



Issue Date	July 29, 2009
Audit Report Number	2009-LA-1014

TO: K.J. Brockington, Director, Los Angeles Office of Public Housing, 9DPH
Joan S. Hobbs

FROM: Joan S. Hobbs, Regional Inspector General for Audit, Region IX, 9DGA

SUBJECT: The Housing Authority of the City of Long Beach, California, Did Not Adequately Conduct Housing Quality Standards Inspections

HIGHLIGHTS

What We Audited and Why

We audited the Housing Authority of the City of Long Beach's (Authority) Section 8 Housing Choice Voucher program as part of our fiscal year 2008 annual audit plan focus on tenant-based Section 8 rental assistance programs. The Authority was selected based on its having received low housing quality standards indicator scores for fiscal years 2006 and 2007 under the U.S. Department of Housing and Urban Development's (HUD) Section Eight Management Assessment Program in addition to a lack of recent on-site reviews by HUD.

The objective of the audit was to determine whether the Authority conducted housing quality standards inspections in accordance with HUD's rules and regulations.

What We Found

The Authority did not adequately enforce HUD's housing quality standards. Of the 66 program units statistically selected for inspection, 56 did not meet minimum housing quality standards, and 29 of those units were in material noncompliance with housing quality standards. Based on our statistical sample, we estimate that over the next year, HUD will pay more than \$5.9 million in housing assistance for units with material housing quality standards deficiencies.

What We Recommend

We recommend that the Director of HUD's Los Angeles Office of Public Housing require the Authority to (1) implement adequate procedures and controls regarding its inspection process to ensure that all units meet HUD's housing quality standards to prevent \$5.9 million in program funds from being spent on units that are in material noncompliance with the standards, (2) create policies and procedures regarding quality control inspections, and (3) verify that the applicable owners have taken appropriate corrective action regarding the housing quality standards deficiencies identified during our inspections or take enforcement action.

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 the Authority a draft report on June 22, 2009, and held an exit conference with the Authority's officials on July 7, 2009. The Authority provided written comments on July 14, 2009. It generally agreed with our report.

The complete text of the auditee's response, along with our evaluation of that response, can be found in appendix B of this report.

TABLE OF CONTENTS

Background and Objective	4
Results of Audit	
Finding 1: The Authority's Section 8 Units Did Not Meet Housing Quality Standards	5
Scope and Methodology	13
Internal Controls	15
Appendixes	
A. Schedule of Funds to Be Put to Better Use	17
B. Auditee Comments and OIG's Evaluation	18
C. Schedule of Units in Noncompliance with Housing Quality Standards	29
D. Criteria	31

BACKGROUND AND OBJECTIVE

The Housing Authority of the City of Long Beach (Authority) is a public agency created by the Long Beach City Council in 1969 to administer housing assistance programs for qualified residents. The Authority is governed by an 11-member board of commissioners, comprised of nine City Council members and two representatives elected by housing assistance benefit recipients. The Authority's administrative functions are directed and performed by City of Long Beach (City) employees.

The Authority administers the City's rental housing assistance programs. The Authority is one of six City bureaus of the Community Development Department of the City of Long Beach, which also include Housing Services, Neighborhood Services, Property Services, Workforce Development, and Administration and Finance. The goal of the Authority and Housing Services is to increase safe and affordable housing options, administer federal and special needs housing, and provide programs to increase and support home ownership.

The Authority's programs are designed to provide financial and technical assistance services to low-income, elderly, and disabled residents of Long Beach so they can live with dignity in decent, safe, and sanitary conditions. The Authority administers the following programs: Housing Choice Voucher, Housing Opportunities for Persons Living with AIDS, Veteran's Affairs Supportive Housing, and Shelter Plus Care and homeless assistance in conjunction with the health department's Continuum of Care program.

The Authority is in partnership with more than 2,500 property owners and provides rental assistance to more than 6,300 families in Long Beach. HUD's approved budget authority for the Authority's program for fiscal years 2006, 2007, and 2008 was \$60 million, \$57.8 million, and \$54.5 million, respectively.

The objective of the audit was to determine whether the Authority conducted housing quality standards inspections in accordance with HUD's rules and regulations.

RESULTS OF AUDIT

Finding 1: The Authority's Section 8 Units Did Not Meet Housing Quality Standards

The Authority did not adequately enforce HUD's housing quality standards. Of 66 program units statistically selected for inspection, 56 units did not meet minimum housing quality standards, and inspectors did not identify 176 preexisting deficiencies during the Authority's latest inspection. The Authority's inspectors did not identify these deficiencies because the Authority had not implemented adequate controls to ensure that all housing quality standards deficiencies were detected during its inspections. As a result, it did not properly use its program funds, and program tenants lived in units that were not decent, safe, and sanitary. Based on our statistical sample, we estimate that over the next year, HUD will pay more than \$5.9 million in housing assistance on units with material housing quality standards deficiencies if inspection procedures do not improve.

HUD's Housing Quality Standards Not Met

From the 1,969 units that passed its last housing quality standards inspection from October 1 through December 31, 2008, we statistically selected 66 units for inspection. The 66 program units were inspected to determine whether the Authority ensured that its program units met HUD's housing quality standards. The inspections took place between January 15 and February 25, 2009.

