



Issue Date September 28, 2010

Audit Report Number 2010-LA-1016

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

Tanya E. Schulze

FROM: Tanya E. Schulze, Regional Inspector General for Audit, Region IX, 9DGA

SUBJECT: The Compton Housing Authority, Compton, CA, Was Not Fully Reimbursed for Housing Assistance Payments for Portability Tenants

HIGHLIGHTS

What We Audited and Why

We audited the Compton Housing Authority's (Authority) Section 8 program as the result of the Los Angeles Office of Public Housing's concerns regarding its program administration. Our objective was to determine whether the Authority used Section 8 program funds in accordance with U.S. Department of Housing and Urban Development (HUD) rules and regulations.

What We Found

The Authority did not use Section 8 program funds in accordance with HUD rules and regulations as it did not fully comply with portability procedures and responsibilities. It was not fully reimbursed for housing assistance payments made for its portability tenants. We attribute these deficiencies to the Authority's lack of procedures and controls for portability accounting. Additionally, there was a lack of tracking and reconciliation between what was paid and what was received. As a result, over the years, the Authority used more than \$2.2 million from its net restricted assets account to pay for the shortfall, operated in a deficit situation, and did not have sufficient funds to pay for its portability tenants. Ultimately, these deficiencies put tenants at risk of losing their housing assistance.

What We Recommend

We recommend that the Director of the Los Angeles Office of Public Housing require the Authority to (1) implement procedures and controls to track and reconcile portability tenants' housing assistance paid and received from the respective initial public housing authorities, (2) seek reimbursement of \$189,800 from initial housing authorities for unreimbursed housing assistance payments for portability tenants, (3) reimburse \$55,854 in overpaid housing assistance to the respective initial housing authorities, (4) and evaluate and reconcile its portability tenant billings and payments for calendar year 2010 after implementation of the procedures and controls.

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 September 14, 2010, and held an exit conference with the Authority's officials on September 22, 2010. The Authority also provided written comments on September 22, 2010. It generally agreed with our report and had already started implementing the recommendations.

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

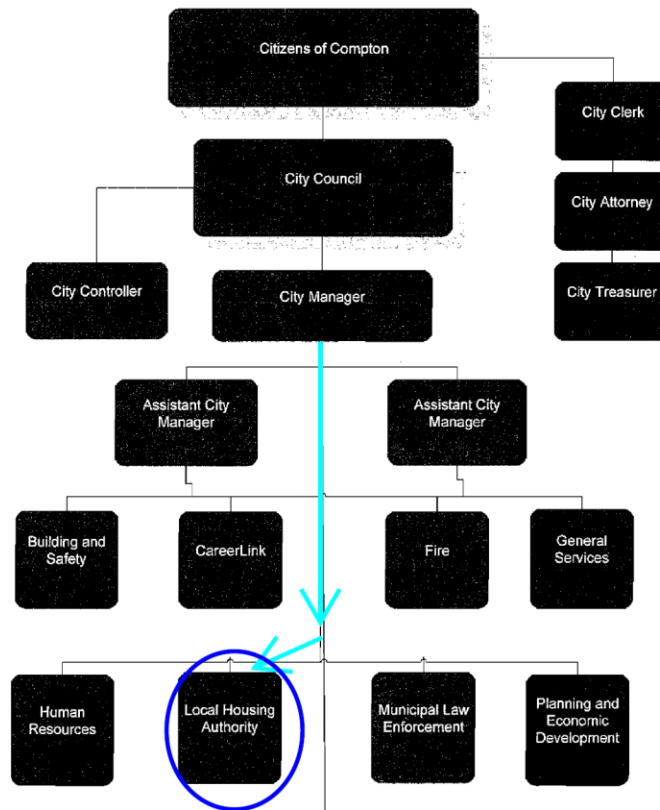
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BACKGROUND AND OBJECTIVE

The City of Compton (City) has a local housing authority (Authority), located at 600 North Alameda, Compton, CA. The purpose of the Authority is to administer the United States Housing Choice Voucher, Family Self-Sufficiency, Homeownership, Security Deposit, and Portability programs, which provide rental subsidy/mortgage assistance and move-in expenses to very low- and low-income families, the elderly, and the disabled and handicapped.

ORGANIZATION OVERVIEW



The Housing Choice Voucher program was created under the Housing and Urban Rural Recovery Act of 1983 to enable eligible lower income families to obtain modest housing in the private sector that is decent, safe, and sanitary. The U.S. Department of Housing and Urban Development (HUD) provides the rental subsidy to the landlords through the public housing agencies. An eligible family may use a tenant-based voucher to lease a unit anywhere in the United States, leaving the first (initial) public housing agency that issued the voucher for the second (receiving) public housing agency. As of December 31, 2009, the Authority had 161 tenants that had ported from other cities into Compton. The receiving public housing agency has the option to administer the subsidy for the initial public housing agency or to absorb the portable family into its own Housing Choice Voucher program. If the receiving public housing agency decides to administer the initial public housing agency's Housing Choice Voucher

program's assistance, the housing assistance for the portable family comes from the initial public housing agency's Housing Choice Voucher program allocation. The receiving public housing agency bills the initial public housing agency for the full housing assistance payment for the family's unit and for 80 percent of the ongoing administrative fee earned by the initial public housing agency for that unit. The initial public housing agency is required to pay the receiving public housing agency within 30 days of the initial billing for housing assistance payments and fees and on a monthly basis thereafter or in accordance with a schedule developed between the initial and receiving public housing agencies. The initial bill from the receiving public housing agency to the initial public housing agency automatically establishes a request for regular payment in the future.

