



Office of the Executive Officer

INFORMATION CALENDAR

March 20, 2007

To: Honorable Chairperson and
Members of the Housing Authority

From: PK Phil Kamlarz, Executive Officer

Submitted by: Stephen Barton, Housing Director

Subject: Status of Housing Authority Operations

INTRODUCTION

This report is prepared to update the Authority Board on the accomplishments and operational challenges included in the improvement efforts at the BHA.

CURRENT SITUATION AND ITS EFFECTS

I. Accomplishments

1. Section 8 Voucher Wait List Purge. Staff successfully completed the first purge of the Section 8 Housing Choice Voucher since 1999. Prior to the purge the wait list numbered approximately 5,000 applicants; the new list contains approximately 1,000 applicants. Over 50% of the update forms were returned due to incorrect address information. Approximately 12 families contacted the BHA to advise they were omitted from the mass update project. Each case was reviewed, and where appropriate, the family was afforded an opportunity to update their application and retain their position on the wait list. Of the 1,000 applications:

- 480 are families (2 or more persons)
- 278 are single person disabled households
- 40 are single person elderly households (62 or older)
- 200 are "others" (single person, non-elderly, non-disabled)

The BHA staff spends a lot of time responding to applicants inquiring about their position on the wait list. Under the leadership of Jason Ferguson of Information Systems we will soon go live with an interactive, internet system where applicants can obtain their position on the wait list at any time by entering their name and the last 4 digits of their social security number (or an alternate PIN).

2. Leasing Project Base Developments.

- A. Sacramento Senior Homes. This 40 unit property includes 39 project based voucher units. Initial leasing began on October 26, 2007. All of the 39 project based voucher units were filled with families from the BHA Section 8 Wait List.
 - B. University Avenue Senior Homes. This 80 unit property includes 40 project based voucher units. Initial leasing is scheduled for May 2007. The BHA responded to the owner's request for potential tenants on March 2, 2007, providing the names of 38 applicants from the newly purged BHA Section 8 Wait List.
3. Administrative Plan Revision. Staff has completed a comprehensive revision of the Administrative Plan (for the Section 8 Voucher Program). The proposed plan includes several significant policy changes all designed to meet the primary goal of assisting the maximum number of families, up to the 1,841 allocation. This goal will be achieved by policies that:
- A. Provide the minimum level of subsidy (voucher size) required to house the family;
 - B. Limit the administrative burden associated with frequent and/or short term interim recertifications of family income;
 - C. Limit the ability of families to add individuals to the assisted family;
 - D. Limits on the amount of time the BHA will continue making rental subsidy payments when a family is absent from the unit;
 - E. Include standards for the annual evaluation (part of the annual recertification) of requests for reasonable accommodations for persons with disabilities (including significant restrictions on additional bedrooms)
4. Impact of Payment Standard and Utility Allowance Changes. Staff is continuing to monitor the impact of the policy decisions surrounding payment standards and utility allowances. The changes are implemented incrementally, as families participate in the annual recertification process. Thus far there have not been any reports of excessive rent increases. We will continue to monitor this for the next several months. We are also revising our annual recertification notice to ask families to share their most recent utility bill so we can gather data on actual utilization and cost.

II. Operational Issues

1. PIC Reporting. In accordance with Housing and Urban Development (HUD) efforts to insure performance at the Housing Authority level, financial sanctions are enforced against any agency failing to maintain performance at 95% or greater of all required annual recertifications of family income eligibility (beginning January 2007). For the

past few months, staff efforts have been concentrated on completing past due recertifications in hopes of meeting the 95% threshold. We have increased the frequency of our transmissions, and responded promptly to all error reports. The most recent statistic, February 2007, reflects BHA performing at 80.97% (333 delinquent recertifications), and thus continues to be sanctioned approximately \$12,000 per month in administrative fees. Because the reporting rate is only updated once each month (around the 4th or 5th of each month), we will not know the results of our March efforts until April 4th or 5th. The financial sanction will continue until BHA achieves a compliance rate of 95% or greater. There is no ability to recover administrative fees withheld.

We recently confirmed that our low reporting rate is related in part to a combination of:

- A. Flawed information in our housing authority software system being transmitted to HUD in the Voucher Management System (VMS). As a result, we have overstated the current size of our program – resulting in a lower performance rate. *We are:*
 - i. *Reviewing each of the approximately 200 cases on “hold” to determine if they represent current program participants in the BHA Program;*
 - ii. *Reviewing our “current contract” report to determine which of the approximate 125 clients residing in other cities have been absorbed by the receiving housing authority and should be removed from our list of active vouchers;*
 - iii. *Reviewing our “voucher searching” report of approximately 240 report to determine which have expired and should be terminated and removed from the system.*
 - iv. *Comparing the BHA database with the PIC database to determine the variance.*
- B. Failure to perform timely recertifications of all current program participants.
 - i. *We are reviewing the case file for each of the 196 delinquent recertifications to determine if the recertification has been initiated (if not, letters are being generated or if PIC corrections are necessary); if the family has provided the required documents but staff has failed to process same (if so, staff have been directed to process immediately), or if the family is in violation for failure to cooperate (if so, program termination is being proposed).*