Of the 66 units inspected, 56 (85 percent) had 267 housing quality standards deficiencies, including one unit with 16 deficiencies. Of the 267 deficiencies, 178 deficiencies (67 percent) in 47 units predated the Authority's latest inspection, but only two (1 percent) of those 178 deficiencies were included in the Authority's latest inspection report. Thus inspectors did not identify 176 deficiencies during the Authority's latest inspection. The following table categorizes the 267 housing quality standards deficiencies in the 56 units.

Categories of deficiencies	Number of deficiencies	Number of units affected
Electrical	43	19
Security	37	24
Fire exits	27	19
Range/stove	25	20
Smoke detector	24	16
Window	23	14
Garbage and debris	13	12
Water heater	11	8
Tub or shower in unit	10	7
Other interior hazards	9	8
Exterior surface	7	7
Floor	7	6
Sink	7	7
Mildew	6	5
Flush toilet in enclosed space	5	4
Site and neighborhood conditions	3	3
Stairs, rails, and porches	3	3
Crawl vents	3	3
Chimney/heating equipment	2	2
Ceiling	1	1
Overall paint	1	1
Total number of deficiencies	267	

In addition, we considered 29 (44 percent) of the 66 units to be in material noncompliance with HUD requirements. The materially deficient units had multiple deficiencies per unit that predated the Authority’s last inspection (i.e., had existed for an extended period) and/or contained deficiencies noted in a prior inspection that were not corrected, creating unsafe living conditions. Overall, we identified 151 deficiencies that predated the Authority’s last inspection among all 29 units that we deemed materially deficient, including corrosion, electrical hazards, security issues, wood rot, advanced mildew, inoperable break away bars on windows, badly worn carpet, and excessive kitchen grease. By contrast, those units that were not considered to be materially deficient had deficiencies such as inoperative smoke detectors, doors off hinges, and furniture blocking fire exits, which may have occurred since the Authority’s last inspection. In addition, 1 of the 29 materially deficient units had a deficiency that was noted in a prior Authority inspection report but had not been corrected, despite having been cited as “passed” on the follow-up inspection that the Authority conducted two months before our inspection.

We provided our inspection results to the Authority’s Section 8 housing assistance coordinator (inspection supervisor). Appendix C details the deficiencies found in each of

the 56 failed units, with an asterisk denoting which of the units were determined to be materially deficient.

Types of Violations

Our inspector identified 43 electrical deficiencies in 19 of the program units inspected. Examples of electrical violations are inoperative ground fault interrupters, exposed wiring, inoperative/insecure lighting, reversed polarity in outlets, open grounds, missing main service panel cover, and missing face plates. The following pictures are examples of electrical deficiencies identified in the units inspected.



Left – exposed electric meter; right – exposed wiring without a face plate

In addition, our inspector identified 37 security violations in 24 of the program units inspected. Examples of security violations are missing and inoperative locks and/or dead bolts on doors, door frame split, hollow doors, unfit closures, double keyed dead bolts on doors, and door strikers missing. The following picture is an example of the security deficiencies identified in the program units inspected.



Door frame split and deadbolt missing striker

Further, there were 27 fire exit deficiencies in 19 of the program units inspected. Examples of fire exit violations are windows blocked by bed furniture and inoperative break away bars on windows. The following picture is an example of fire exit deficiencies identified in the program units.



Bunk bed and dresser in front of window blocking the fire exit

Our inspector identified other violations including garbage and debris in and around Authority units, missing grout in the tub/shower, water heater cabinets being used for personal storage, water heaters improperly vented or connected, advanced mildew in units, loose toilet bases, and missing/damaged screens on outside crawl vents. The following pictures are examples of other deficiencies identified in the program units inspected.



Garbage and debris around units



Damaged wall behind water heater



Excessive grease on stove, wall, and refrigerator



Moisture from continuous leak caused wood rot, holes, and mold/mildew in and around the sink area

Inadequate Controls

The Authority's inspectors did not identify the deficiencies noted above because the Authority had not implemented adequate controls to ensure that its program units met HUD's housing quality standards. The Authority's administrative plan states that it complies with HUD's Section 8 regulations as well as all applicable federal and local

law. However, the Authority's failure to identify 176 preexisting deficiencies found in our inspections demonstrates its noncompliance with its own administrative plan. The Authority needs to modify its written procedures and controls to ensure that its program units meet housing quality standards.

We observed the Authority's inspection process and determined that inspections were not always accurate and complete. Specifically, the Authority's inspectors failed to conduct complete annual inspections in contrast to those inspections performed as part of the initial move-in. Annual inspections did not always include testing for proper window functionality, window locks, proper electrical grounding, and fire exits. The Authority's written procedures should clearly establish the process for conducting housing quality standards inspections and ensure that both annual and initial inspections are conducted in the same manner.

In addition, the Authority conducted more quality control inspections than HUD requires, and its quality control inspector (also the inspection supervisor) identified additional deficiencies that the inspectors missed during their annual inspections. Although the Authority conducts informal meetings with its inspectors at the end of the month regarding the deficiencies noted in quality inspections, there were no specific written policies or procedures for holding the inspector accountable for repeatedly overlooking deficiencies. We also noted instances in which the Authority did not conduct proper follow-up inspections to ensure that corrective actions were taken regarding the deficiencies noted in the quality control inspections. The Authority had no specific written procedures and controls over the tracking and follow up of these quality control violations to ensure follow up inspections to ensure violations were corrected. The Authority's failure to conduct proper follow-up on the failed quality control inspections contributed to a deficient control environment and units not being in decent, safe, and sanitary condition.