The Authority has a baseline allocation of 803 Section 8 housing choice vouchers. As of December 31, 2009, the Authority had 775 vouchers leased. Additionally, the Authority administered 161 vouchers that had ported in from other public housing agencies. The Authority received more than \$6.7 million for its 2009 housing assistance payments (nearly \$5.6 million) and administrative fees (more than \$1.1 million) from HUD.

Audit Objective

The objective of this audit was to determine whether the Authority used Section 8 program funds in accordance with HUD rules and regulations.

RESULTS OF AUDIT

Finding: The Authority Was Not Fully Reimbursed for Housing Assistance Payments Made for Its Portability Tenants

The Authority was not fully reimbursed for housing assistance payments made for its portability tenants. We attribute these deficiencies to the Authority's lack of procedures and controls for portability accounting. Additionally, there was a lack of tracking and reconciliation between what was paid and what was received. As a result, over the years, the Authority used more than \$2.2 million from its net restricted assets account to pay for the shortfall, operated in a deficit situation, and did not have sufficient funds to pay for its portability tenants. Ultimately, these deficiencies put tenants at risk of losing their housing assistance.

Portability Tenants' Assistance Not Properly Reimbursed

We reviewed the portability tenants' payments sent to the Authority from the initial housing agencies between June and December 2009 and found that the Authority

- Was underreimbursed \$140,754 in housing assistance for some portability tenants.
- Did not receive \$49,046 in housing assistance payments for some portability tenants.
- Was overreimbursed \$55,854 for some portability tenants.

Collectively, this equated to a shortfall of \$133,946 in housing assistance payments during the period reviewed. Appendix C contains a detailed listing of the portability tenants reviewed and the over/underreimbursement amounts.

The Authority Was Underreimbursed \$140,754

A review of housing assistance payments to the owners of 207 total tenants revealed 92 tenants for which the Authority was underreimbursed. The underreimbursement occurred when there was a recertification during the year or other change to the tenant's income and housing assistance payment amount. While the Authority submitted the bill to the initial public housing agency with the new amount, the initial public housing agency did not make the needed adjustment. An example would be tenant number 122. In June 2009, this tenant's monthly housing assistance payment increased from \$781 to \$978; however, the initial public housing agency did not adjust the amount sent to the Authority and continued to send only \$781 each month. Thus, for this tenant, the initial public housing agency underreimbursed the Authority \$533 between June and December 2009.

We also found some instances in which the initial public housing agencies were inconsistent when making the housing assistance payments each month. For example, for tenant number 5, the initial public housing agency only made the monthly housing assistance payments to the Authority 4 of the 7 months reviewed. Thus, the Authority was underreimbursed \$3,536.

Collectively, we found underreimbursements of \$140,754 between June and December 2009 related to 92 of the 207 portability tenants in our audit scope. Since the Authority did not track and reconcile the portability payments, it was unaware of the underreimbursements.

The Authority Received No Reimbursement for \$49,046

We found 24 portability tenants for which the initial public housing agencies did not reimburse the Authority for any of the housing assistance payments between June and December 2009 totaling \$49,046. There were 16 tenants for whom the Authority only made one payment, which was for the month of December 2009. This apparent discrepancy could mean that the initial public housing agency did not send the first payment until January 2010; however, January 2010 was outside our audit scope and was, therefore, not reviewed. There were also two tenants for whom the Authority made payments to the owner for both November and December 2009; however, the initial public housing agency did not send a housing assistance payment reimbursement. For the remaining six tenants, the Authority made several monthly payments to the owners, and the initial public housing agency did not send reimbursements to the Authority.

The Authority Was Overreimbursed \$55,854

The Authority was overreimbursed a total of \$55,854 from various initial public housing agencies related to 50 tenants. For example, tenant number 158 was reimbursed by the initial public housing agency from June through December 2009 for \$594 each month. However, the Authority only submitted payment to the tenant's owner in November and December 2009. A billing was sent to the initial public housing agency with an April 6, 2009, submission date stating that the housing assistance payment amount had changed effective June 1, 2009. In this example, the housing assistance payments contract amendment notice was sent to the initial public housing agency 2 months before the change in rent was to take effect, and the initial public housing agency complied. The Authority received the new housing assistance payment amount for 5 months without sending the payment to the owner. The reason for this gap in payment to the owner was unclear as the tenant had been at the same residence and with the same owner since 2008. Ultimately, if the Authority collected rent for a tenant and did not make the payment to the owner, it would constitute an overpayment on behalf of the initial public housing agency.

