



Newark Housing Authority, Newark, NJ

Housing Choice Voucher Program



To: Theresa Arce, Director, Office of Public and Indian Housing, Newark Field Office, 2FPH

//SIGNED//

From: Kimberly S. Dahl, Regional Inspector General for Audit, 2AGA

Subject: The Newark Housing Authority, Newark, NJ, Did Not Ensure That Units Met Housing Quality Standards and That It Accurately Calculated Abatements

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

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

The Inspector General Act, Title 5 United States Code, section 8M, requires that OIG post its publicly available reports on the OIG website. Accordingly, this report will be posted at <http://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call me at 212-264-4174.



Audit Report Number: 2018-NY-1008

Date: September 28, 2018

The Newark Housing Authority, Newark, NJ, Did Not Ensure That Units Met Housing Quality Standards and That It Accurately Calculated Abatements

Highlights

What We Audited and Why

We audited the Newark Housing Authority's Housing Choice Voucher Program. We selected the Authority for review because the U.S. Department of Housing and Urban Development (HUD) authorized more than \$111 million in program funding for its Housing Choice Voucher Program in fiscal years 2016 and 2017 and based on our risk analysis of public housing agencies located in the State of New Jersey. The objective of the audit was to determine whether the Authority ensured that its program units met HUD's housing quality standards and whether it abated housing assistance payments when required.

What We Found

The Authority did not ensure that its program units met housing quality standards, and it did not accurately calculate housing assistance payment abatements. Of 29 program units inspected, 25 did not meet HUD's housing quality standards, and 23 of those units materially failed to meet HUD's standards. Further, the Authority incorrectly calculated the abatement amount for 4 of the 20 abated units reviewed. These conditions occurred because the Authority's inspectors did not apply their housing quality standards training to thoroughly inspect units and it did not have adequate controls over the calculation of abatements. As a result, the Authority disbursed \$110,943 in housing assistance payments for units that materially failed to meet HUD's housing quality standards and paid its contractor \$708 in fees to inspect these units. Additionally, it disbursed \$4,459 for housing assistance payments that should have been abated. Unless the Authority improves its inspection program and controls over the calculation of abatements, it will continue to pay housing assistance for units that materially fail to meet housing quality standards. Further, its program participants will continue to be subjected to unsafe living conditions.

What We Recommend

We recommend that HUD require the Authority to (1) certify, along with the owners of the 25 units cited in the finding, that the applicable housing quality standards violations have been corrected; (2) reimburse its program \$111,651 for the 23 units that materially failed to meet housing quality standards; (3) improve controls over its inspection program; (4) reimburse its program \$4,459 for housing assistance payments that were not properly abated; and (5) improve controls over the calculation of abatements.

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Background and Objective

The Newark Housing Authority was established in 1938 after the passage of the Federal Housing Act of 1937 to build and manage public housing developments for residents of Newark, NJ. The Authority owns 8,067 public housing units, assists an additional 6,907 families through the Section 8 program, and operates various urban renewal programs. The Authority's board of commissioners is comprised of seven members who serve 5-year terms. One member is appointed by the mayor, five members are appointed by the mayor with city council approval, and one member is appointed by the New Jersey Department of Community Affairs as delegated by the governor.

Under the Housing Choice Voucher Program, the U.S. Department of Housing and Urban Development (HUD) authorized the following financial assistance for the Authority's housing choice vouchers for fiscal years 2016 and 2017.

Fiscal year	Budget authority
2016	\$55,256,823
2017	56,324,900

HUD regulations at 24 CFR (Code of Federal Regulations) 982.405(a) require public housing agencies to perform unit inspections before the initial move-in and at least biennially. The Authority must inspect the unit leased to the family before the term of the lease, at least biennially during assisted occupancy, and at other times as needed to determine whether the unit meets housing quality standards. HUD regulations at 24 CFR 982.404(a) require the Authority to ensure that housing units and premises are maintained in accordance with HUD's housing quality standards, and if not, the Authority is required to abate housing assistance payments to the owners until the requirements are met.