- ii. *We determined that approximately 137 of the 333 past due recertifications are for families that ported into the jurisdiction, but are not properly reported in the system. We are creating "historical adjustments" that will allow us to properly assign the clients to BHA.*
- C. Failure of staff to properly respond to "error reports" provided by HUD through the income verification system and/or error reports generated in response to 50058 transmissions. A significant number of the "past due" recertifications have actually been performed (and transmitted) but because they contain an error (i.e. in client social security number or date of birth) the file is rejected.
- i. *Staff has been instructed on how to read and interpret the errors reported on the HUD EIV form (used for all recertifications) so that the error can be corrected before the next transmission. Staff has been advised (as has the leadership of local 790 and 535) that they are fully accountable for making the required corrections during the annual recertification process. On March 12, 2007 all caseworkers (including supervisory and finance staff) participated in a special ½ day PIC training session with HUD staff.*
 - ii. *We are transmitting 50058s at least twice each week. We are reviewing the error reports immediately, making the required corrections and resubmitting.*
- D. Lack of management tools to effectively track the status of annual recertifications.
- i. *Jason Ferguson (Information Technology) is out-stationed to the BHA two days per week to provide direct assistance with the computer system. Progress is being made to allow us to generate variance and exception reports from the Elite system.*
 - ii. *Two staff members visited the Seattle Housing Authority to assess their operation, and review the system generated reports they use to track recertifications. Unfortunately, Seattle is not utilizing Elite as the sole software application. They have a number of other systems which link to Elite to produce the required reports.*
 - iii. *We are enhancing our participation in the Elite system users group to obtain best practices information.*
 - iv. *We are utilizing excel spreadsheets and daily check-in with caseworkers to assess the progress on completing past due recertifications.*

- v. *We hired 5 caseworkers (from a bay area housing authority) that assist every other Friday. Their primary focus is gathering documents and performing the income calculation for current recertifications. This allows BHA staff to focus on past due cases, while insuring that we continue efforts to process current cases.*
 - vi. *We hired a retired HUD worker (from Fair Housing) to assist with general program compliance and case file reviews.*
2. SEMAP. We have approximately 3 months to complete all the required functions for the FY 2006-07 SEMAP certification and achieve the minimum performance rating of 95%. Based on the most recent information in the HUD database (as of February 28, 2007), we are focusing our efforts on the following:
- i. *Correct Tenant Rent Calculations. Only one case is showing a discrepancy with the income calculation. We have reviewed the file; the error will be corrected and resubmitted before the end of the month.*
 - ii. *Precontract HQS Inspections. The system is showing 3 cases where the date of the initial inspection is later than the effective date of the contract. We have identified the three cases, and each is a data entry error. These errors will be corrected and resubmitted before the end of the month.*
 - iii. *Annual HQS Inspections. The system is reporting that only 47% of the required inspections have been performed. Actually we are current, and completing annual inspections prior to the contract anniversary. The problem is the data has not been electronically submitted to HUD (or placed in the tenant files), and there are a few cases with incorrect dates (i.e. the date of the passed inspection is in 2011). Our goal is to complete transmission (including corrections) by the end of April. We are working with HUD staff to determine if there is a simple way to transmit the inspection data (versus generating an interim recertification). For future inspections, we are exploring electronic options (hand held devices) with the Information Technology Department to eliminate a lot of the data entry currently required.*
 - iv. *Annual Recertifications. The system is showing 333 delinquent recertifications. Of the 333 we suspect that approximately 137 are attributable to portability. For example, if the initial housing authority did not properly end local participation, clearing the way for the BHA to properly attach the client. We will identify the names and will be transmitting "historical adjustments" to correct the problem and*

properly attach them to BHA so that our recertification data can be received by HUD.

3. Public Housing

- A. It is time for Phase 4 of the annual Public Housing Assessment System (PHAS) certification, the Resident Service and Satisfaction Survey. BHA Staff is working with Affordable Housing Associates to complete the required actions, including marketing the survey to residents in a manner designed to achieve the highest possible response rate. The process starts March 5th (any necessary address corrections) and concludes August 17th with the BHAs submission of a "Follow Up Plan" for any indicators where we score below 75%.
- B. Program/Property Management FY 2007-08. The BHA has contracted with Affordable Housing Associates (AHA) since 2003 for management of the 61-units of Federally assisted and 14-units of State funded rental units. The contract expired in December 2006, and was extended through March 31, 2007. One additional extension is proposed to extend the term to June 30, 2007. During the intervening period staff will evaluate the most cost effective, resident responsive means for providing the four management services (leasing, rent collection, building and landscape maintenance and tenant services) in the next fiscal year.

- 4. Basic Program Compliance. In the seven months since the current BHA Manager was appointed, little time has been available to step back and assess the overall operation of the Agency. Instead, an inordinate amount of time has been spent investigating and resolving major discrepancies on a case-by-case basis. As a result of the various investigations, staff has been given written and verbal instructions on proper handling, and policies have been refined and addressed in the new Administrative Plan. The BHA Manager is working closely with the City Attorney's Office to resolve potential legal issues and to recommend appropriate actions. In every case, every effort is made to preserve the assistance of the eligible family, and to mitigate any financial hardship. What follows is a listing of some of the major problems discovered. The list is not comprehensive. The BHA Manager is investigating various options that will provide the resources necessary to do a global assessment of the operation, rather than relying on the current method of responding after problematic situations arise.