Conclusion

The Authority's tenants were subjected to health- and safety-related deficiencies, and the Authority did not properly use its program funds when it failed to ensure that units complied with HUD's housing quality standards. If the Authority implements adequate procedures and controls regarding its unit inspections to ensure compliance with HUD's housing quality standards, we estimate that more than \$5.9 million in future housing assistance payments will be spent on units that are decent, safe, and sanitary. The complete explanation of our calculations can be found in the Scope and Methodology section of this report.

Recommendations

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

- 1A. Implement adequate written procedures and controls regarding its inspection process to ensure that all units meet HUD's housing quality standards, and ensure inspectors follow the same process for all types of inspections, to prevent more than \$5.9 million in program funds from being spent on units that are in material noncompliance with the standards.
- 1B. Create written policies and procedures regarding quality control, including proper follow-up procedures for failed quality control inspections and written guidelines for corrective action for inspectors who repeated overlook violations.
- 1C. Verify that the applicable owners have taken appropriate corrective action for the housing quality standards violations identified during our inspections or take enforcement action. If appropriate actions were not taken, the Authority should abate the rents or terminate the housing assistance payments contracts.

SCOPE AND METHODOLOGY

We performed our on-site audit work from November 2008 through March 2009 at the Authority's office in Long Beach, California. The audit generally covered the period October 1, 2007, through December 31, 2008. We expanded our audit period as needed to accomplish our objectives. We reviewed guidance applicable to Section 8 housing quality standards, performed on-site inspections with a qualified HUD Office of Inspector General (OIG) inspector, and interviewed applicable Authority supervisors and staff.

To accomplish our audit objectives, we

- Reviewed applicable HUD regulations, including 24 CFR (*Code of Federal Regulations*) Part 982 and Housing Choice Voucher Guidebook 7420.10G.
- Reviewed the Authority's administrative plan, financial independent public accountant audit reports for 2007, staff listing, annual contributions contract and annual plan with HUD, and organizational chart.
- Interviewed personnel from the HUD Office of Public Housing, Los Angeles field office, to obtain background information on the Authority's housing quality standards performance.
- Interviewed Authority supervisors and staff to determine their job responsibilities and their understanding of housing quality standards.
- Reviewed Authority data from HUD's Public Housing Information Center system.
- Analyzed databases provided by the Authority to obtain a random sample of units.
- Conducted inspections of 66 statistically selected units with a qualified HUD OIG inspector and recorded and summarized the inspection results provided.

We statistically selected a sample of 66 of the program units to determine whether the Authority ensured that its units met housing quality standards. The statistical sample was obtained from 1,969 units that passed inspection by the Authority from October 1 through December 31, 2008. We obtained the sample based on a confidence level of 90 percent, a precision level of 10 percent, and an assumed error rate of 50 percent. Eighty-six additional sample units were selected to be used as replacements if necessary.

Our sampling results determined that 29 of the 66 units (44 percent) materially failed to meet HUD's housing quality standards. We determined that the 29 units were in material noncompliance because they had 151 deficiencies that predated the Authority's latest inspection and created unsafe living conditions. In addition, one unit had a deficiency that was noted in a prior Authority inspection report but had not been corrected. All units were ranked, and we used

auditors' judgment to determine the material cutoff point. Material failed units were those that had multiple preexisting deficiencies and/or exigent health and safety violations that predated the Authority's previous inspection.

Projecting the results of the 29 units that were in material noncompliance with housing quality standards to the population of 1,969 Section 8 voucher program units indicates that 865 or 43.9 percent of these units contained deficiencies that predated the Authority's latest inspection and created unsafe living conditions. The sampling error is plus or minus 9.9 percent. In other words, we are 90 percent confident that the number of units in unacceptable condition lies between 34.1 and 53.8 percent of the population. This equates to an occurrence of between 671 and 1,059 units of the 1,969 units of the population.

- The lower limit is 34.1 percent x 1,969 units = 671 units in noncompliance with minimum housing quality standards.
- The point estimate is 43.9 percent x 1,969 units = 865 units in noncompliance with minimum housing quality standards.
- The upper limit is 53.8 percent x 1,969 units = 1,059 units in noncompliance with minimum housing quality standards.

Using the lower limit and the average annual housing assistance payments for the population based on the Authority's housing assistance payment register, dated October through December 2008, we estimate that the Authority will spend at least \$5,912,852 (671 units x \$8,812, average annual housing assistance payment) for units that are in material noncompliance with housing quality standards. This estimate is presented solely to demonstrate the annual amount of Section 8 program funds that could be put to better use on decent, safe, and sanitary housing if the Authority implements our recommendations.

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 objectives are achieved:

- Effectiveness and efficiency of operations,
- Reliability of financial reporting,
- Compliance with applicable laws and regulations, and
- Safeguarding 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 objectives:

- 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 internal 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 item is a significant weakness:

- The Authority lacked sufficient procedures to ensure that unit inspections complied with HUD minimum housing quality standards.