In October 2014, the Authority contracted with a service provider to perform housing quality standards inspections for its Housing Choice Voucher Program. The contract was for a 3-year period, with an option to renew for up to two additional 1-year periods at the sole option of the Authority. Specifically, the contract required the contractor to perform all of the duties associated with the inspection function (including scheduling, inspections, rent reasonableness, and quality control inspections) of prospective units and units under housing assistance payments contracts for the Authority's Housing Choice Voucher Program in accordance with the Federal housing quality standards.

Our audit objective was to determine whether the Authority ensured that its Housing Choice Voucher Program units met HUD's housing quality standards and whether it abated housing assistance payments when required.

Results of Audit

Finding: Housing Quality Standards Inspections Were Inadequate and Abatement Amounts Were Not Accurately Calculated

The Authority did not ensure that its units met housing quality standards, and it did not accurately calculate housing assistance payment abatements. Of 29 program units inspected, 25 did not meet HUD's housing quality standards, and 23 of those units materially failed to meet HUD's standards. Further, the Authority incorrectly calculated the abatement amount for 4 of the 20 abated units reviewed. These conditions occurred because the Authority's inspectors did not apply their housing quality standards training to thoroughly inspect units and it did not have adequate controls over the calculation of abatements. As a result, the Authority disbursed \$110,943 in housing assistance payments for units that materially failed to meet HUD's housing quality standards and paid its contractor \$708 in fees¹ to inspect these units. Additionally, it disbursed \$4,459 for housing assistance payments that should have been abated. Unless the Authority improves its inspection program and controls over the calculation of abatements, it will continue to pay housing assistance for units that materially fail to meet housing quality standards. Further, its program participants will continue to be subjected to unsafe living conditions.

Housing Units Did Not Meet HUD's Housing Quality Standards

We statistically selected 29 units from a universe of 2,116 program units that passed an Authority-administered housing quality standards inspection between October and December 2017. The units were selected to determine whether the Authority ensured that the units in its Housing Choice Voucher Program met housing quality standards. We inspected the 29 units from April 3 to April 10, 2018.

Of the 29 housing units inspected, 25 (86 percent) had 302 housing quality standards violations, including 81 violations that needed to be corrected within 24 hours because they posed a serious threat to the safety of the tenants. Additionally, 23 of the 29 units (79 percent) were in material noncompliance with housing quality standards because their violations predated the Authority's last inspection. For most of these cases, the violations were not identified by the Authority's contracted inspectors, creating unsafe living conditions. HUD regulations at 24 CFR 982.401 require that all program housing meet housing quality standards performance requirements, both at the beginning of the assisted occupancy and throughout the assisted tenancy. The regulations categorize housing quality standards performance and acceptability criteria into 13 key aspects. These key aspects are used to detect a variety of violations, such as electrical problems, fire

¹ Calculations were based on the Authority's internal cost fee schedule for housing quality standards inspections, which varied from \$15 to \$34 per inspection, depending on inspection type (annual-initial inspection, reinspection, etc.).

hazards, heating and cooling issues, tripping hazards, whether the tenant has adequate access to the home, whether there is a safe space to prepare food, and pest and vermin infestations.

The following table categorizes the 302 housing quality standards violations in the 25 units that failed our inspections.

Seq. no.	Key aspect ²	Number of violations	Number of units	Percentage ³ of units
1	Illumination and electricity	80	18	62
2	Structure and materials	59	20	69
3	Site and neighborhood	26	10	34
4	Thermal environment	22	10	34
5	Food preparation and refuse disposal	22	11	38
6	Space and security	20	12	41
7	Smoke detectors	20	11	38
8	Access	19	7	24
9	Sanitary facilities	14	7	24
10	Interior air quality	13	5	17
11	Sanitary condition	5	5	17
12	Water supply	2	2	7
13	Lead-based paint	0	0	0
	Total	302		

During the audit, we provided our inspection results to the Authority and the Director of HUD’s Newark Office of Public Housing.

The following photographs illustrate some of the violations noted during our housing quality standards inspections in the 25 units that failed to meet HUD standards.

² The 13 key aspects are listed in descending order according to how many violations were identified.

³ This is the percentage of the 29 sample units with identified violations. For example, the 20 units that had structure and materials violations made up 69 percent of the 29 sample units inspected.



Inspection 2: A taped smoke detector, creating a threat to health and safety. The Authority did not identify this violation during its December 20, 2017, inspection.



