did not ensure that its contractors²⁴ (1) categorized deficiencies as life threatening, requiring corrective actions within 24-hours, and (2) conducted the required number of quality control inspections in 2022. These conditions occurred because the Authority did not ensure that its (1) current contractor’s information system properly transferred data to the Authority’s information system regarding stop payments and (2) former and current contractors complied with the Authority’s policies and procedures for stopping HAP. Further, the Authority lacked adequate oversight of its contractors to ensure that inspectors properly categorized life-threatening deficiencies and performed the appropriate number of quality control inspections. As a result, the Authority paid \$15,427 in housing assistance to owners for units with uncorrected deficiencies. Further, families participating in the Authority’s HCV Program were subjected to housing units that were not always decent, safe, and sanitary.

The Authority Did Not Consistently Stop Housing Assistance to Owners for Uncorrected Unit Deficiencies

The Authority did not appropriately stop HAP or provide sufficient documentation to support that it stopped HAP to owners for 6 of the 21 units (nearly 29 percent)²⁵ reviewed for failing to correct HQS deficiencies identified during the Authority’s inspection. HUD requires PHAs to not make any HAP for units that fail to meet HQS, unless the owners correct the defects within the period specified by the PHA and the PHA verifies the correction.²⁶ Further, according to the Authority’s HCV Program administrative plan, the Authority would stop subsidy payments to owners that failed to correct deficiencies.²⁷ However, the owners of the six units did not correct the deficiencies within the Authority’s specified periods. Specifically, the Authority did not

- Appropriately stop HAP for two units, resulting in ineligible payments of \$5,194 to the owners for units with uncorrected deficiencies.
- Provide documentation to support that it had stopped HAP totaling \$10,233 for four units or support that the owner made the corrections within the Authority’s cure periods.

The weaknesses occurred because the Authority did not ensure that its current contractor’s information system properly transferred information to the Authority’s information system for two of the six units. Specifically, according to the contractor, there was an issue with data transfers in late 2022 and early 2023. Therefore, the Authority’s and contractor’s systems did not process a stop payment for HAP to the owners for the two units. As a result of our audit, the Authority’s contractor had updated its system workflow and implemented a new application programming interface to

²⁴ The Authority’s current and former contractor

²⁵ See the Scope and Methodology section in this report for details on the selection of the 21 units.

²⁶ 24 CFR 982.404(a)(3)

²⁷ Chapter 11, section H, of the Authority’s HCV Program administrative plan

exchange data between the two software systems in a more reliable way. Additionally, the Authority's contractor had created a daily report that is automatically generated and lists units that fail reinspection. The report is reviewed and monitored daily by the contractor's inspection coordinators and cross checked between the Authority's and the contractor's system to ensure that there are no data transfer issues and that stop payment holds are placed automatically and appropriately.

Further, the Authority did not always follow its policies and procedures for failed attempts to perform inspections due to an inability to access units or for stopping HAP for uncorrected unit deficiencies. The Authority's HCV Program administrative plan states that if there is no one home at the time the inspector arrives for the inspection, the inspection will be rescheduled; each annual inspection may be rescheduled only one time; and tenants are subject to program termination if they miss two scheduled inspections. It further states that if a property owner fails to comply with HQS violation notices issued from annual inspections, the Authority will abate HAP to property owners or terminate program assistance for tenants.

However, after the Authority's current contractor made two unsuccessful attempts to inspect one of the four units due to the tenant not being home, the Authority did not enforce its policy to stop HAP to the owner or terminate the tenant's program participation. Instead, it took more than 7 months for the Authority's contractor to inspect the unit due to a request for a special inspection, which the unit failed with deficiencies related to electricity, security, ceiling, wall, floor, toilet, and other potential hazards. The Authority did not provide an explanation for why its contractor did not inspect the unit in a timely manner after the failed attempts or the reason for not stopping the payment or terminating the tenant from the program.

In addition, the Authority's inspection reports revealed that a stop payment was necessary for HAP to owners for three of the four units inspected by its former contractor. However, the Authority stated that it was unable to consult with its former contractor on whether the HAP for these units should have been stopped. Therefore, documentation was not available for us to determine whether stop payments occurred and if so, whether the payments and timeframes were appropriate.

As a result, the Authority paid ineligible or unsupported HAP totaling \$15,427 to owners for units with uncorrected deficiencies. Further, due to data transfer issues between the Authority's and its current contractor's information systems, there is a risk that other owners may have been inappropriately paid HAP. Additionally, families participating in the Authority's HCV Program were subjected to housing units that were not always decent, safe, and sanitary.

The Authority's Contractors Miscategorized Life-Threatening Deficiencies

For 11 of the 57 (19 percent) units reviewed,²⁸ the Authority's contractors did not properly categorize identified deficiencies as life-threatening deficiencies and reinspect the units to ensure that the owners corrected the deficiencies within 24 hours as required.²⁹ The 11 units contained 18 deficiencies that

²⁸ See the Scope and Methodology section of the report for details on the selection of the 57 units.

²⁹ 24 CFR 982.404(a)(3) and the Authority's HCV Program administrative plan

were not properly identified as life threatening, which require corrective action within 24 hours. Table 4 shows the types of deficiencies that were miscategorized and the number of occurrences.

Table 4. Types of miscategorized life-threatening deficiencies and number of occurrences.