The Authority's Billing Process and Lack of Policies and Procedures

The Authority Lacked Policies and Procedures for Portability Receivables

The Authority's administrative plan contained a section entitled Financial/Owner Payment (chapter 14), which detailed what must be done for an owner to receive payment, who would cut the checks, and the check distribution. However, the administrative plan lacked information regarding receipt of payments. The administrative plan also had a section entitled Briefing of Families and Issuance of Vouchers (chapter 10), which discussed portability billing. However, there was no discussion on receipt of payments related to portability. A review of the Authority's in-house policies and procedures included a section on portability, and this information was consistent with the information in the Housing Choice Voucher Guidebook's chapter 13 on portability. However, the Authority did not have specific policies or procedures regarding the reconciliation of portability receivables.

The Authority Had Made Improvements

In 2009, an employee from the controller's office began working side by side with an employee from the Authority. Their work together resulted in an Excel spreadsheet entitled Landlord Payment Run, which listed all owners, their tenants' name, and the amount of the housing assistance payment. The information on this spreadsheet came from the contract amendments and was entered into the spreadsheet by the Authority's employee. Each month this spreadsheet was sent to the controller's office and used to enter payments to the landlords (owners) in the accounting system. Once the controller's office printed the checks, it reconciled the Authority's Landlord Payment Run to the controller's office's Payee Run report, and once everything reconciled, the checks or direct deposit payments were made.

Before 2009, the Authority's employee would send a pay slip, which was an 8-by-11-inch sheet of paper, to the controller's office for every tenant. Depending on how many tenants the Authority had, the controller's office could receive in excess of 900 sheets of paper each month. Each paper had one of three different fund account numbers on it distinguishing the tenant as either a regular, port-in, or port-out tenant. However, the proper fund account numbers were not entered into the accounting system properly, which was confirmed by the controller's office employee. Part of this problem was related to the pay slips being grouped alphabetically instead of by fund account numbers and human error related to data entry.

We acknowledge the hard work of the Authority and the controller's office but note that additional work is needed to resolve the portability receivables problem as determined by our audit work. The Authority knew what it had billed the other public housing agencies but did not track or reconcile housing assistance payments billed and received. We asked why this process was not performed and were told it had been done several years earlier by a contract employee (temporary employee); however, once that employee's contract ended, the City did not renew it, and the reconciliation ended. We also asked why the employee who coded the payments did not perform the reconciliation and were informed that this person had another responsibility to another program.

Effects on the Net Restricted Asset Account

The Authority's reserve account combined the regular housing assistance payments, port-in payments, and administrative activities of the Authority. Therefore, the City's controller provided us a separate spreadsheet schedule that separated the regular housing assistance payments from the portability payments, both of which included the administrative fees. Appendix D details the balances in the account from 2005 through 2009.

Our analysis showed that the Authority generally received sufficient revenue for its regular housing assistance payments but not for its portability tenants. Due to the Authority's failure to fully collect its portability receivables, there was a shortfall. Consequently, the \$2.2 million in its net restricted asset account funds as reported to HUD as of August 2009 became a negative amount as of January 2010. Ultimately, this shortage was funded by the City's general fund.¹ However, it is important to note that in January 2010, HUD recaptured \$1.7 million from the Authority, which was the amount HUD showed that the Authority should have had in its net restricted account. The controller believed that if HUD had not taken the \$1.7 million, the Authority would only have a shortage of \$1.1 million instead of \$2.8 million. This \$2.8 million is based upon the City's cash flows as of January 31, 2010, which showed the difference between the Authority's expenditures and revenues to be a negative \$2.8 million.

Conclusion

We attribute the deficiencies described above to the Authority's lack of procedures and controls for portability accounting. Specifically, the authority did not track or reconcile housing assistance billed and received. As a result, over the years, the Authority used more than \$2.2 million from its net restricted assets account to pay for the shortfall, operated in a deficit situation, and did not have sufficient funds to pay for its portability tenants. Since the Authority essentially absorbed these portability tenants without receiving the subsidy from HUD, the City funded the housing assistance payments from its general

¹ We also note that for the instances in which the Authority did not collect housing assistance payments for its portability tenants, it also did not collect the related administrative fee.

fund, which ultimately put tenants at risk of losing their housing assistance when it runs out of general funds.

Recommendations

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

- 1A. Implement procedures in accordance with PIH (Public and Indian Housing) Notice 2008-43 and controls to track and reconcile portability tenants' housing assistance paid and received from the respective public housing agency.
- 1B. Seek reimbursement of \$189,800 (\$140,754 + \$49,046) from initial housing authorities for unreimbursed housing assistance payments for portability tenants and maintain and provide supporting documentation of reimbursement efforts.
- 1C. Reimburse \$55,854 in overreimbursed housing assistance payments to the respective initial housing authorities.
- 1D. Evaluate and reconcile its portability tenant billings and payments for calendar year 2010 after implementation of the procedures and controls in recommendation 1A. Implementation of such procedures and controls will ensure that this amount of housing assistance payments will be funds to be put to better use in the future. The Authority should also provide information regarding its evaluation and reconciliation of its portability tenant billings and payments for calendar year 2010 after implementation of the procedures and controls in recommendation 1A.
- 1E. Implement and submit measures taken to address financial shortfalls, pursuant to PIH Notice 2009-44, to ensure that its net restricted asset account is maintained as required and assisted tenants are not put at risk of losing their housing assistance.