Inspection 7: Excessive rat droppings in the basement, indicating a heavy rodent infestation and creating an unsanitary condition for the tenants. The Authority did not identify this violation during its October 23, 2017, inspection.



Inspection 7: A broken window with shards of glass falling out of the frame in the kitchen pantry. The Authority did not identify this violation during its October 23, 2017, inspection.



Inspection 9: One of two open sewers in the basement, creating a health hazard because of harmful sewer gases escaping. The Authority did not identify this violation during its December 11, 2017, inspection.



Inspection 9: Boot-legged wiring in the basement, creating a potential fire hazard and threat to health and safety. The Authority did not identify this violation during its December 11, 2017, inspection.



Inspection 9: A detached wash basin and cabinet, creating an unhealthy sanitary facility. The Authority did not identify this violation during its December 11, 2017, inspection.



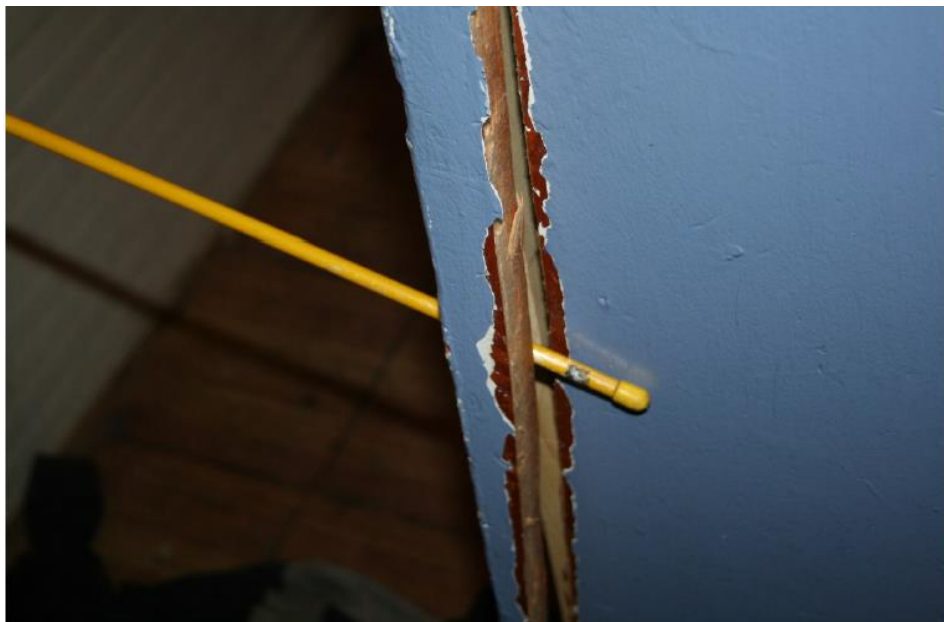
Inspection 15: Open and uncapped flue pipe vents, posing a potential hazard because of carbon monoxide gas seepage. The Authority did not identify this violation during its December 27, 2017, inspection.



Inspection 24: An open junction box in the first floor sprinkler closet, creating a risk of electrical shock and injury. The Authority did not identify this violation during its October 10, 2017, inspection.



Inspection 29: Deteriorated fencing, posing a cutting and tripping hazard with its sharp edges and protruding posts. The Authority did not identify this violation during its November 2, 2017, inspection.



Inspection 29: A cracked rear entry door jamb, posing a threat to space and security. The Authority did not identify this violation during its November 2, 2017, inspection.

The conditions identified in the pictures above and the other issues identified in units inspected occurred because the Authority’s inspectors did not apply their housing quality standards training to thoroughly inspect units. In some cases, the inspectors failed to identify the issues we identified, despite their being preexisting conditions, such as inoperable smoke detectors, vermin infestation, rotted window frames with cracked dangling glass, open sewer lines, and dangerous electrical wiring. In other cases, the inspectors identified the deficiencies but marked them as having been corrected, when our inspection showed that the issues still existed. As a result, the Authority disbursed \$110,943 in housing assistance payments for units that materially failed to meet HUD’s housing quality standards and paid its contractor \$708 in fees to inspect these units. Further, the Authority’s program participants were subjected to housing quality standards violations that created unsafe living conditions during their tenancy.