Life-threatening deficiency	Number of occurrences
Missing or inoperable smoke detector	5
Electrical outlet within 6 feet of water not ground fault circuit interrupter protected or inoperable	5
Exposed wiring	3
Electrical cover plate missing	2
Outlet shows indication of fire damage	2
Raw sewage	1
Total	18

The Authority’s contractors did not always properly categorize life-threatening deficiencies because the Authority relied on its contractors to (1) ensure that the contractors’ inspectors were properly trained and (2) oversee the performance of its own inspectors. However, the Authority did not effectively oversee the current contractor’s performance of inspections. (See the finding regarding the Authority’s program units’ not meeting minimum housing standards.) As a result of the improperly categorized deficiencies’ not being entered into the system as 24-hour deficiencies, the Authority did not notify the owners of required immediate repairs, and the Authority’s inspectors did not inspect the units the following day to verify that the deficiencies had been corrected. Instead, the resolution of these deficiencies was verified during the unit reinspections, which would generally occur up to 30 days later but could be later if owners were granted extensions. Therefore, the families participating in the HCV Program were exposed to life-threatening deficiencies for longer than necessary.

The Authority’s vice president for the HCV Program acknowledged that the items should have been classified as emergency fail items and stated that going forward, the Authority would ensure that its current contractor’s inspectors received additional HQS training to appropriately identify and categorize life-threatening deficiencies.

The Authority Did Not Ensure That It Performed the Required Number of Quality Control Inspections in 2022

The Authority did not perform the required number of quality control inspections for fiscal year 2022. According to 24 CFR (Code of Federal Regulations) 985.2, the Authority was required to perform a minimum of 80 quality control inspections in fiscal year 2022. In June 2022, the Authority transitioned from its prior contractor to its current contractor, which is responsible for administering the HCV Program, including inspections, and to perform those inspections in accordance with HUD regulations. The previous contractor had a quality control inspector who traveled around the country performing quality control inspections. The quality control inspector’s last trip to the Authority was February 2022, and 48 quality control inspections were completed. After the current contractor took over the program, it completed four quality control inspections in 2022. Therefore, a total of 52 quality control

inspections were performed in 2022. The Authority did not ensure that the remaining 28 (35 percent) quality control inspections were performed.

This issue occurred because the Authority did not ensure that the new contractor was able to meet the responsibilities of the contract for quality control inspections in fiscal year 2022 and did not take other actions to ensure compliance with HUD's requirements. According to the Authority, after the transition, the current contractor had to hire new inspectors and underwent a period of high turnover. Therefore, during that time, the contractor was unable to keep up with regular inspections as well as perform the necessary number of quality control inspections. The contractor exceeded the quality control inspection requirement for 2023.

Conclusion

The Authority did not properly oversee the performance of its HCV Program contractors to ensure that it consistently enforced HUD's HQS requirements. As a result, the Authority paid \$15,427 in housing assistance to owners for units with uncorrected deficiencies. Additionally, due to data transfer issues between the Authority's and its contractor's information systems, there is a risk that other owners may have been inappropriately paid HAP. Further, families participating in the Authority's HCV Program were subjected to housing that was not always decent, safe, and sanitary.

Recommendations

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

- 2A. Pursue collection from the applicable owner or reimburse its HCV Program \$5,194 from non-Federal funds for HAP that was not properly stopped for two units with outstanding HQS deficiencies.
- 2B. Provide support showing whether HAP was appropriately stopped for the four units cited in the finding or reimburse or pursue collection of \$10,233 from non-Federal funds for HAP to owners with outstanding HQS deficiencies.
- 2C. Implement procedures and controls regarding its stop payment process to ensure that it consistently (1) stops payments as required by its HCV Program administrative plan and HUD requirements, (2) verifies and documents the correction of deficiencies, and (3) maintains sufficient documentation to support the stop payment for each unit.
- 2D. Implement controls over its inspection processes and procedures to ensure that emergency failures are properly identified, reinspected, and corrected within 24 hours in accordance with its HCV Program administrative plan or the housing assistance to the owner is stopped.
- 2E. Work with its contractor to ensure that the contractor's inspectors receive training on how to properly identify and categorize life-threatening deficiencies.

The Authority Did Not Comply With HUD’s Monitoring and Data Collection Requirements for Children With EBLs in Its HCV Program

The Authority had some policies addressing lead-based paint abatement but did not have procedures for managing cases of children with reported EBLs, which included monitoring owners for compliance with the EBL requirements of the LSHR. It also did not consistently coordinate with public health departments to identify cases of children with EBLs under the HCV Program. These issues occurred because the Authority did not update its policies and procedures to align with HUD’s EBL requirements. Additionally, the Authority relied on the State health department to initiate contact and facilitate the sharing of information for cases of children with EBLs. As a result, (1) HUD and the Authority lacked assurance that owners appropriately addressed their responsibilities in a timely manner for cases of children with EBLs and (2) HUD may not have an accurate report of EBL cases for the Authority. Further, HUD lacked assurance that the Authority identified all cases of children with EBLs to ensure that owners properly mitigated identified lead hazards.

The Authority Did Not Have Procedures for Managing Cases of Children With EBLs

The Authority did not have procedures for managing reported cases of children with EBLs,³⁰ which included monitoring owners for compliance with the LSHR. Further, its policies for lead-based paint abatement allowed owners to certify that all lead-based hazards had been corrected and did not contain a requirement for (1) the owners to provide a lead clearance report, stating that all lead-based paint hazards identified in the environmental investigation had been treated with interim controls or abatement, or (2) the public health department to certify that the lead-based paint hazard reduction was complete as required.

Further, according to the Authority, it was not aware of any case of a child with a reported EBL during our audit period. However, it has since been made aware of two cases reported in 2023. According to the Authority, the first case was reported to the Authority’s contractor in February 2023 but not reported to the Authority until May 2023. In addition, the Authority was notified of the second case in August 2023. We reviewed the information in HUD’s EBL tracker as of December 2023 and determined that one case had been closed. We were unable to locate the second case in HUD’s EBL tracker. According to HUD’s requirements³¹ for the HCV Program, it is the owners’ responsibility to report cases of children with EBLs to HUD; however, it is the Authority’s responsibility to ensure that owners comply with the LSHR.