APPENDIXES

Appendix A

SCHEDULE OF FUNDS TO BE PUT TO BETTER USE

Recommendation number	Funds to be put to better use <u>1/</u>
1A	\$ 5,912,852

1/ 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 cease to incur program costs for units that are not decent, safe, and sanitary. Instead, it will expend those funds for units that meet HUD's standards. Once the Authority successfully improves its controls, this will be a recurring benefit. To be conservative, our estimate reflects only the initial year of this benefit.

Appendix B

AUDITEE COMMENTS AND OIG'S EVALUATION

Ref to OIG Evaluation

Auditee Comments



July 14, 2009

Joan S. Hobbs
Regional Inspector General for Audit
U.S. Department of Housing and Urban Development
Office of Inspector General
611 West 6th Street, Suite 1160
Los Angeles, CA 90017-3101

Audit Report – Housing Authority of the City of Long Beach Housing Choice Voucher
Housing Quality Standards Inspections

Dear Ms. Hobbs:

This letter reflects the response to the audit report for Housing Authority of the City of Long Beach (HACLB) Housing Choice Voucher (HCV) Housing Quality Standards (HQS) unit. As indicated in your report, HUD OIG generated this audit due to low scores in the 2006 and 2007 Section Eight Management Assessment Program (SEMAP) and a lack of recent on-site reviews.

In reviewing our program during that time period, problems with the electronic transmission of our HUD Form 50058, loss of key staff in our Inspections Unit, including the retirement of our Inspection Supervisor, and lack of an Inspection's module to track our inspections in a timely manner all contributed to our low scores.

Our agency began the process to correct these problems prior to the OIG audit. The annuals that were not conducted and/or reported in a timely manner were addressed first. To address this problem we hired an outside vendor to correct PIC system rejections, decoupled recertifications from the inspection process and purchased an additional database enhancement from our software vendor, Emphasis. Staffing issues are still being addressed although we have hired a new supervisor and are currently recruiting an additional inspector. We plan to be at full staffing before the end of our fiscal year 2009. For fiscal year 2008 our agency received the full points on SEMAP for the HQS indicator and we are now considered a high performing agency.

Additionally, audits are essential management tools that allow us to learn more about our performance and to make improvements. Generally speaking we find the information useful and concur with your findings. The audit reviewed our processes, records, documentation and systems within our program that resulted in recommendations to implement controls and procedures to correct administrative deficiencies, and also enforce HUD's Housing Quality Standards. The HACLB performs

Community Development
521 East Fourth Street
Long Beach, CA 90802
Tel 562.570.6985
Fax 562.570.8700

Comment 1

over 12,000 inspections a year and has a fail rate of approximately 23% of units that do not comply with HQS. We do not feel that this information accurately depicts our program or that we failed to ensure that families lived in decent, safe, and sanitary housing. Nevertheless we appreciate the opportunity to respond to the Finding identified by your report.

FINDING 1: THE AUTHORITY'S SECTION 8 UNITS DID NOT MEET HOUSING QUALITY STANDARDS. The authority did not adequately enforce HUD's Housing Quality Standards. Of 66 program units statistically selected for inspection, 56 units did not meet minimum housing quality standards, and inspectors did not identify 179 preexisting deficiencies during the authority's latest inspection.

Comment 2

While we acknowledge that a significant number of inspections did identify appropriate deficiencies, there were some inspections in which we disagreed with the findings. We have provided comments on an attached document. There are concerns including GFI receptacle testing, security issues, and some garage issues.

RECOMMENDATIONS:

1A. IMPLEMENT ADEQUATE WRITTEN PROCEDURES AND CONTROLS REGARDING ITS INSPECTION PROCESS TO ENSURE THAT ALL UNITS MEET HUD'S HOUSING QUALITY STANDARDS, AND ENSURE INSPECTORS FOLLOW THE SAME PROCESS FOR ALL TYPES OF INSPECTIONS, TO PREVENT MORE THAN \$5.9 MILLION IN PROGRAM FUNDS FROM BEING SPENT ON UNITS THAT ARE IN MATERIAL NONCOMPLIANCE WITH THE STANDARDS

- ✓ Modification of written procedures and internal controls will include the development of performance standards that will help supervisory staff to identify repeated deficiencies by individual inspectors and set a course of correction and/or progressive disciplinary action for the employee.
- ✓ Initially the training is provided within the Housing Authority pending availability of industry provided training and certification. Outside training will be provided every 3-5 years with in-house continuing education that will be documented on a monthly basis. At this time all current inspectors have received the Nan McKay Housing Quality Standards training.
- ✓ To ensure that inspectors have adequate time to conduct the increasing number of annual inspections, an additional staff person has been approved and efforts to recruit are underway.
- ✓ The Housing Authority will soon finalize its search for the appropriate handheld tablet PCs for inspectors to use in the field and generate real time abatements and correspondence to participants and owners.

- ✓ Continual outreach to our owners on inspection issues, through our (Housing Assistance Payment) HAP Check Newsletter (distributed quarterly), New Owner Orientation Meetings, and Annual Open House "Owner Information Expo." All these efforts are geared towards providing information on good units for our program.