The Authority Did Not Properly Abate Housing Assistance Payments

The Authority provided data showing that it processed 907 abatement incidents related to failed inspections between January and December 2017. From these records, we identified 191 abatements that had a full abatement cycle⁴ during the same period. We selected 20 of the 191 abatements by selecting every fifth abatement with a full abatement cycle. Four⁵ of the twenty abatements reviewed during the audit period were incorrectly calculated and applied by the Authority. Specifically, the Authority did not abate housing assistance payments in a timely manner for uncorrected 24-hour housing quality standards violations related to smoke detectors and miscalculated abated housing assistance payment amounts. The table below provides details on the uncorrected deficiencies and the amount of ineligible housing assistance payments that should have been abated.

Abatement sample number	Amount of ineligible housing assistance payments that should have been abated
2	\$1,041
11	1,365
14	920
16	1,133
Total	4,459

Regulations at 24 CFR 982.404(a) require the Authority to ensure that housing units and premises are maintained in accordance with HUD’s housing quality standards, and if not, the Authority is required to abate housing assistance payments to the owners until the requirements are met. Section 10.6 of HUD’s Housing Choice Voucher Guidebook 7420.10G states that abatements must begin on the first of the month following the determination that the housing quality standards violations were not corrected within the Authority-specified period for correction.

⁴ A full abatement cycle consists of a failed inspection, an abatement, and a passed reinspection.

⁵ These 4 units were not included in our sample of 29 units inspected.

These conditions occurred because the Authority did not have adequate controls over the calculation of abatements. Specifically, while the Authority stated that its policy was to consider smoke detector violations as 24-hour violations only when there was not another working detector in the unit, and that it would allow 30 days to correct the deficiency when there was another working detector, its written procedures did not support this statement and its abatement procedures did not discuss circumstances in which it would allow owners 30 days to fix such deficiencies. Further, the Authority did not follow its unwritten policy for one of the four units with which we found abatement issues even though the unit had no working smoke detectors, and it could not show that it had an adequate system in place to promptly identify deficiencies that had not been corrected within the timeframe it specified. As a result, the Authority disbursed \$4,459 for ineligible housing assistance payments that should have been abated for the four units identified.

Conclusion

The Authority's program participants were subjected to housing quality standards violations, which created unsafe living conditions during their tenancy. The Authority disbursed \$110,943 in housing assistance payments for units that materially failed to meet HUD's housing quality standards and paid its contractor \$708 in fees to inspect these units. Additionally, the Authority disbursed \$4,459 for housing assistance payments that should have been abated. If the Authority does not improve controls to ensure that its program units meet housing quality standards and improve its controls over the calculation of abatements, it will continue to pay housing assistance for units that materially fail to meet those standards. Further, its program participants will continue to be subjected to unsafe living conditions.

Recommendations

We recommend that the Director of HUD's Newark Office of Public and Indian Housing require the Authority to

- 1A. Certify, along with the owners of the 25 units cited in the finding, that the applicable housing quality standards violations have been corrected.
- 1B. Reimburse its program \$111,651 from non-Federal funds (\$110,943 for housing assistance payments and \$708 in associated inspection service fees) for the 23 units that materially failed to meet HUD's housing quality standards.
- 1C. Improve controls over its inspection program to ensure compliance with HUD guidelines and that the results of those inspections are used to enhance the effectiveness of its housing quality standards inspections.
- 1D. Reimburse its program \$4,459 from non-Federal funds for housing assistance payments that should have been abated for units that did not meet housing quality standards.
- 1E. Improve controls to ensure that its staff accurately calculates housing assistance payment abatements.

Scope and Methodology

We conducted the audit from February through August 2018 at the Authority's office located at 500 Broad Street, Newark, NJ, and our office located in Newark, NJ. The audit covered the period January through December 2017 and was expanded as necessary to April 2018 to include calculations of questioned costs and follow up on possible discrepancies noted in the Authority's accounting records, which were later cleared during the course of the review.

To accomplish our audit objective, we interviewed the Authority's employees, contracted inspectors, HUD staff, and program households. We also reviewed

- Applicable laws, regulations, the Authority's administrative plan, HUD's program requirements at 24 CFR Part 982, HUD's Housing Choice Voucher Guidebook 7420.10G, and other guidance.
- The Authority's inspection reports; computerized databases, including housing quality standards inspections, housing quality control log, housing assistance payments, and tenant data; annual audited financial statements for fiscal years 2015 and 2016; policies and procedures; board meeting minutes; contract for inspection services; and organizational chart.
- HUD's monitoring and Section 8 Management Assessment Program⁶ reports for the Authority.