HUD issued Notice PIH 2017-13, providing guidance to PHAs on actions that must be taken based on recent changes to the LSHR, but the Authority’s staff did not update its HCV Program administrative plan to include policies and procedures for managing cases of children with EBLs to align with HUD’s requirements. According to the Authority, the delays in updating its policies and procedures, to include requirements for managing cases of children with EBLs, occurred due to various factors, such as personnel changes and resources, the need for a comprehensive review and alignment with State and local requirements, and the integration of HUD’s requirements into its systems and processes.

³⁰ Cases reported from the public health department, medical provider, the Authority’s tenants, or owners

³¹ Notice PIH 2017-13

However, the Authority's contractor used the Authority's policies and procedures for managing the Authority's HCV Program. As a result of not having sufficient policies and procedures in place to manage EBLL cases, HUD lacked assurance that the Authority and owners participating in the HCV Program appropriately addressed their responsibilities under the LSHR for children under 6 years of age to reduce the risk of children's exposure to lead-based paint hazards.³² In addition, HUD lacked assurance that it had an accurate report of EBLL cases for the Authority.

In April 2023, the Authority updated its HCV Program administrative plan to include the LSHR's reporting requirements and anticipated providing the plan to the Authority's board of commissioners for approval in January 2024. However, in reviewing the updated plan, we determined that it did not fully address the steps the Authority and owners must take to ensure that required actions are completed in a timely manner and that the owners provide supporting documentation to HUD.³³

During our audit, in May 2023, HUD's Cleveland Office of Public Housing performed an onsite monitoring review of the Authority's programs and found similar issues, such as that the Authority did not have a standard process or policy for promptly responding to children with EBLLs or ensuring that landlords understand the requirements for LSHR compliance, including responding to children with EBLLs and obtaining clearance after performing hazard control and before occupancy. Based on HUD's review, the Authority had begun updating its publications and educational materials to owners. In addition to those updates, HUD required the Authority to provide for its review information regarding expected timelines for addressing EBLL milestones and escalation measures to take if contractors did not act within the prescribed milestone timeframes. If the Authority provides the required information to HUD, it would address the deficiencies identified during our audit regarding the Authority's policies and procedures' not including the actions or steps that the Authority and owners must take to ensure compliance Notice PIH 2017-13.

The Authority Did Not Comply With HUD's Quarterly Data Collection Requirement To Identify Children With EBLLs in Its HCV Program

The Authority did not always comply with HUD's data collection and record-keeping responsibilities of coordinating with public health departments quarterly to identify cases of children with EBLLs³⁴ in its HCV Program.³⁵ HUD's regulations at 24 CFR 35.1225(g) require PHAs to identify EBLL cases in the HCV Program through data sharing and data matching with the public health department(s) with a similar area of jurisdiction at least quarterly, unless the relevant public health department(s) is unwilling to share with or receive information from the PHA.³⁶

Before October 2021, the State department of public health facilitated the quarterly sharing of information with the Authority, related to residences that had a child with an EBLL, and a subsequent

³² The current and historic language in HAP contracts goes back to at least 2009 and includes the requirement that the owner provide any information pertinent to the HAP contract that the PHA or HUD may reasonably require. In addition, the HAP contract states that it must be interpreted and implemented in accordance with all statutory requirements and with all HUD requirements.

³³ See table 2 in the Background and Objective section.

³⁴ HUD defines EBLL as a child under 6 years of age with blood lead levels equal to or greater than 5 micrograms per deciliter of blood.

³⁵ PHAs should maintain documentation showing that they have attempted this coordination.

³⁶ Section 13 of HUD's Notice PIH 2017-13

public health lead investigation, including lead risk assessment. After October 2021,³⁷ the State department of public health stopped facilitating the sharing of information with the Authority, and the Authority did not contact the department to continue the coordination of EBLL data. The Authority did not notify HUD that it had not been coordinating with public health departments quarterly to identify cases of children with an EBLL³⁸ as required by the LSHR.

This issue occurred because the Authority relied on the department to initiate the quarterly contact rather than attempting to coordinate with the department to ensure compliance with the LSHR. Further, the Authority's policies did not include this data collection requirement. As a result of the audit, in March 2023, the Authority began reaching out to the department to establish a new contact to coordinate the sharing of EBLL information. In September 2023, the Authority resumed coordinating with the department. In April 2023, the Authority updated its policies to include the data collection and record-keeping responsibilities required by the LSHR.

Conclusion

Although the Authority was aware of HUD's requirements, it did not update its policies and procedures to align with HUD's EBLL requirements, including monitoring owners for compliance with the EBLL requirements of the LSHR. Additionally, the Authority relied on the State health department to initiate contact and facilitate the sharing of information for cases of children with EBLLs. As a result, (1) HUD and the Authority lacked assurance that owners appropriately addressed their responsibilities in a timely manner for cases of children with EBLLs and (2) HUD may not have an accurate report of EBLL cases for the Authority. Further, HUD lacked assurance that the Authority identified all cases of children with EBLLs to ensure that owners properly mitigated identified lead hazards.

Recommendation

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

- 3A. Develop and implement policies and procedures that align with HUD's requirements and controls to ensure that owners follow the requirements of the LSHR.

We also recommend that the Director of HUD's Cleveland Office of Public Housing

- 3B. Work with HUD's Office of Lead Hazard Control and Healthy Homes to provide technical assistance to the Authority's staff to develop and implement policies, procedures, and controls for managing cases of children with EBLLs to ensure compliance with the LSHR, including attempts to collaborate with public health departments to identify cases of EBLL in children under 6 years of age under its HCV Program and updating its policies and procedures accordingly.

³⁷ The Authority did not know why the quarterly communications that it received from the Ohio Department of Health stopped after October 2021.

³⁸ HUD defines EBLL as a child under 6 years of age with blood lead levels equal to or greater than 5 micrograms per deciliter of blood.