1B. CREATE WRITTEN POLICIES AND PROCEDURES REGARDING QUALITY CONTROL, INCLUDING PROPER FOLLOW-UP PROCEDURES FOR FAILED QUALITY CONTROL INSPECTIONS AND WRITTEN GUIDELINES FOR CORRECTIVE ACTION FOR INSPECTORS WHO REPEATEDLY OVERLOOK VIOLATIONS

- ✓ The Housing Authority recently purchased a new software inspection module to work with our existing database system. It has the ability to retain historical information for unit occupancy, track quality assurance and special inspections, as well as, automatically generate the HUD Form 50058 for timely reporting.
- ✓ The new inspections module will track issues identified in the quality control inspection where status, abatement and follow-up information can be retained. Monthly reports will be run to ensure appropriate follow-up and track repeated deficiencies by individual inspectors. Quarterly performance review will occur and counseling and other progressive discipline as needed.
- ✓ Implementation of the new handheld tablet PCs will include the online use and real time availability of the HUD Form 52580-A. This will ensure uniformity among initial and annual inspections by using the detailed HUD approved form. Previously inspections were performed using an abbreviated HUD Field Office approved form.

1C. VERIFY THAT THE APPLICABLE OWNERS HAVE TAKEN APPROPRIATE CORRECTIVE ACTION FOR THE HOUSING QUALITY STANDARDS VIOLATIONS IDENTIFIED DURING OUR INSPECTIONS OR TAKE ENFORCEMENT ACTION. IF APPROPRIATE ACTION WAS NOT TAKEN, THE AUTHORITY SHOULD ABATE THE RENTS OR TERMINATE THE HOUSING ASSISTANCE PAYMENT CONTRACTS.

FAILED OIG INSPECTION FOLLOW-UP:

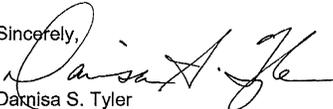
Total units inspected:	66
Passed Inspections:	10
Passed Re-inspections:	43
*Contract Terminations:	6

Pending Contract Term: 4
Tenant Vacated: 3

*Three units have since been re-instated upon passing an initial inspection and executing a new contract.

Thank you for your time and effort spent on this audit. If you have any questions please contact me at 562.570.6011 or Alison King, Housing Assistance Officer, at 562.570.6153.

Sincerely,



Darjisa S. Tyler
Deputy Executive Director

DST:ml
Attachments

ATTACHMENTS

Comment 3

1 [Redacted]

7. *Roof/gutters - gutter spouts/drain sections missing (Building Exterior)
"Roofs & Gutters" 6.3 - Condition of Roof and Gutters
Gutters and downspouts are not required to pass. No sign of interior water damage is a "pass."

Comment 4

10. *Security - rear garage door unfit closure (Garage)
Exterior garage door with secure metal door and wood door. Metal door provides security and thus wood door is not required to secure from the exterior.

Comment 5

2 [Redacted]

3. *Electrical - inoperative GFI (Bathroom)

A GFI Receptacle Tester cannot be used to test the workability of the GFCI unit installed over a 2-prong system. The GFCI unit must be manually tested using the built-in "Test" and "Reset" buttons, not the test button on the GFI Receptacle Tester. Using the GFI Receptacle Tester button will give the user a "non functioning GFI" reading.

8. *Garbage and Debris - around water heater and side of house, overgrown vegetation (General H & S)
"Garbage and Debris" 8.4 - Garbage and Debris
Accumulation was not beyond the capacity of an individual to pick up within an hour or two. Vegetation from adjacent property extended over and could be removed in less than one hour.

Comment 6

3 [Redacted]

9. *Ceiling - portion missing (Garage)

Unfinished garage. Ceiling was not in danger of collapse. There is no requirement for dry wall.

Comment 7

4 [Redacted]

2. *Security - door damaged, hole and peeling (Bathroom 1)

This is a UPCS defect for PH not HCV/HQS.

Comment 8

5 [Redacted]

Roof/gutters - weather worn, deferred maintenance (Building & Exterior)

"Roofs & Gutters" 6.3 - Condition of Roof and Gutters
Gutters and downspouts are not required to pass. No sign of interior water damage is a "pass."

Comment 3

6 [Redacted]

2.*Sink-bottom cabinet underneath missing shelving to store cooking pots and pans presently stored on the floor (Kitchen)

Comment 9

Names of occupants were redacted for privacy reasons.

Comment 10

[Redacted] Other storage is present. Sink base is not a requirement when storage needs are met.

Comment 11

[Redacted] 4. *Site & Neighborhood - house not level (General H & S)
House is not visibly slanted and is in no danger of collapse.

6. *Security - rear left side of house iron gate will not open due to inoperable gate lock, this gate could be used as another emergency exit onto the alley. (Building Exterior)
Occupant did not have key and another exit to the alley exists.

Comment 12

7 [Redacted] 4. *Floor - linoleum lifted around tub, water seal missing (Hall Bathroom)
Missing seal is not a tripping hazard.