SCOPE AND METHODOLOGY

We performed our onsite audit work at the Authority, located in Compton, CA, from January to August 2010. Our audit generally covered billings of more than \$1.1 million and accounts receivable related to portability of more than \$1 million that affected the period June through December 2009. We expanded our scope when necessary. Our objective was to determine whether the Authority used Section 8 program funds in accordance with HUD rules and regulations.

To accomplish our objectives, we

- Reviewed applicable HUD handbooks, guidebooks, and the Code of Federal Regulations.
- Reviewed applicable PIH notices issued.
- Reviewed applicable policies and procedures established by the Authority and its public housing authority annual plan for 2009.
- Interviewed various Authority and City employees.
- Reviewed single audit reports issued by independent public accountants.
- Reviewed housing assistance payment records and checks.
- Reviewed revenues related to portability.

We nonstatistically selected December 2009 and later expanded the audit scope to include the period June through December 2009 as a result of the problems identified. We selected the 2009 timeframe because the Authority had previously experienced portability billing issues (2005-2007) and believed it had resolved the problems as of 2009.

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 a process adopted by those charged with governance and management, designed to provide reasonable assurance about the achievement of the organization's mission, goals, and objectives with regard to

- Effectiveness and efficiency of operations,
- Reliability of financial reporting, and
- Compliance with applicable laws and regulations.

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

Relevant Internal Controls

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

- Compliance with laws and regulations – Policies and procedures that management has implemented to reasonably ensure that resource use is consistent with laws and regulations.
- Effectiveness and efficiency of operations – Policies and procedures that the audited entity has implemented to provide reasonable assurance that a program meets its objective, while considering cost effectiveness and efficiency.

We assessed the relevant controls identified above.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, the reasonable opportunity to prevent, detect, or correct (1) impairments to effectiveness or efficiency of operations, (2) misstatements in financial or performance information, or (3) violations of laws and regulations on a timely basis.

Significant Deficiency

Based on our review, we believe that the following item is a significant deficiency:

- The Authority did not have policies and procedures and controls in place to track and reconcile portability tenants' housing assistance paid and received from the respective public housing authorities (see finding 1).

APPENDIXES

Appendix A

SCHEDULE OF FUNDS TO BE PUT TO BETTER USE

Recommendation number	Funds to be put to better use 1/
1B	\$189,800
1C	\$55,854
Total	\$245,654

1/ Recommendations that funds be put to better use are estimates of amounts that could be used more efficiently if an Office of Inspector General (OIG) recommendation is implemented. These amounts include reductions in outlays, deobligation of funds, withdrawal of interest, costs not incurred by implementing recommended improvements, avoidance of unnecessary expenditures noted in preaward reviews, and any other savings that are specifically identified. In this instance, if the Authority implements our recommendations, it will cease to pay for housing assistance for tenants for which the Authority should receive reimbursement. Instead, it will increase its portability receivables, and once the Authority successfully improves its controls, this will be a recurring benefit.

Appendix B

AUDITEE COMMENTS AND OIG'S EVALUATION

Ref to OIG Evaluation

Auditee Comments



City of Compton
COMPTON HOUSING AUTHORITY

(310) 605-3080
Fax (310) 605-3096

September 22, 2010

Tanya E. Schulze
Regional Inspector General for Audit
Office of Inspector General
Region IX
611 West Sixth Street, Suite 1160
Los Angeles, California 90017

Re: Compton Housing Authority (CA071) Draft Audit Response

Dear Ms. Schulze:

Following the 2010 audit completed by OIG, several recommendations were given to the Director of the Los Angeles Office of Public Housing. The Compton Housing Authority responds to these recommendations as follows:

Recommendation 1A

Implement procedures and controls to track and reconcile portability tenants' housing assistance paid and received from the respective public housing agency;

The Compton Housing Authority has implemented a policy to track and reconcile portability tenants' housing assistance payments. Attached for your review is the new policy and procedures for Portability that will be adopted into the Administrative Plan after approval.

Recommendation 1B

Seek reimbursement of \$189,800 (\$140,754 + \$49,046) from initial housing authorities for unreimbursed housing assistance payments for portability tenants;

Regarding the reimbursement of \$189,800.00 from various initial housing authorities, the Compton Housing Authority will contact each agency and request reimbursement for the unpaid housing assistance and administrative fees. The Housing Staff responsible for contacting the housing agencies will generate a spreadsheet which will contain the tenant name and address, time frame of unpaid payments, and total HAP owed. Letters will be sent to the initial agencies requesting housing assistance payments and payments for administrative fees. As the payments are received, the responsible staff person will reconcile payments with monies owed until the balances due are paid in full.