Scope and Methodology

We performed our audit from March through May 2024. We performed inspections throughout the Authority’s jurisdiction in Columbus, OH. The audit covered the period April 1, 2019, through March 31, 2023, and was expanded as necessary.³⁹

To accomplish our audit objective, we interviewed HUD Program staff, the Authority’s staff, the Authority’s previous and current contractor staff, and participants in the Authority’s HCV Program. In addition, we reviewed

- HUD’s regulations at 24 CFR parts 5, 35, 982, 983, and 985; HUD’s Notices PIH 2011-29, 2017-13, 2017-20, and 2022-01; HUD’s HCV Program Guidebook; and HUD’s Housing Inspection Manual.
- The Authority’s HCV Program administrative plan, annual and 5-year plans, policies and procedures, board meeting minutes, HAP register, inspection schedule, household inspection reports, inspector certifications, and training materials.

Passed Unit Inspections

With the assistance of our Integrated Data Analytics Division, we identified a stratified systematic sample of 82 units from a universe of 913 HCV Program units that passed the Authority’s HQS inspections from February 13 through May 11, 2023,⁴⁰ to determine whether the units met HUD’s standards. We used a systematic approach to help control potential differences in housing stock across zip code locales. Taken in rank order by the size of the monthly housing assistance paid on behalf of the tenant living in the HQS-inspected unit, we designed the strata to encompass the following ranges by percentile: 0-10, 10-30, 30-50, 50-70, 70-90, 90-95, 95-98, and 98-100. Table 6 below lists the stratum boundaries and other key data related to this sample design.

Table 6. Stratum boundaries for our sample design of units selected for inspection

Stratum label	Monthly HAP amount	Universe records	Sample records	Probability of selection	Sampling weight
0-10	>0	92	8	0.976	11.50
10-30	≥\$372	180	16	0.1951	11.25
30-50	≥\$590	185	17	0.2073	10.88
50-70	≥\$762	183	17	0.2073	10.76
70-90	≥\$974	182	16	0.1951	11.38
90-95	≥\$1,280	45	4	0.0488	11.25
95-98	≥\$1,424	27	2	0.0244	13.50
98-100	≥\$1,568	19	2	0.0244	9.50

³⁹ We expanded the audit period to May 11, 2023, to include updated information in our sampling of unit inspections, quality control, and timeliness.

Stratum label	Monthly HAP amount	Universe records	Sample records	Probability of selection	Sampling weight
Totals		913	82		

We inspected 72 of 82 units from our original sample selection and an additional 12 spare units for a total of 84 units. We inspected the 84 units in July and August 2023. The inspections were performed by a HUD, Office of Inspector General (OIG), appraiser. Staff from the Authority’s contractor accompanied us during the inspections. For projection estimates, we used the designed sample count of 82 records and used spares when we could not gain access to the units. All spares used came from the appropriate strata; therefore, we did not have to recalculate the sampling weights.

We computed the percentage and number of counts of records for each result based on the sampling results, and we extended this result to the population using the surveyfreq⁴¹ procedure provided by SAS[®].⁴² We estimated the lower confidence interval using a Gaussian⁴³ sampling distribution, which is appropriate for error rates in this range. We extended these percentages to 13,453⁴⁴ records in the universe to get the total universe count of these records.

We used the surveymeans⁴⁵ procedure in SAS[®] to estimate the total dollars spent on substandard housing (units that failed the inspection standards) by calculating the mean and standard error for the average monthly amount of subsidy dollars attributable to substandard housing across both acceptable and substandard units. We reduced the average monthly amount by the margin of error (that is, the standard error with a student’s t factor) associated with this sample design and then extended that to the 13,453 active units. Finally, we annualized this result to obtain a 12-month timeframe. The basic estimation calculations are as follows:

$$Amount_{LCL} = N * (\mu - t_{\alpha/2} SE_{\$})$$

$$Count_{LCL} = N * (pct - t_{\alpha/2} SE_{\%})$$

$Amount_{LCL}$ = total audit finding amount after deducting a margin of error

$Count_{LCL}$ = total number of sampling units with the error after deducting a margin of error

N = number of sampling units in the universe

⁴¹ The surveyfreq procedure produces one-way to n-way frequency and crosstabulation tables from sample survey data. These tables include estimates of population totals, population proportions, and their standard errors. Confidence limits, coefficients of variation, and design effects are also available. The procedure provides a variety of options to customize the table display.

⁴² SAS (previously "Statistical Analysis System") is a statistical software suite developed by the SAS Institute for data management, advanced analytics, multivariate analysis, business intelligence, criminal investigation, and predictive analytics.

⁴³ In statistics, a normal distribution or "Gaussian" distribution is a type of continuous probability distribution for a real-valued random variable.

⁴⁴ This represents the number of active HCV Program rentals in May 2023, the most recent month for which we have complete data according to the Authority’s HAP register.

⁴⁵ The surveymeans procedure estimates characteristics of a survey population by using statistics computed from a survey sample. It enables us to estimate statistics, such as means, totals, proportions, quantiles, geometric means, and ratio.

μ	= weighted average value of the error per unit
<i>pct</i>	= weighted percentage of sampling units with the error in the sampling frame
$SE_{\$}$	= standard error per unit, as applies to projecting dollars
$SE_{\%}$	= standard error per unit, as applies to projecting proportions
$t_{\alpha/2}$	= student's - t for projecting a one-sided confidence interval for a sample of this size

After the inspections, we determined whether each unit passed, failed, or failed with preexisting conditions. We determined preexisting conditions based on the type of fail item, HUD OIG appraiser opinion, and tenant statements.