To achieve our audit objective, we relied in part on computer-processed data from the Authority's computer system. Although we did not perform a detailed assessment of the reliability of the data, we did perform a minimal level of testing and found the data to be adequate for our purposes. The minimal level of testing included applying verification procedures and steps to identify potential discrepancies (such as missing records, duplicate records, and obvious data errors) that would impact our statistical sampling and our reliance on the financial records for reporting purposes.

We initially statistically selected 60 program units to inspect from a universe of 2,116 program units that passed an Authority-administered housing quality standards inspection between October 2017 and December 2017. These inspections were conducted by the Authority's contractor. We selected a sample size of 60 units to inspect based on a one-sided 95 percent

⁶ The Section Eight Management Assessment Program measures the performance of public housing agencies that administer the Housing Choice Voucher Program in 14 key areas. The program helps HUD target monitoring and assistance to agencies that need the most improvement.

confidence interval and a simulated error rate ranging from 10 to 50 percent. We inspected 29 of the 60 units between April 3 and April 10, 2018, to determine whether the Authority's program units met housing quality standards. An Authority-contracted inspector accompanied us on all 29 inspections, and we provided the inspection results to the Authority for corrective action during the audit. We were unable to inspect the remaining 31 units selected due to the unexpected unavailability of our appraiser. Although we used statistical sampling to select each unit inspected without bias from the universe of 2,116 units and the issues identified warrant the recommendations included in this report, we cannot project the inspection results to the entire population because we did not complete all 60 inspections.

We determined that 23 of the 29 units (79 percent) materially failed to meet HUD's housing quality standards. We determined that these units were in material noncompliance because of the 302 violations that mostly existed before the Authority's last inspection, which created unsafe living conditions. All units were ranked according to the severity of the violations, and units found to have only one non-life-threatening issue were classified as not material.

The Authority provided data showing that it processed 907 abatement incidents related to failed inspections between January and December 2017. From these records, we identified 191 abatements that had a full abatement cycle during the same period. We selected 20 of the 191 abatements by applying the minimum sample size set by selecting every fifth abatement with a full abatement cycle. Although this sampling method did not allow us to project the results to the population, it allowed us to review more than 10 percent of the abatements that had a full abatement cycle during our audit period and was sufficient to meet the audit objective.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective(s). We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

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:

- Effectiveness and efficiency of 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 applicable laws and regulations - Policies and procedures that management has implemented to reasonably ensure that resources use is consistent with laws and regulations.

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 ensure that inspectors applied their training to thoroughly inspect units and did not have adequate controls over the calculation of abatements.

Appendixes

Appendix A

Schedule of Questioned Costs

Recommendation number	Ineligible 1/
1B	\$111,651
1D	4,459
Totals	116,110

- 1/ Ineligible costs are costs charged to a HUD-financed or HUD-insured program or activity that the auditor believes are not allowable by law; contract; or Federal, State, or local policies or regulations.


Appendix B

Auditee Comments and OIG's Evaluation

Ref to OIG Evaluation

Auditee Comments

- Comment 1
- Comment 2
- Comment 3
- Comment 4
- Comment 5
- Comment 6



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September 18, 2018

Ms. Kimberly S. Dahl
Regional Inspector General for Audit, 2AGA
U.S. Department of Housing and Urban Development
Office of Inspector General
26 Federal Plaza, Room 3430
New York, NY 10278-0068

Subject: HUD OIG Draft Audit Report of the Newark Housing Authority (NHA) Housing Choice Voucher Program

Reference: HUD OIG Draft Audit Report No. 2018-NY-XXX dated September XX, 2018


Dear Ms. Dahl,

By this letter, the Newark Housing Authority ("NHA") responds to the above-referenced U.S. Department of Housing and Urban Development's ("HUD") Office of Inspector General's ("OIG") Draft Audit Report ("Draft Report") on the Newark Housing Choice Voucher Program. While NHA appreciates the opportunity to submit a written response, it is disappointed that this Draft Report includes a number of factual and regulatory errors that NHA previously presented to the HUD OIG auditors during an August 2, 2018 exit conference. Accordingly, NHA reiterates its objections to the HUD OIG's audit approach and disagrees with the draft findings for the following reasons:

1. The HUD OIG delayed audit of housing units beyond the timeframe required by HUD regulation resulting in incorrect and unreasonable audit findings;
2. The HUD OIG failed to apply the required Housing Quality Standard (HQS) protocol or additional rules specified by the Newark Housing Authority HCVP Administrative Plan;
3. The HUD OIG assumed deficiencies predated NHA inspections without any factual evidence or support;
4. The HUD OIG auditor incorrectly categorized certain fail items as Exigent Health and Safety deficiencies. These Exigent Health and Safety deficiencies are not on NHA's list of life-threatening conditions;
5. The HUD OIG improperly concluded that NHA's contracted inspectors did not apply the proper housing quality standards training; and
6. The HUD OIG improperly concluded that NHA did not Properly Abate Housing Assistance Payments.

Additional detail regarding these audit errors and analytical issues is presented below. To ensure the accuracy of the HUD OIG audit findings, NHA requests that the HUD OIG revise the draft Audit Report to correct these errors and issue an updated version of the Draft Report for NHA's review.

Sincerely yours,



Victor Cirio
Executive Director

Attachments

Ref to OIG Evaluation

Comment 1

A. NHA Comments to Draft Report

1. The HUD OIG delayed audit of housing units beyond the timeframe required by HUD regulation

The timing of the HUD OIG audit did not comply with HUD housing inspection guidelines. The OIG references this HUD guideline on page 11 of the Draft Audit Report as follows: Section 10.9 of HUD's Housing Choice Voucher Guidebook 7420.10G states that a sample of units must be reinspected and should be no older than three (3) months at the time of reinspections.

From the timeline noted below, NHA's inspection and HUD's inspection averaged 147 days (4.9 months), which is a large gap to conclude conditions were "pre-existing" and does not comply with 24 CFR 985.3(e) (1) of the Section 8 Management Assessment Program (SEMAP) which states, the "sample is to be drawn from recently completed HQS inspections (i.e. performed during the 3 months preceding reinspection)." In some instances, the HUD OIG performed their inspections as much as 188 days (6.3 months) after NHA's inspection. Further, the results of the HUD OIG audit findings were based on tenant interviews and the HUD OIG Inspector's judgment. This HUD OIG process leaves us to subjective speculation as to the moment in time the deficiency was created and by whom.

Timeline:

- February 14, 2018: HUD OIG emailed NHA to request HQS inspection rosters for the months of October, November and December 2017.
- HUD OIG inspections were conducted from April 3rd through April 18th 2018.

As stated previously, the length of time between the NHA inspections and the HUD OIG inspections was far too long for the results to have reliability. As 24 CFR 985.3 (e) (1) of the Section 8 Management Assessment Program (SEMAP) states, the "sample is to be drawn from recently completed HQS inspections (i.e. performed during the 3 months preceding reinspection)."


This three-month time limit is important because after that length of time it is often impossible to determine if a deficiency was present when the first inspection was performed. Units that are being lived in are naturally going to have items that deteriorate or get broken as time passes. It is not reasonable to expect that units that passed inspection four, five, or six months ago should still be a pass when the HUD OIG inspections are conducted.

The shortest length of time for these HUD OIG inspections was ninety-nine (99) days after the NHA inspection, and the average span was 147 days. The longest span of time between inspections was 188 days which equates to more than six full months. It is clearly unfair to evaluate the accuracy of HQS inspections after that much time has elapsed. Based on this fact alone, the HUD OIG inspection audit is fundamentally flawed and all inspection findings should be dismissed. Table 1 below depicts the number of HUD OIG inspections and the time lapse after the NHA inspection date.

Ref to OIG Evaluation

Comment 1

Table 1: Inspections Selected for HUD OIG Audit Inspection

Days between NHA and HUD OIG inspection:	0 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	151 to 180 days	181 to 210 days
Number of HUD OIG conducted inspections:	0	0	0	8	7	11	3
 HUD Compliant Timeframe							

Since the NHA inspections had been performed so long in the past, the HUD OIG Inspector often chose to rely upon "tenant statements" in order to determine if a fail item was in a failed condition when the NHA Inspector was there even though the original inspection was four, five or even six months in the past. We find it very unlikely that a tenant would remember with any certainty whether an outlet plate cracked five months ago or six months ago, or whether a light bulb was missing in November or December.