Comment 1

Recommendation 1C

Reimburse \$55,854 in over-reimbursed housing assistance payments to the respective initial housing authorities;

In regards to the overpayments of \$55,854.00, the Compton Housing Authority will determine which agencies are owed housing assistance monies. This will be done by generating a spreadsheet similar to the description of 1B. The Housing Authority will then determine if any of these agencies owe unpaid HAP to our agency. If no monies are owed, the Compton Housing Authority will reimburse that agency. If monies are owed to Compton Housing Authority, the overpayment owed to the other agency may offset any monies owed to Compton Housing Authority. Letters confirming the overpayments and/or offsets will be sent to the Housing Agencies in question. The responsible staff person will reconcile the accounts to determine if the correct HAP and Administrative Fee was processed.

Recommendation 1D

Evaluate and reconcile its portability tenant billing and payments for calendar year 2010 after implementation of the procedures and controls in recommendation 1A. Implementation of such procedures and controls will ensure this amount of housing assistance payments are funds to be put to better use in the future.

The following steps have been implemented to reconcile portability payments by the Housing Authority:

1. An excel spreadsheet will be generated monthly which consist of: vendor number, contract date, unit address, landlord name, tenant name, and HAP amount. A second spreadsheet will consist of the same information except it will also consist of administrative fees for that tenant. An individual spreadsheet and file is set-up for each Housing Authority.
2. The 52665 generated by the Portability Specialist is forwarded to the Housing Specialist responsible for recording the portability funding for each housing authority with tenants that have ported to Compton Housing Authority.
3. The Housing Specialist will update the spreadsheet based on the 52665 which shows the new HAP amount an effective date for that tenant. Once the checks are received the Specialist will record the HAP and Administrative fee amount to ensure the correct funds were issued for that tenant.
4. If the amount issued is incorrect the Specialist will contact the Portability Billing Specialist for that Housing Authority and request the appropriate funds be issued. Should there be a problem in receiving the correct funding after several attempts to rectify the problem HUD will be contacted for assistance.
5. Once the Controllers final payment run is complete the Housing Authority's Portability Specialist will receive a copy and reconcile the payments.

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Recommendation 1E

Implement measures to address financial shortfalls, pursuant to PIH Notice 2009-44, to assure its net restricted asset account is maintained as required and assisted tenants are not being put at risk of losing their housing assistance.

The Housing Authority will utilize a computerized forecast spreadsheet which will be an effective tool to monitor Compton Housing Authority monthly HAP costs, the number of leased units, attrition rates, and Net Restricted Asset. The Compton Housing Authority will place a high priority on efforts to avoid a financial shortfall and insufficient voucher funding. Should the Housing Authority experience and unexpected funding shortfall, the Housing Authority will follow the directives in PIH 2009-44 in order to avoid the termination of any families.

Should you require additional information regarding this Audit Response, please feel free to contact me at (310) 605-6306 or via email at dgreen@comptoncity.org

Sincerely,



Delmonsha Green
Acting Housing Director

C: K.J. Brockington, Director, Office of Public Housing
Board of Commissioners, Housing Authority of the City of Compton
Willie Norfleet, City Manager
Stephen Ajobiewe, City Controller

COMPTON HOUSING AUTHORITY
600 North Alameda, Compton, California 90221

OIG Evaluation of Auditee Comments

Comment 1 We commend the Authority for its responsiveness to our audit recommendations and its efforts to implement corrective action. We will review the proposed corrective action in coordination with HUD during the audit resolution process.

Appendix C

SCHEDULE OF OVER/UNDERREIMBURSED HOUSING ASSISTANCE PAYMENTS FOR PORTABILITY TENANTS

Tenant number	HAP* amount paid out	HAP amount received	Difference
1	\$8,110	\$8,110	\$0
2	\$4,102	\$3,976	\$126
3	\$3,036	\$5,060	-\$2,024
4	\$8,048	\$8,198	-\$150
5	\$8,249	\$4,713	\$3,536
6	\$4,874	\$4,869	\$5
7	\$7,587	\$7,900	-\$313
8	\$6,081	\$4,266	\$1,815
9	\$8,330	\$5,950	\$2,380
10	\$4,428	\$7,461	-\$3,033
11	\$6,926	\$4,975	\$1,951
12	\$2,488	\$2,488	\$0
13	\$7,574	\$7,574	\$0
14	\$7,023	\$5,999	\$1,024
15	\$4,951	\$3,488	\$1,463
16	\$8,957	\$7,720	\$1,237
17	\$7,447	\$5,430	\$2,017
A	\$267	\$0	\$267
18	\$4,643	\$3,976	\$667
19	\$1,037	\$1,140	-\$103
20	\$7,993	\$7,677	\$316
21	\$9,328	\$7,997	\$1,331
22	\$6,713	\$8,396	-\$1,683
23	\$4,428	\$4,428	\$0
24	\$7,792	\$9,360	-\$1,568
25	\$1,945	\$1,730	\$215
26	\$3,261	\$2,675	\$586
27	\$3,909	\$2,721	\$1,188
28	\$5,804	\$5,804	\$0
B	\$817	\$0	\$817
29	\$5,620	\$6,282	-\$662
30	\$2,565	\$2,565	\$0
31	\$10,955	\$6,260	\$4,695
32	\$10,801	\$10,801	\$0
33	\$7,322	\$7,322	\$0
34	\$6,328	\$7,910	-\$1,582
35	\$5,530	\$3,950	\$1,580
36	\$3,467	\$2,726	\$741
37	\$4,576	\$4,588	-\$12