Based on the statistical sample of 82, we found 26 units⁴⁶ that had a preexisting deficiency that should have failed the unit during Authority's last HQS inspection. This equates to the Authority's paying a weighted average of \$303.79 in HCV subsidy per unit per month on substandard housing. After deducting for a statistical margin of error, we can say, with a one-sided confidence interval of 95 percent, that the weighted average amount per unit per month the Authority paid in HCV subsidy on substandard housing is \$220.84. Extending this amount to 13,453 occupied units over 12 months yields at least 35.6 million in HCV subsidies paid for housing that the Authority should have failed on its last HQS inspection and did not, and it could be more. The mathematical calculation is as follows:

Per unit monthly calculation: $\$303.79 - 1.665 \times \$49.80 \approx \$220.84$ LCL
 Annualized projection: $\$220.84 \times 13,453 \text{ units} \times 12 \text{ months} \approx \$35,651,526.24$ LCL

Unit Observations

From a universe of 137 units scheduled for inspection from May 8 through May 9, 2023, we selected 13 inspections from the Authority's five contracted inspectors to observe how the Authority's inspectors performed HQS inspections. We observed inspections for 10 of the 13 units on May 8, 2023, and May 9, 2023.⁴⁷ The observations were performed by the HUD OIG appraiser. We did not project the results of our observations to the universe.

Failed Unit Inspections Review

From April 2019 through March 2023, the Authority or its contactors performed inspections of 22,853 units that did not pass HQS. We selected a random sample of 22 units that failed HQS and included representation from each of the Authority's 8 different types of failed inspections.⁴⁸ We determined whether the Authority took timely actions to address unit deficiencies and noncompliance. We did not project the results of our review to the universe.

Supervisory Quality Control Review

From May 2021 through May 2023, the Authority's contractors performed 502 supervisory quality control inspection reviews of inspections conducted by its staff inspectors. Of the 502 supervisory quality control inspection reviews, 269 passed, and 233 failed the supervisory quality control

⁴⁶ Although we inspected a total of 84 units, projections are based off the original sample of 82 units.

⁴⁷ We were not able to observe one unit because the tenant was not home, one unit because the tenant called and stated that there was a case of COVID-19 in the household, and one unit because the tenant was only comfortable with the Authority's contracted inspector entering the unit.

⁴⁸ The eight different types of failed inspections are abatement fail, emergency fail, self-certification fail, fail 1, fail 2, fail proposed lease termination, final fail, and utility fail.

inspections. We selected a random sample of 15 of the 502 quality control reviews to determine whether the Authority's contractors performed the quality control inspections in accordance with HUD's regulations and its administrative plan. We did not project on the results of this review.

Annual Inspection Timeliness

From May 2021 through May 2023, the Authority's contractors scheduled 10,495 annual inspections of HCV Program units. We selected a random sample of 20 HCV Program units to determine whether the annual inspections were performed in a timely manner. We did not report or project on the results of this review.

24-Hour Deficiency Review

We reviewed 22 units from the failed unit inspections review, 15 units for the supervisory quality control review, and 20 of the Authority's annual inspection, totaling 57 units, to determine whether deficiencies were appropriately categorized. We did not project on the results of this review.

Stopped Payments Review

Of the 57 units reviewed for the 24-hour deficiency review, we determined that the owners of 21 units did not correct deficiencies within the specified cure periods. Therefore, we reviewed the 21 units to determine whether the Authority appropriately stopped payments to the owners.

We determined that internal controls over compliance with laws and regulations and effectiveness and efficiency of operations were relevant to our audit objective. We assessed the relevant controls. Based on our review, we believe that the Authority did not have adequate procedures and controls to ensure that it followed applicable HUD and its own requirements.

To achieve our objective, we relied in part on data maintained by the Authority in its systems. Although we did not perform a detailed assessment of the reliability of the data, we performed a minimal level of testing and found the data to be adequate for our purposes.

We provided our audit results and supporting schedules to the Director of HUD's Cleveland Office of Public and Indian Housing and the Authority's executive staff during the audit.

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(s). We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

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 3/
1B			\$35,651,526
2A	\$5,194		
2B		\$10,233	
Total	5,194	10,233	35,651,526

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 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 our recommendations, it will stop incurring program costs for units that are not decent, safe, and sanitary. Our estimate reflects only the initial year of this benefit.

Appendix B – Auditee Comments and OIG’s Evaluation

Ref to OIG Evaluation – Auditee Comments

 Comment 1 >



880 East 11th Avenue
Columbus, Ohio 43211
P: 614-421-6000
cmh@cmh.com

CMHA appreciates the comprehensive review conducted by the OIG and acknowledges the findings. We are committed to ensuring the highest standards of housing quality and have taken significant steps to address the deficiencies identified. Below are our detailed comments to each recommendation.

Recommendation 1A CMHA Comment: CMHA has established a robust documentation process to ensure that all identified deficiencies are corrected. If owners fail to make corrections, we will implement our stop payment procedures and abate the unit.

Recommendation 1B CMHA Comment: CMHA has implemented a comprehensive quality control process. This process includes:

- Regular inspections and detailed reviews of quality assurance inspection reports.
- Monitoring of key performance indicators (KPIs).

Recommendation 1C CMHA Comment: CMHA has established clear procedures and controls to ensure that the results of quality control inspections are effectively used to evaluate and monitor contractor performance. We maintain detailed records of all communications with contractors regarding corrective actions and have implemented a system to track and address recurring deficiencies. Monthly quality assurance reviews with inspectors ensure continuous improvement in inspection standards.

Recommendation 2A CMHA Comment: CMHA will review the cases where HAP was not properly stopped and will take the appropriate corrective actions.

 Comment 1 >

Recommendation 2B CMHA Comment: CMHA will conduct a thorough review of the units cited and provide the necessary documentation showing whether HAP was appropriately stopped. CMHA will make every effort to recoup any HAP that was paid in error.