- A. Erroneous payments to landlords.

- i. In response to demands from landlords for significantly past due payments (6 or more months), we discovered limited situations where staff failed to execute a Housing Assistance Payment (HAP) contract within 60-days of the effective date of the lease. An underlying

problem was lack of a system for tracking Request for Lease Approvals. *A system has been implemented to track each phase of the process, and forms for timely notification to the landlord and tenant of key actions have been created. A local policy has been implemented requiring the BHA Manager's signature on any new contract with a retroactive payment greater than 30 days.*

- ii. While reviewing error and discrepancy reports from HUD, we discovered a number of situations where the assisted person was deceased. In some situations there were indications that staff knew or should have known about the death of the client, and should have acted to terminate the voucher and the HAP contract, or transfer the voucher to a remaining household member. Unfortunately, there are situations where no action was taken and payments continued to the landlord for several months or longer. *All staff has been instructed to enter notes in the computer system whenever any form of notice that an assisted individual has passed away (notice from a family member; notice from the landlord; newspaper or television reporting, etc), and to send an email to the case worker and supervisor. Caseworkers have been instructed to respond immediately to any actual or implied notice that a client no longer resides in the unit (i.e. has passed away; doesn't respond to notices), including placing an immediate hold on future rental subsidy payments.*
- iii. Other situations were identified where we were making rental subsidy payments for unoccupied units:
 1. A review of the file revealed actual or implied information that the client had vacated the unit (either with advance notice to the BHA, or confirmation by the BHA at the time of unit inspection, or returned mail) yet no action was taken to hold or terminate rental subsidy payments; or
 2. Upon review of existing documentation, we confirmed that we were making subsidy payments for a unit on "A" Street while the family was residing in a unit on "B" Street without the benefit of a unit inspection and HAP contract; or
 3. By reviewing payment history, we discovered overlapping subsidy (for different units) for 2 or more months.

A policy has been implemented requiring that staff promptly respond to any item returned by the postal service. If there is any possibility that our assisted client no longer resides at the

property, a hold is to be placed on the HAP until the situation can be properly evaluated.

In the case of unit transfers, including portability, staff has been instructed to (a) place a hold on the HAP as soon as a family submits a 30-day notice to move or a mutual release from the current landlord, and (b) send written notice to the landlord and tenant advising that no future payments will be made unless both parties provide written notification that the tenancy is continuing.

B. Excess Subsidy Payments

- i. Situations were discovered where the client was assigned the incorrect bedroom size voucher, and thus the incorrect payment standard was applied. This situation was generally associated with cases where there was a change in household composition from one year to the next (for example, a child moved out of the unit, and the family was not properly downsized).
- ii. Other situations involved granting of enhanced subsidy as a reasonable accommodation for a person with disabilities either without proper third party verification of the need and/or reasonable nexus to the disability (for example, providing an additional bedroom for storage of a porta-potty).
- iii. There is also evidence that staff failed to properly process the income discrepancy information reported by HUD in the EIV system. For example, the EIV report reflects earned income of \$3,000 from "employer Y" per quarter during the previous year, but the family reported TANF only. No action was taken by staff to determine fraud or to attempt recovery of the excess subsidy.
- iv. We are discovering some unresolved data conversion problems, including the assignment of 1-1-1901 as date of birth for some heads of household. This error qualifies the household as an "elderly household" and grants a \$400 deduction. During processing of the annual recertification staff failed to note and correct the error, thereby granting an erroneous deduction from income. The impact on tenant rent is immaterial, yet qualifies as a fatal error.

Some of these errors are attributable to confusing, conflicting or incomplete instructions from management. Others are the result of failure to properly test the converted data before conversion was completed. Where these errors have occurred during the past six months, it is the result of inattention and/or sloppy staff work.

- C. Payment for ineligible clients. In the Section 8 Program a disabled person can have a live-in attendant (LIA) to allow them to live independently. A separate bedroom is provided for the LIA, but the person is not considered a family member. His or her income does not count toward the family rent contribution, and most importantly, the LIA does not have any right to continued assistance when they are no longer required to assist the program participant. We came across at least one instance where the program participant died, the LIA remained in the unit, and the BHA continued making subsidy payments for more than one year. *We have a good system for documenting with the family and the attendant, the implications of designating the caregiver as a live-in attendant versus a family member. We don't have a good system for notifying the owner which household members are assisted. We will be revising our contract form to clarify when someone is in the unit as the live-in attendant, and thus not eligible for continued assistance. We are also working with the Rent Stabilization Board to obtain information that we can share with owners so that they know how to approach possession of the unit after the assisted tenancy terminates.*

POSSIBLE FUTURE ACTION

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

The financial impacts vary depending on the action. Appropriate reports with cost estimates and budget sources will be provided at the appropriate time.

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