38	\$5,915	\$5,841	\$74
39	\$7,067	\$6,056	\$1,011
40	\$9,251	\$7,923	\$1,328
41	\$4,277	\$4,427	-\$150
C	\$6,132	\$0	\$6,132
42	\$4,520	\$5,670	-\$1,150
D	\$556	\$0	\$556
43	\$10,721	\$12,579	-\$1,858
44	\$10,514	\$10,619	-\$105
45	\$8,388	\$8,256	\$132
46	\$9,408	\$9,520	-\$112
47	\$1,638	\$1,116	\$522
E	\$8,050	\$0	\$8,050
F	\$3,092	\$0	\$3,092
G	\$1,467	\$0	\$1,467
H	\$1,063	\$0	\$1,063
I	\$1,048	\$0	\$1,048
J	\$811	\$0	\$811
48	\$9,065	\$5,556	\$3,509
49	\$5,682	\$6,432	-\$750
K	\$902	\$0	\$902
L	\$452	\$0	\$452
M	\$781	\$0	\$781
50	\$10,717	\$10,717	\$0
51	\$4,962	\$4,906	\$56
52	\$4,892	\$4,022	\$870
53	\$5,554	\$5,554	\$0
54	\$5,450	\$3,964	\$1,486
55	\$6,418	\$9,051	-\$2,633
56	\$5,520	\$6,440	-\$920
57	\$5,040	\$4,270	\$770
58	\$7,380	\$0	\$7,380
59	\$6,516	\$7,796	-\$1,280
60	\$3,992	\$3,365	\$627
61	\$4,905	\$4,206	\$699
62	\$13,573	\$9,695	\$3,878
N	\$1,101	\$0	\$1,101
63	\$6,571	\$4,923	\$1,648
64	\$6,653	\$6,641	\$12
65	\$3,900	\$2,277	\$1,623
66	\$3,777	\$3,777	\$0
67	\$6,036	\$6,036	\$0
68	\$3,147	\$3,147	\$0
69	\$4,250	\$6,822	-\$2,572
70	\$7,462	\$7,462	\$0
71	\$9,765	\$7,423	\$2,342
72	\$10,926	\$8,764	\$2,162
O	\$768	\$0	\$768

P	\$940	\$0	\$940
73	\$6,349	\$5,439	\$910
74	\$852	\$852	\$0
75	\$7,110	\$5,092	\$2,018
76	\$6,895	\$5,910	\$985
77	\$8,127	\$5,805	\$2,322
78	\$5,860	\$7,325	-\$1,465
79	\$7,721	\$5,515	\$2,206
80	\$6,937	\$6,358	\$579
81	\$4,730	\$5,506	-\$776
82	\$5,740	\$5,646	\$94
83	\$8,576	\$8,576	\$0
84	\$5,355	\$5,355	\$0
85	\$1,164	\$1,164	\$0
86	\$4,207	\$3,005	\$1,202
87	\$5,847	\$5,627	\$220
88	\$8,260	\$8,260	\$0
89	\$6,264	\$6,308	-\$44
90	\$9,381	\$6,699	\$2,682
91	\$8,997	\$8,078	\$919
92	\$8,015	\$8,015	\$0
93	\$5,595	\$4,927	\$668
94	\$10,122	\$10,067	\$55
95	\$5,383	\$4,641	\$742
96	\$3,130	\$2,230	\$900
97	\$3,396	\$2,420	\$976
98	\$3,484	\$3,484	\$0
99	\$5,343	\$3,819	\$1,524
100	\$6,591	\$6,607	-\$16
101	\$2,544	\$2,544	\$0
102	\$3,671	\$2,619	\$1,052
103	\$7,987	\$7,987	\$0
104	\$5,150	\$6,136	-\$986
105	\$6,737	\$4,807	\$1,930
106	\$3,946	\$4,160	-\$214
107	\$4,248	\$3,538	\$710
108	\$10,968	\$9,185	\$1,783
109	\$6,650	\$4,770	\$1,880
110	\$5,304	\$5,287	\$17
111	\$4,924	\$3,517	\$1,407
112	\$4,898	\$4,840	\$58
113	\$6,192	\$5,192	\$1,000
114	\$4,384	\$4,384	\$0
115	\$4,652	\$3,989	\$663
116	\$9,816	\$7,028	\$2,788
117	\$7,630	\$7,630	\$0
118	\$8,861	\$10,419	-\$1,558
119	\$7,685	\$8,490	-\$805