Recommendation 2C CMHA Comment: CMHA has updated and implemented robust procedures and controls for our stop payment process. These procedures ensure that:

- Payments are stopped as required by our administrative plan and HUD requirements.
- Deficiency corrections are verified and documented before payments are resumed.
- Sufficient documentation is maintained to support stop payment decisions for each unit.

Recommendation 2D CMHA Comment: CMHA has implemented stringent controls over our inspection processes to ensure that emergency failures are properly identified, reinspected, and corrected within 24 hours. If corrections are not made within the required timeframe, housing assistance payments to the owner are promptly stopped.

Recommendation 2E CMHA Comment: CMHA has reinforced the need for consistent and ongoing training programs for inspectors, focusing specifically on identifying and categorizing

 **Comment 1 >**

life-threatening deficiencies. All inspectors have undergone rigorous training sessions, and ongoing training is provided to ensure they stay updated on the latest standards.

Recommendation 3A CMHA Comment: CMHA has developed and implemented comprehensive policies and procedures to ensure compliance with the Lead Safe Housing Rule. These procedures include collaboration with local health departments to monitor and address lead hazards promptly. We have trained our staff and contractors to ensure they are fully compliant with LSHR requirements.

Recommendation 3B CMHA Comment: CMHA has actively collaborated with HUD's Office of Lead Hazard Control and Healthy Homes and local health departments to manage cases of children with elevated blood lead levels. We have developed and implemented comprehensive procedures and controls to ensure compliance with the Lead Safe Housing Rule. Our staff has received technical assistance and training to effectively identify, report, and remediate lead hazards, ensuring the safety and well-being of our residents.

Conclusion. CMHA remains committed to providing safe, decent, and sanitary housing for all our residents. We appreciate the OIG's findings and recommendations and have taken proactive steps to address each concern. Our continuous improvements and rigorous oversight will ensure ongoing compliance with HUD's requirements and enhance the quality of housing in our community. We are dedicated to maintaining transparency and ongoing communication with HUD to ensure effective implementation and sustainability of all measures.

OIG Evaluation of Auditee Comments

Comment 1

The Authority acknowledged the findings and provided comments stating actions it has taken or plans to take to address the recommendations cited in this report. In addition, the Authority expressed its commitment to providing safe, decent, and sanitary housing and dedication to maintaining transparency and ongoing communication with HUD to ensure effective implementation and sustainability of all measures.

We appreciate the Authority's willingness to address the findings and recommendations in the report. We encourage the Authority to work with HUD during the audit resolution process to ensure that its corrective actions are sufficient and fully address the recommendations.

Appendix C – OIG Inspection Results

Identification number ⁴⁹	Fail	Total number of deficiencies	Preexisting deficiencies	Total number of preexisting deficiencies
1				
2				
3				
4	X	3		
5	X	5		
6				
7*	X	9	X	3
8				
9				
10	X	4		
11				
12*	X	1	X	1
13				
14				
15	X	1		
16*	X	1	X	1
17	X	2		
18				
19*	X	8	X	1
20	X	1		
21				
22				
23				
24	X	3		
25				
26				
27				
28				
29*	X	1	X	1
30				
31				
32	X	2		
33*	X	1	X	1
34				
35	X	3		

⁴⁹ * Identifies the units that had preexisting conditions that we used to project the more than \$35 million in housing assistance that the Authority will provide for units that will not meet HQS over the next year based on our statistical sample. See the Scope and Methodology section of this report for more information.

Identification number ⁴⁹	Fail	Total number of deficiencies	Preexisting deficiencies	Total number of preexisting deficiencies
36*	X	4	X	3
37				
38*	X	10	X	5
39				
40*	X	2	X	1
41*	X	1	X	1
42	X	2		
43*	X	5	X	1
44	X	4		
45*	X	3	X	1
46*	X	9	X	4
47				
48*	X	9	X	5
49				
50	X	1		
51				
52	X	2		
53*	X	9	X	1
54*	X	6	X	2
55	X	9		
56				
57*	X	4	X	2
58				
59	X	7		
60*	X	3	X	1
61				
62				
63	X	6		
64	X	6		
65*	X	10	X	1
66				
67*	X	29	X	10
68*	X	3	X	2
69				
70	X	1		
71				
72				
73	X	7		
74*	X	4	X	1
75*	X	9	X	2

Identification number ⁴⁹	Fail	Total number of deficiencies	Preexisting deficiencies	Total number of preexisting deficiencies
76	X	1		
77				
78				
79*	X	17	X	4
80*	X	11	X	9
81*	X	5	X	1
82				
83*	X	3	X	2
84	X	1		
Totals	48	248	27	67

Appendix D – Additional HQS Unit Deficiency Photographs

Figure 11. Foundation

Inspection 7: The basement foundation wall is leaking, causing a moldlike substance. This is considered a health and safety threat and can affect air quality. The Authority identified a crack on the basement wall on its February 27, 2023, inspection report. The unit was reinspected on March 13, 2023, and the deficiency had not been corrected. The unit passed on April 18, 2023, when the issue was fixed. Additionally, one child resides in the unit.

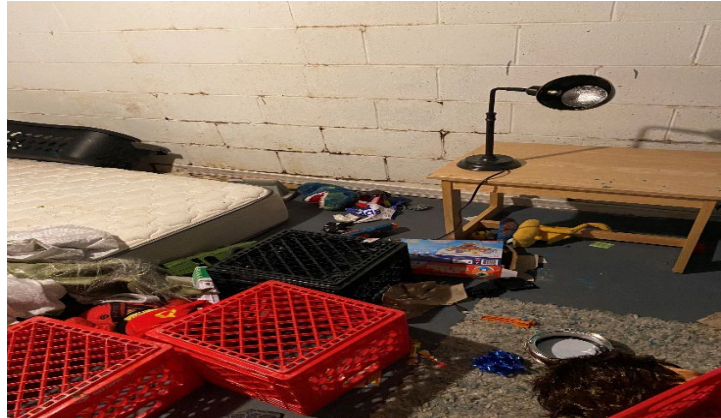


Figure 12. Wall

Inspection 46: The laundry room walls are peeling and damaged due to an active roof leak. The Authority did not identify this deficiency during its March 28, 2023, inspection. According to the tenant, the roof was replaced in 2021, which stopped the water damage; however, the interior damage remained. The HUD OIG appraiser found an active leak during the inspection.