Comment 13

9 [Redacted] 4. *Window - missing lock on window #1 (Den)
Second story windows not accessible to outside

5. *Window - missing lock on window #2 (Den)
Second story windows not accessible to outside

Comment 5

11 [Redacted] 1. *Electrical - inoperative GFI socket (Kitchen)
A GFI Receptacle Tester cannot be used to test the workability of the GFCI unit installed over a 2-prong system. The GFCI unit must be manually tested using the built-in "Test" and "Reset" buttons, not the test button on the GFI Receptacle Tester. Using the GFI Receptacle Tester button will give the user a "non functioning GFI" reading.

2. *Electrical - inoperative GFI socket (Bathroom)
A GFI Receptacle Tester cannot be used to test the workability of the GFCI unit installed over a 2-prong system. The GFCI unit must be manually tested using the built-in "Test" and "Reset" buttons, not the test button on the GFI Receptacle Tester. Using the GFI Receptacle Tester button will give the user a "non functioning GFI" reading.

Comment 14

15 [Redacted] 4. *Electrical - One burnt light bulb on exterior of building (Building Exterior)
Burned out light bulb is not an HQS fail. Right next to burned out light fixture is fixture with motion sensor and timer.

Comment 15

16 [Redacted] 2. *Window - exterior sills damaged, cracks/holes (Building Exterior)
"Moderate deterioration" exist and therefore is a Pass. 1.5

Names of occupants were redacted for privacy reasons.

Comment 5

18 [Redacted]

1. *Electrical - inoperative GFI socket (Bathroom)
A GFI Receptacle Tester cannot be used to test the workability of the GFCI unit installed over a 2-prong system. The GFCI unit must be manually tested using the built-in "Test" and "Reset" buttons, not the test button on the GFI Receptacle Tester. Using the GFI Receptacle Tester button will give the user a "non functioning GFI" reading.

Comment 13

19 [Redacted]

2. *Window - broken/missing lock on window 1 (Right Rear Bedroom)
Second story window is not accessible
3. *Window - broken/missing lock on window 2 (Right Rear Bedroom)
Second story window is not accessible
4. *Window - broken/missing lock on window (Right Front Bedroom)
Second story window is not accessible

Comment 13

20 [Redacted]

2. Window - lock missing (Living Room)
Second story window is not accessible

Comment 16

21 [Redacted]

3. *Site and Neighborhood Conditions - pool bottom deep area has protruding rust on the pool plaster and the filter area (General Health and Safety).
Rust colored spots on pool poaster are not a health and safety hazard.
4. *Site and Neighborhood Conditions - rubber seals around pool area defective in various areas: cracked, deferred maintenance (General Health and Safety)
Not a health and safety hazard.

Comment 17

22 [Redacted]

1. *Electrical - inoperative GFI (Bathroom)
A GFI Receptacle Tester cannot be used to test the workability of the GFCI unit installed over a 2-prong system. The GFCI unit must be manually tested using the built-in "Test" and "Reset" buttons, not the test button on the GFI Receptacle Tester. Using the GFI Receptacle Tester button will give the user a "non functioning GFI" reading.

Comment 5

Names of occupants were redacted for privacy reasons.

OIG Evaluation of Auditee Comments

- Comment 1:** Although the Authority generally concurred with the findings, it stated it has ensured families occupying its units are living in decent, safe, and sanitary conditions. However, in a number of cases, our housing quality standards inspections, conducted by a certified OIG inspector, demonstrated the contrary. In our sample of 66 Housing Choice Voucher unit inspections, we identified 178 deficiencies that predated the Authority's latest inspections, causing the units to fail housing quality standards, and 29 units were determined to be materially deficient.
- Comment 2:** The Authority disagreed with several of the deficiencies noted in the OIG's inspections, including Ground Fault Interrupters (GFIs) receptacle testing, security issues, and garage issues. These issues have been addressed in comments 3 through 17 below.
- Comment 3:** The HUD Housing Inspection Manual, Section 6.3, Condition of Roof and Gutters, states, "The purpose of gutters and downspouts is to channel water away from the exterior walls and foundation so that there is no water damage to the building. Deterioration of the gutters and downspouts (e.g., rotting or missing pieces) should fail if it causes significant amounts of water to enter the interior of the unit (e.g. by rotting an exterior wall). Deterioration that does not affect the interior of the unit should pass, but be brought to the attention of the owner." After further review of the criteria, inspection photos, and inspection reports we will give the Authority the benefit of the doubt and remove the violations, as there is no sign of interior damage to the applicable units. We have adjusted the audit report to reflect this change.
- Comment 4:** The Authority stated that unfit closure to an interior door is not necessary because there was an outer metal security door. However, the Authority's Administrative Plan, Chapter 10, Section B, Doors, #2, requires that "All interior doors must have a doorstop, no holes, all trim intact, and be capable of being opened easily without the use of a key or special knowledge."
- Comment 5:** The Authority claimed the GFI tester cannot be used if the GFI unit is installed over a 2 prong system. However, that is the problem; as the GFI devices were not properly installed and grounded, they will not work as designed. The manner in which the GFIs are connected gives the tenants a false sense of security that they will be protected from an electric shock. HUD Guidebook 7420.10G, page 10-8 states, "The PHA must be satisfied that the electrical system is free of hazardous conditions, including exposed, uninsulated, or frayed wires, improper connections, improper insulation or grounding of any component of the system..."
- Comment 6:** Although we agree that the Housing Inspection Manual, Section 8.4, Garbage and Debris, states a violation would be "a level of accumulation beyond the capacity of an individual to pick up within an hour or two." After reviewing the inspection

report, inspection photos, and criteria we disagree with the Authority, as it would take an average person more than an hour or two to dispose of the garbage and debris.