120	\$11,382	\$11,382	\$0
121	\$6,783	\$4,522	\$2,261
122	\$6,846	\$6,313	\$533
123	\$4,775	\$4,947	-\$172
124	\$5,094	\$5,943	-\$849
125	\$6,505	\$6,505	\$0
126	\$9,442	\$9,545	-\$103
127	\$7,042	\$7,042	\$0
128	\$6,453	\$6,533	-\$80
129	\$5,680	\$5,479	\$201
Q	\$902	\$0	\$902
130	\$6,307	\$6,364	-\$57
131	\$6,292	\$4,496	\$1,796
132	\$1,260	\$1,260	\$0
133	\$7,321	\$8,337	-\$1,016
134	\$3,110	\$4,195	-\$1,085
135	\$3,020	\$3,020	\$0
136	\$3,077	\$2,897	\$180
137	\$2,568	\$1,284	\$1,284
138	\$11,270	-\$2,130	\$13,400
R	\$1,610	\$0	\$1,610
S	\$700	\$0	\$700
139	\$5,666	\$4,853	\$813
140	\$10,740	\$11,045	-\$305
141	\$7,950	\$8,860	-\$910
142	\$9,560	\$9,114	\$446
143	\$1,874	\$1,964	-\$90
144	\$1,562	\$3,160	-\$1,598
T	\$3,124	\$0	\$3,124
145	\$7,836	\$5,585	\$2,251
146	\$6,412	\$7,406	-\$994
147	\$7,305	\$7,305	\$0
148	\$10,766	\$10,766	\$0
149	\$7,966	\$6,838	\$1,128
150	\$2,720	\$2,666	\$54
U	\$849	\$0	\$849
151	\$2,835	\$2,835	\$0
152	\$5,401	\$4,622	\$779
153	\$10,843	\$10,843	\$0
154	\$8,323	\$8,547	-\$224
155	\$7,679	\$7,679	\$0
156	\$2,078	\$7,869	-\$5,791
V	\$2,668	\$0	\$2,668
157	\$1,964	\$5,104	-\$3,140
158	\$1,188	\$4,158	-\$2,970
159	\$7,413	\$7,488	-\$75
160	\$10,787	\$10,787	\$0
161	\$8,050	\$5,802	\$2,248

162	\$3,145	\$2,310	\$835
163	\$2,749	\$2,058	\$691
164	\$7,924	\$8,106	-\$182
165	\$5,512	\$3,938	\$1,574
166	\$8,078	\$8,064	\$14
167	\$11,124	\$11,032	\$92
168	\$8,395	\$8,395	\$0
W	\$10,465	\$0	\$10,465
169	\$3,270	\$8,480	-\$5,210
170	\$4,894	\$3,635	\$1,259
171	\$4,099	\$4,308	-\$209
172	\$5,176	\$5,492	-\$316
173	\$6,457	\$3,375	\$3,082
174	\$2,067	\$2,067	\$0
175	\$6,249	\$6,110	\$139
X	\$481	\$0	\$481
176	\$2,326	\$1,163	\$1,163
177	\$10,040	\$10,040	\$0
178	\$4,851	\$4,851	\$0
179	\$7,812	-\$2,952	\$10,764
180	\$5,712	\$5,712	\$0
181	\$8,121	\$5,816	\$2,305
182	\$8,270	\$6,100	\$2,170
183	\$1,954	\$3,908	-\$1,954
	\$1,180,174	\$1,046,228	\$133,946

*HAP = housing assistance payment

Legend

\$	
49,046	No payments came in for these tenants
(55,854)	<Other housing agencies overpaid>
140,754	The City was underreimbursed
49,046	The City paid for these tenants and did not receive reimbursement
\$133,946	Total variance

Appendix D

SCHEDULE OF NET RESTRICTED ASSET ACCOUNT BALANCES FOR 2005-2009

2005	Regular housing assistance payments	Ports	Combined
Revenue	\$5,454,864	\$3,555,632	\$9,010,496
Expenditure	4,983,374	4,557,472	9,540,846
Ending balance	\$ 471,490	(\$1,001,840)	(\$530,350)

2006	Regular housing assistance payments	Ports	Combined
Beginning balance	\$471,490	(\$1,001,840)	(\$-530,350)
Revenue	5,729,597	2,176,747	7,906,344
Expenditure	4,477,797	4,014,271	8,492,068
Ending balance	\$1,723,290	(\$2,839,364)	(\$1,116,074)

2007	Regular housing assistance payments	Ports	Combined
Beginning balance	\$1,723,290	(\$2,839,364)	(\$1,116,074)
Revenue	4,993,417	2,611,254	7,604,671
Expenditure	5,473,307	3,493,976	8,967,283
Ending balance	\$1,243,400	(\$3,722,086)	(\$2,478,686)