Figure 13. Infestation

Inspection 53: There is evidence of an active pest infestation in the unit. This is considered a health and safety threat. The Authority did not identify the infestation during its January 30, 2023, inspection or its February 23, 2023, and March 13, 2023, reinspections. Additionally, one child resides in the unit.



Figure 14. Floor

Inspection 67: There is soiled and worn carpet in the hallway, which extends throughout the house. The Authority identified “damaged floor covering” as a deficiency during its July 27, 2022, inspection. The unit failed reinspections on July 28, 2022, October 4, 2022, and March 22, 2023. The unit passed on April 4, 2023, when the floor covering was said to have been replaced. The Authority’s inspection reports did not cite floor condition as deficiency in the hallway or stairwell.



Figure 15. Stair-rail-porch

Inspection 75: The floor transition from the kitchen to the basement stairs has loose tread, causing a tripping hazard. This is considered a health and safety threat. The Authority did not identify the deficiency in its March 15, 2023, inspection or in its April 12, 2023, reinspection. According to the tenant, the deficiency existed at the time of the previous inspection.



Appendix E – Federal and the Authority’s Requirements

HUD’s regulations at 24 CFR 5.703 state that HUD housing must be decent, safe, sanitary, and in good repair.

HUD’s regulations at 24 CFR 982.4 state that HQS refers to the minimum quality standards developed by HUD for housing assistance under the HCV Program.

HUD’s regulations at 24 CFR 982.401 state the performance and acceptability requirements of the HQS for housing assisted under the HCV Program.

HUD’s regulations at 24 CFR 982.401(a)(3) require that all program housing meet HQS performance requirements, both at commencement of the assisted occupancy and throughout the assisted tenancy.

HUD’s regulations at 24 CFR 982.404(a)(3) state that the PHA must not make any HAP for a dwelling unit that fails to meet HQS, unless the owner corrects the defect within the period specified by the PHA and the PHA verifies the correction. If a defect is life threatening, the owner must correct the defect within no more than 24 hours. For other defects, the owner must correct the defect within no more than 30 calendar days (or any PHA-approved extension).

HUD’s regulations at 24 CFR 982.405(a) state that the PHA must inspect the unit leased to a family before the initial term of the lease, at least biennially during assisted occupancy, and at other times as needed to determine whether the unit meets the HQS.

HUD’s regulations at 24 CFR 982.405(b) state that the PHA must conduct supervisory quality control HQS inspections.

HUD’s regulations at 24 CFR 982.405(g) state that if a participant family or government official reports a condition that is life threatening, the PHA must inspect the housing unit within 24 hours of when the PHA received the notification. If the reported condition is not life threatening, the PHA would require the owner to make the repair within no more than 30 calendar days, and then the PHA must inspect the unit within 15 days of when the PHA received the notification.

HUD’s regulations at 24 CFR 985.2 state that quality control sample means an annual sample of files or records drawn in an unbiased manner and reviewed by a PHA supervisor to determine whether the work documented in the files or records conforms to program requirements. The minimum size of the quality control sample is as follows:

Universe	Minimum number of files or records to be sampled
50 or fewer	5
51–600	5 plus 1 for each 50 (or part of 50) over 50
601–2,000	16 plus 1 for each 100 (or part of 100) over 600

Universe	Minimum number of files or records to be sampled
Over 2,000	30 plus 1 for each 200 (or part of 200) over 2,000

HUD’s regulations at 24 CFR 35.1225(g) state that at least quarterly, the designated party must attempt to obtain from public health departments the names or addresses of children less than 6 years of age with an identified EBLL. At least quarterly, the designated party must report an updated list of the addresses of units receiving assistance under a tenant-based rental assistance program to the same public health department. If it obtains names and addresses of EBLL from the public health department, the designated party must match information on cases of EBLL with names and addresses of families receiving assistance.

Section 5 of HUD’s Notice PIH 2017-13 (HA) states that for HCV Program units, when a child under 6 is identified with an EBLL, the PHA or the owner must take certain steps. For the HCV Program, while the PHA is the designated party the LSHR provides that the owner is responsible for certain EBLL response activities and the PHA is responsible for other EBLL activities.

The owner is responsible for


1. Initial notification of a confirmed case to HUD: Notifying the HUD field office and the HUD Office of Lead Hazard Control and Healthy Homes of the case – that is, the child’s address – within 5 business days. The PHA may wish to collaborate with the owner on this notification process, such as by agreeing with the owner to be notified of the case by the owner and to forward the notification to the two HUD offices.
2. Initial notification of the public health department, when necessary: When the owner is notified of the case by any medical health care professional other than the public health department, the owner must notify the public health department of the name and address of the child within 5 business days. The PHA may wish to collaborate with the owner on this notification process, such as by agreeing with the owner to inform the public health department.
3. Verification of the case, when necessary: When the owner receives information from a person who is not a medical health care provider that a case may have occurred, the owner should immediately convey the information to the PHA so the PHA may notify the public health department if the PHA has indicated or indicates at that time that it wishes to collaborate with the owner on implementation of the rule, as described below.
4. Control of lead-based paint hazards: Completing the reduction of lead-based paint hazards in the index unit and common areas servicing that unit that were identified by the environmental investigation conducted by the PHA within 30 calendar days, using a certified lead-based paint abatement firm or certified lead renovation firm. Work must include occupant protection and clearance of the unit and common areas servicing that unit by an independent certified risk assessor or a trained dust sampling technician working under the risk assessor in accordance with section 35.1340.
5. Notification to other residents: As already required by the LSHR, in a multiunit property, the owner must notify all residents of lead evaluation and hazard control activities.

