



U.S. DEPARTMENT OF  
HOUSING AND URBAN DEVELOPMENT  
OFFICE OF INSPECTOR GENERAL

March 30, 2018

**MEMORANDUM NO:**  
2018-CF-1803

## *Memorandum*

TO: Dane M. Narode  
Associate General Counsel, Office of Program Enforcement, CACC

*//signed//*

FROM: Christeen Thomas  
Director, Joint Civil Fraud Division, GAW

SUBJECT: Final Civil Action: Southern Blvd I, L.P., Settled Allegations of Making False  
Certifications Related to Section 8 Housing Assistance Payments

### **INTRODUCTION**

The U.S. Department of Housing and Urban Development (HUD), Office of Inspector General (OIG), assisted HUD's Office of General Counsel, Office of Program Enforcement, in the civil investigation of Southern Blvd I, L.P. The owner executed a housing assistance payments contract for a 73-unit multifamily housing development named Southern Blvd I located in Bronx, NY. The project received HUD project-based Section 8 assistance for 72 of these units.

### **BACKGROUND**

Omni New York, L.L.C., the owner of Southern Blvd I, L.P., renewed its project-based Section 8 housing assistance payments contract, effective June 1, 2012. Project-based Section 8 assistance is rental subsidies provided by HUD to low- and very low-income families residing in a multifamily project. HUD provides Section 8 rental subsidies to the owners of certain mortgaged properties under a housing assistance payments contract. The number of units receiving Section 8 assistance is specified in the contract. Section 8 rental subsidies are an amount equal to the difference between the HUD-approved rent and the HUD-required rental contribution from eligible tenant families.

In exchange for receiving benefits under the HUD program, the owner entered into a Section 8 housing assistance payments contract, which required the owner to lease assisted units to Section 8 income-eligible families; maintain the project in a decent, safe, and sanitary condition for the

residents; and comply with Section 8 reporting, management, and accounting requirements. The owner was supposed to verify tenants' income and assets, verify an appropriate-size unit if there was a change in family size, and verify the use of HUD's Enterprise Income Verification (EIV) system<sup>1</sup> according to HUD's regulations and administrative requirements.

The owner submitted alleged false certifications for payment on seven applications between 2013 and 2014. These certifications were allegedly false because the owner allowed tenants to remain in units for which they were no longer eligible.<sup>2</sup>

### **RESULTS OF INVESTIGATION**

On May 17, 2016, the Office of Program Enforcement issued a letter with a notice of intent to file legal action under the Program Fraud Civil Remedies Act of 1986<sup>3</sup> against Southern Blvd I, L.P., in connection with its participation in the project-based Section 8 Program. The Government alleged that between 2013 and 2014, Southern Blvd I, L.P., violated HUD requirements in at least three ways: it failed to verify assets and income, it failed to transfer overhoused tenants, and it failed to use or document the use of HUD's EIV system.

On September 27, 2017, Southern Blvd I, L.P., entered into an agreement with the Federal Government to pay \$40,000 to settle the false certification allegations. The settlement agreement was not an admission of liability or fault on the part of any party.

### **RECOMMENDATION**

We recommend that HUD's Office of General Counsel, Office of Program Enforcement,

1A. Acknowledge that \$40,000 in the attached settlement represents an amount due HUD.

As of the date of this memorandum, the settlement amount of \$40,000 had been satisfied. Therefore, no further action is required by the Office of General Counsel. At issuance of this memorandum, HUD OIG will enter a management decision into HUD's Audit Resolution and Corrective Action Tracking System, along with the supporting payment information to show that final action was completed.

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<sup>1</sup> EIV provides income discrepancy reports to identify families who may have substantially underreported household income.

<sup>2</sup> 24 CFR (Code of Federal Regulations) 880.605 and HUD Handbook 4350.3, REV-1, section 7-16

<sup>3</sup> 31 U.S.C. (United States Code) 3801-3812