2008	Regular housing assistance payments	Ports	Combined
Beginning balance	\$1,243,400	(\$3,722,086)	(\$2,478,686)
Revenue	6,951,095	2,886,501	9,837,596
Expenditure	5,922,129	2,969,603	8,891,732
Ending balance	\$2,272,366	(\$3,805,188)	(\$1,532,822)

2009	Regular housing assistance payments	Ports	Combined
Beginning balance	\$2,272,366	(\$3,805,188)	(\$1,532,822)
Revenue	3,213,347	1,115,579	4,328,926
Expenditure	3,213,758	1,089,718	4,303,476
Ending balance	\$2,271,955	(\$3,779,327)	(\$1,507,372)

Appendix E

CRITERIA

Housing Choice Voucher Program Guidebook Chapter 13 – Portability

13.5 RECEIVING PHA RESPONSIBILITIES

When the family arrives at the receiving PHA's [public housing agency] office, the receiving PHA issues the family a housing choice voucher to enable the family to search in its jurisdiction. The housing choice voucher the receiving PHA issues may not expire before the expiration date established by the initial PHA. For extensions to the housing choice voucher term and the processing of requests for tenancy approval, however, the receiving PHA's policies apply. In addition, the receiving PHA uses its own policies to determine the appropriate unit size for a family moving into its jurisdiction.

The receiving PHA must inform the initial PHA immediately whether it will absorb or administer the family's housing choice voucher assistance and if it approves an extension to the voucher term or changes the unit size of the family's voucher.

The receiving PHA's payment standards are used when the portable family leases a unit. The family will need to be informed of the receiving PHA's policies and payment standards before it begins its search.

Decision to Absorb or Administer

The receiving PHA has the option to *administer* the subsidy for the initial PHA or to *absorb* the portable family into its own housing choice voucher program.

If the receiving PHA decides to administer the initial PHA's housing choice voucher assistance, the housing assistance for the portable family comes from the initial PHA's housing choice voucher allocation. The receiving PHA bills the initial PHA for the full housing assistance payment for the family's unit and for 80 percent of the ongoing administrative fee earned by the initial PHA for that unit.

A PHA that decides to administer a housing voucher may change that decision and decide to absorb at any time in the future. Many agencies, having opted to administer housing vouchers during a time when leasing rates were high and local sentiment favored using housing assistance funds for families from the local waiting list, reversed those decisions when housing markets tightened, leasing rates slowed and PHAs faced low utilization rates and low SEMAP [Section Eight Management Assessment Program] scores. It is not necessary to wait for a recertification or other anniversary date to absorb an administered voucher.

The receiving PHA must promptly inform the initial PHA whether it will bill the initial PHA for assistance on behalf of the portable family or will absorb the family into its own program.

When a new voucher holder leases up under portability, the receiving PHA's decision whether to administer the subsidy or absorb the family will determine which PHA counts the family for income targeting purposes. If the receiving PHA bills the initial PHA, the family will be included in the initial PHA's income targeting calculations; if the receiving PHA absorbs, it will include the family in its admissions when calculating the percentage of extremely low-income families.

Portability Billing

When a family leases up, the receiving PHA is responsible for completing Part II of form HUD 52665 and sending it back to the initial PHA within 10 days of HAP [housing assistance payments] contract execution. A copy of the new form HUD 50058 and any related income verifications must be attached.

The receiving PHA must bill the initial PHA within six months of the date the initial PHA issued the housing voucher. If the receiving PHA fails to meet this deadline, the initial PHA is not obligated to honor the housing voucher and the receiving PHA must absorb the portable family.

The initial PHA is required to pay the receiving PHA within 30 days of the initial billing for housing assistance payments and fees and on a monthly basis thereafter or in accordance with a schedule developed between the initial and receiving PHAs. The initial bill from the receiving PHA to the initial PHA automatically establishes a request for regular payment in the future; the receiving PHA is not required to continue submitting billing forms.

When the receiving PHA administers the subsidy, the initial PHA retains 20 percent of the ongoing administrative fee for that housing choice voucher unless both PHAs reach a different agreement. The initial PHA may also be eligible for a preliminary fee if the portable voucher is part of a funding increment awarded during the first 12 months of the PHA's housing choice voucher program.

The receiving PHA bills the initial PHA for the full amount of the housing assistance payment and 80 percent (or other amount agreed to by both PHAs) of the ongoing administrative fee earned by the initial PHA. (The fee amount to be used when calculating the on-going administrative fee is the amount identified in column 2 of the annual fee notice published by HUD in the *Federal Register*.)

The receiving PHA may also bill the initial PHA for the \$75 hard-to-house fee when the family leased includes more than three minors or a person with disabilities.

Either PHA may contact the HUD state or area office for assistance in resolving portability disputes between PHAs, although efforts to reach mutual agreements without HUD's involvement are encouraged. Frequently, involvement of management or executive staff at both agencies and agreement to use logs and other monitoring tools internally is all that is required.

HUD may reduce administrative fees to an initial PHA if the PHA does not promptly reimburse the receiving PHA or may impose other sanctions against PHAs that are not in compliance with portability procedures.