- Comment 7:** We disagree with the Authority. 24 CFR 982.401(g)(2)(i), states "Ceilings, walls, and floors must not have any serious defects such as severe bulging or leaning, large holes, loose surface materials, severe buckling, missing parts, or other serious damage." In addition, HACLB's Administrative Plan, Chapter 10, Section B, Ceilings and Walls, #3, states "In areas where plaster or drywall is sagging, severely cracked, or otherwise damaged, it should be replaced or restored to a like new condition." Based on the foregoing requirements, the ceiling of the garage should not have sections missing.
- Comment 8:** The Authority's Administrative Plan, Chapter 10, Section B, Doors, #2, requires that "All interior doors must have a doorstop, no holes, all trim intact, and be capable of being opened easily without the use of a key or special knowledge." The Authority is required to follow and enforce its own administrative plan, which includes all interior doors.
- Comment 9:** 24 CFR 982.401(c)(1)(i), states that "The dwelling unit must have suitable space and equipment to store, prepare, and serve foods in a sanitary manner." In addition, 24 CFR 982.401(m)(1) states, "The dwelling unit and its equipment must be in sanitary condition." Even though other storage areas are available in the unit, the tenants are using the area under the sink to store their personal items, and it should therefore be maintained in a sanitary condition.
- Comment 10:** This deficiency was not considered a violation nor counted as a violation. It was noted as an inconclusive item which required the Authority to follow-up on.
- Comment 11:** The Authority's Administrative Plan, Chapter 10, Section B, Egress, #1 and 2, states "Egresses must be free of debris, furniture, bicycles, or other obstruction," and "All fire exits must be kept in good working condition and be clear of all debris." The tenants should be able to enter and exit all fire exits in case of emergencies.
- Comment 12:** The Authority's Admin Plan, Chapter 10, Section B, Floors, #2 and 5, states that "Bathroom and kitchen floor surfaces shall be constructed and maintained so as to be substantially impervious to water and easy to maintain in a clean and sanitary condition," and "All floors should have some type of baseshoe, trim, or sealing for a 'finished look.'" In addition, 24 CFR 982.401(g)(2)(i), requires "Ceilings, walls, and floors must not have any serious defects such as severe bulging or leaning, large holes, loose surface materials, severe buckling, missing parts, or other serious damage." As a result, the criteria requires that linoleum floors be properly sealed, whether or not there is a tripping hazard.

Comment 13: The Authority's Administrative Plan, Chapter 10, Section D, Emergency Repair Items, states the lack of security for the unit is an emergency repair and must be corrected within 24 hours of notice by the inspector. In addition, 24 CFR 982.401(d)(2)(iii), requires that "Dwelling unit windows that are accessible from the outside... must be lockable." As the second story windows were easily accessible from the exterior by even a short ladder, we have determined the criteria would require the windows to have operable locks for security reasons.

Comment 14: HUD's Housing Inspection Manual, Section 8.6, Interior Stairs and Common Halls, requires interior stairs and common halls to be free from safety hazards to the occupant, such as inadequate lighting, and states "With respect to lighting, if there are sufficient lights present but the item still fails because bulbs are too dim or are burned out, suggest to the owner that the wattage of the bulbs be increased or that burned out bulbs be replaced." We note that the criteria still calls for a failure in these circumstances.

Comment 15: The Authority's Administrative Plan, Chapter 10, Section B, Ceilings and Walls, #4, states that "In areas where plaster or drywall is sagging, severely cracked or otherwise damaged, it should be replaced or restored to a like new condition. Whenever an exterior wall is opened, if it is not insulated, it should be insulated." In addition, 24 CFR 982.401(g)(2)(iii), requires that "The exterior wall structure and surface must not have any serious defects such as serious leaning, buckling, sagging, large holes, or defects that may result in air infiltration or vermin infestation." The damage on the outer window sill is severe enough to be considered a violation.

Comment 16: The Authority's Administrative Plan, Chapter 10, Section B, Site Conditions, states, "The property must be reasonably free of serious conditions which would endanger the health or safety of residents." In addition, 24 CFR 982.401(l) Site and Neighborhood (1) Performance requirement states, "The site and neighborhood must be reasonably free from disturbing noises and reverberations and other dangers to the health, safety, and general welfare of the occupants." However, after further review of the criteria, inspection photos, and inspection reports we will give the Authority the benefit of the doubt and remove the violation. We have adjusted the audit report to reflect this change.

Comment 17: The Authority's Administrative Plan, Chapter 10, Section B, Site Conditions, states, "The property must be reasonably free of serious conditions which would endanger the health or safety of residents." In addition, 24 CFR 982 (g)(iv) states, "The condition and equipment of interior and exterior stairs, halls, porches, walkways, etc., must not present a danger of tripping and falling." The cracks and deteriorated seal around the pool area are a tripping hazard and deemed a deficiency.