6. Ongoing maintenance: Maintaining covered housing without deteriorated paint if there is a child under 6 in the family in accordance with sections 35.1220 and 35.1355(a).

The PHA is responsible for

1. Verification of the case when notification is not from a medical health care provider: The PHA may wish to collaborate with the owner on this verification of an EBLL case, such as by agreeing with the owner to receive the information about the possible case. The PHA must immediately verify the information with the public health department or other medical health care provider.
2. Environmental Investigation: Conducting an environmental investigation of the child's unit and the common areas servicing that unit in accordance with chapter 16 of the HUD Guidelines.
3. Monitoring of owner's compliance with LSHR: Monitoring the owner's compliance with the LSHR in accordance with the HAP contract between the PHA and the owner. PHAs can perform oversight of this in conjunction with periodic HQS inspections but not at a frequency less than annually if there was deteriorated paint or known lead-based paint hazards identified in the child's unit or common areas servicing that unit. This includes such actions as (see above) monitoring the owner's
 - Notifying HUD of a confirmed case,
 - Notifying the public health department when any other medical health care professional notified the owner of the case,
 - Verifying the case when the owner receives information from a person who is not a medical health care provider that a case may have occurred,
 - Ensuring that any required lead hazard control (including passing clearance) is complete,
 - Ensuring that residents of other units in a multiunit property were notified of lead evaluation and hazard control activities, and
 - Ensuring that ongoing maintenance of paint is conducted in accordance with sections 35.1220 and 35.1355(a).
4. Control: Ensuring that the owner completes and clears the control of lead-based paint hazards identified in the environmental investigation of the index unit and the common areas servicing that unit. If lead-based paint hazards are found in the index unit in a multiunit property and the risk assessments in other covered units with a child under age 6 and the common areas servicing those units identified lead-based paint hazards, control those lead-based paint hazards.

The PHA may wish to collaborate with the owner on the response, including providing the names of qualified and certified lead hazard control contractors, providing for the clearance examination, and ensuring notification to other residents in a multiunit property.



HUD's Housing Choice Voucher Guidebook, chapter 10, states that quality control inspections provide feedback on inspectors' work, which can be used to determine whether individual performance or general HQS training issues need to be addressed.

Section E of the Authority's HCV Program administrative plan states that the Authority is required to inspect all units at least biennially (every 2 years) to verify that HQS are being maintained according to HUD regulations at 24 CFR 982.401. The Authority will schedule each annual inspection within 730 days of the date when the last full inspection was initiated.

Section E of the Authority's HCV Program administrative plan states that the Authority must reinspect a sample of units under contract during each fiscal year for quality control assurance. Quality control inspections will be conducted at random. All tenants and property owners are required to comply with the request for a quality control inspection. Failure to comply will lead to abatement or program termination for tenants.


Section G of the Authority's HCV Program administrative plan states that at a minimum, the following items are to be considered of an emergency nature and are to be corrected by the property owner or family within 24-hour notice by the inspector (other items may be declared at the discretion of the inspector): broken lock on first floor window or any exterior door, electrical outlet that is smoking or sparking, entire window missing, natural gas or propane leaks from stove, major plumbing leaks, natural gas leak or fumes, electrical situation that could result in shock or fire, no heat, no water, no electricity, presence of raw sewage, inoperative smoke detector, and inoperative carbon monoxide detector.

Section H of the Authority's HCV Program administrative plan states that when it has been determined that a unit on the HCV Program fails to meet nonemergency HQS and the property owner or tenant has been given an opportunity to correct the problems and does not do so within the timeframe (up to 30 days), procedures for rent abatement must be initiated. The proposed compliance period must be 10 days. If the correction is not made, the abatement or program termination process will continue.

Section B of the Authority's HCV Program administrative plan states that at the Authority's sole discretion, extensions of up to 60 days may be granted to permit a property owner to complete repairs if the property owner has made a good faith effort to initiate repairs and the delay is beyond the property owner's control. If repairs are not completed by the extension date, the Authority may abate rent and cancel the HAP contract for property owner noncompliance.

Appendix 11-1, section 5, of the Authority's HCV Program administrative plan states that when the Authority receives notification from a medical health care provider or public health department of an environmental intervention EBLL child living in an HCV Program unit, the Authority will proceed to have a risk assessment conducted of the unit, common areas, and exterior surfaces. The family, property owner, or outside sources may also provide information to the Authority on an EBLL child. In these instances, the Authority will immediately verify the information with a medical health provider or public health department and await notification of the condition before proceeding to have a risk assessment conducted.

Appendix 11-1, section 5, of the Authority's HCV Program administrative plan states that given the serious nature of EBLLs and the need to initiate curative steps at the earliest date, the Authority will require a meeting with the property owner and the head of family as soon as possible after the risk



assessment report has been issued. Considering the risk of continued lead-based paint exposure (the unit will require annual monitoring to determine whether paint surfaces have deteriorated after corrective action has been taken) and the potential liabilities of both the Authority and the property owner if the mitigation measures should prove to be inadequate, the Authority's policy will be to assist the family to relocate at the earliest possible date.

Appendix 11-1, section 5, of the Authority's HCV Program administrative plan states that if lead-based paint hazards are identified, property owners are responsible for undertaking all remedial actions in conformance with approved practices for the stabilization, removal, clearance, application of protective coatings, etc., of lead-based paint surfaces. This includes protecting the occupants and their belongings from contamination. All corrective actions must be completed within 30 days of notification to the property owner.