Appendix C

SCHEDULE OF UNITS IN NONCOMPLIANCE WITH HOUSING QUALITY STANDARDS

Item number	Number of deficiencies per lettered category																				Totals		
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T		U	V
1*							2								1							1	4
2*					1															1	2		4
3*				11					1							1						3	16
4*	1			4		1		1			1		1		3			2				1	15
5															2								2
6				1									1		1			3					6
7*							1			1	1	1	1			1		1					7
8					1										1								2
9*				3	1			1															5
10															1								1
11		1																2				1	4
12													1										1
13*				1						2	2				2					4		2	13
14																						2	2
15*		1													1	1					1	1	5
16*			1	3			1		2	1			1		4	1		1			1		16
17												1	1										2
18*				1	1	4			1		1		1		2								11
19						1	1						1		1								4
20															1								1
21								2															2
22*							1						1		1		1	1					5
23						1																	1
24															1			2					3
25*					1												1		1				3
26*							1		1	1	1		2		1			3		1			11
27						1															1		2
28*				2					1													2	5

Category of deficiencies legend	
A – Ceiling	M – Range/refrigerator
B – Chimney/heating equipment	N – Roof/gutters
C – Crawl vents	O – Security
D – Electrical	P – Sink
E – Exterior surface	Q – Site and neighborhood conditions
F – Fire exits	R – Smoke detectors
G – Floor	S – Stairs, rails, and porches
H – Flush toilet in enclosed space	T – Tub or shower in unit
I – Garbage and debris	U – Water heater
J – Mildew	V – Window
K – Other interior	
L – Overall paint	* Denotes unit determined to be materially deficient

Item number	Number of deficiencies per lettered category																				Totals		
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T		U	V
29									1										1				2
30*				1		1					1		1				1	2			3	1	11
31*				2					1												1		4
32				1					1				1										3
33						1																	1
34*									1							1				1	1		4
35*						1									2					1			4
36*						1									2							1	4
37*			1		1	2							2	2	1		1		1	1			11
38*			1			1							1						1			1	5
39*				2				1							1								4
40													1										1
41*									1				1	1				1					4
42*						2							2		1								5
43*				1		1			1	1	1		1							1			7
44				1																			1
45															1			1					2
46				2		1																1	4
47						1																	1
48						1																	1
49*				2	1	3																	6
50				1									3					1					5
51						1																	1
52*																		1				2	3
53															1								1
54*				1														1				3	5
55						2							1	1			1						5
56*				3					1						3							2	9
Totals	1	2	3	43	7	27	7	5	13	6	9	1	25	0	37	7	3	24	3	10	11	23	267

Category of deficiencies legend	
A – Ceiling	M – Range/refrigerator
B – Chimney/heating equipment	N – Roof/gutters
C – Crawl vents	O – Security
D – Electrical	P – Sink
E – Exterior surface	Q – Site and neighborhood conditions
F – Fire exits	R – Smoke detectors
G – Floor	S – Stairs, rails, and porches
H – Flush toilet in enclosed space	T – Tub or shower in unit
I – Garbage and debris	U – Water heater
J – Mildew	V – Window
K – Other interior	
L – Overall paint	* Denotes unit determined to be materially deficient

Appendix D

CRITERIA

The following sections of the *Code of Federal Regulations* apply to housing quality standards inspections:

24 CFR 982.153 states that the public housing authority must comply with the consolidated annual contributions contract, the application, HUD regulations and other requirements, and its program administrative plan.

24 CFR 982.305(a) states that the public housing authority may not give approval for the family of the assisted tenancy or execute a housing assistance payments contract until the authority has determined that the unit is eligible and has been inspected by the authority and meets HUD's housing quality standards.

24 CFR 982.401(a) identifies the housing quality standards for assisted housing, including performance and acceptability criteria for key aspects of housing quality.

24 CFR 982.401(a)(3) requires that all program housing meet housing quality standards performance requirements, both at commencement of assisted occupancy and throughout the assisted tenancy.

24 CFR 982.404(a)(1) requires the owners of program units to maintain the units in accordance with HUD's housing quality standards.

24 CFR 982.404(a)(2) states that if the owner of the program unit fails to maintain the dwelling unit in accordance with HUD's housing quality standards, the authority must take prompt and vigorous action to enforce the owner's obligations. The authority's remedies for such a breach of the housing quality standards include termination, suspension, or reduction of housing assistance payments and termination of the housing assistance payments contract.

24 CFR 982.405(a) requires public housing authorities to perform unit inspections before the initial term of the lease, at least annually during assisted occupancy, and at other times as needed to determine whether the unit meets the housing quality standards.

24 CFR 982.54(d)(22) states that the public housing authority administrative plan must cover policies, procedural guidelines, and performance standards for conducting required housing quality standards inspections.

Chapter 10, sections A-L, of the Authority's administrative plan states that the Authority has adopted local requirements of acceptability in addition to those mandated by HUD regulations for housing quality standards. Sections A-L cover the following regarding housing quality standards:

- A. Guidelines/types of inspections
- B. Housing quality standards and acceptability criteria
- C. General policy for inspections
- D. Emergency repair items
- E. Determination of responsibility
- F. Consequences if owner is responsible (nonemergency items)
- G. Consequences if family is responsible (nonemergency items)
- H. Initial/move-in housing quality standards inspection
- I. Annual housing quality standards inspection
- J. Special/complaint inspection
- K. Quality control inspection
- L. Disapproval of owner