In addition, tenants generally have a biased point of view. It is often in their best interest to claim that a failed item has been in poor condition for a long time. In order to avoid responsibility for a repair, they often say "it was like that when I moved in". Furthermore, in a few cases, the person providing this information to the HUD OIG did not even live in the unit but was only there to let the HUD OIG Inspector in. In other cases, the tenant providing the information to the HUD OIG Inspector was clearly impaired. For example, one tenant answered the door with his pants on backwards, yet the HUD OIG Inspector asked that tenant about the condition of several items in the home. NHA maintains that in these types of situations no reliable conclusion can be drawn from the tenants' statements.

Appendix 1 of this response lists the HUD OIG inspections conducted under this audit and the length of time between inspections.

Comment 2

2. The HUD OIG failed to apply the required Housing Quality Standard (HQS) protocol or additional rules specified by the Newark Housing Authority HCVP Administrative Plan

NHA maintains that some of the deficiencies cited by the HUD OIG Inspector are not fail items under the HQS protocol or under the additional rules specified by the Newark Housing Authority HCVP Administrative Plan.



*Exhibit 1: Unit 5
There is no HQS requirement for a handrail be fully graspable*

In Exhibit 1, the HUD OIG Inspector cited this handrail for not being fully graspable because one side of the rail is flush against the wall. The HUD OIG Inspector concluded that it was missed by the NHA Inspector. HUD's 52580-A form states under 8.6 Interior Stairs and Common Halls only that "a handrail is required on extended sections of stairs." There is no HQS requirement for a handrail to be fully graspable.

**Ref to OIG
Evaluation**

Comment 2

A second example is shown in Exhibit 2. This GFCI outlet had been painted over at some point, but it still functioned properly when tested. There is no rule in HQS that prohibits paint on an electrical outlet. Still, the HUD OIG Inspector failed it. The HUD OIG Inspector also failed for loose cabinet doors shown in Exhibit 3, but the 52580-A form states under 2.13 Space for Storage that broken cabinets are a pass with comment item.



Exhibit 2: Unit 27

Functioning outlet. No rule in HQS standards prohibits paint on electrical outlets.



Exhibit 3: Unit 19

Broken cabinets that still open and close are a pass with comment item with HQS standards.

The HUD OIG Inspector failed four bath areas for mildew although HQS does not allow Inspectors to fail units for poor housekeeping. HUD's 52580-A form does allow for Interior Air Quality to be failed under General Health and Safety if the Inspector believes the air quality is "dangerous". NHA does not believe that the condition of these tubs is warranted to be considered dangerous to the air quality.



Exhibit 4: Unit 15 (2 times)

*Mildewed grout
156 days after NHA inspection*



Exhibit 5: Unit 11 (2 times)

*Mildewed grout
180 days after NHA inspection*

Ref to OIG Evaluation

Comment 2

Another unit, Unit 24, was cited for having asbestos in the basement. NHA states that probably half of the basements in Newark have asbestos in them, and there is no statement in HUD's HQS regulations that calls for buildings containing asbestos to be failed. There was no reason to believe that the unit had "abnormally high levels" of asbestos or any other pollutant.

The HUD OIG Inspector also cited two deficiencies for doorbells that didn't work. There is no provision for failing non-working doorbells in the HQS protocol. Units 5 and 11 were the units cited, but no photos are available.

The HUD OIG Inspector also cited several deficiencies for keyed door knobs installed on bedroom doors. These types of door knobs can be locked with a key from the exterior of the room, but they have a thumb turn on the inside of the room so that door can be opened without a key. Some examples are shown on the next page.

The thumb turn is a safety feature that prevents anyone from being locked inside the room. NHA's local standard is that "double-keyed dead bolts are not allowed," but NHA knows of no rule in the HQS protocol that bans single-keyed door knobs with thumb turns on bedroom doors.

Several units were failed for having keyed locks on interior doors, including Unit 22, Unit 13, and Unit 27 as well as the units shown in four photos below. In all, the HUD OIG Inspector recorded twelve deficiencies for single-keyed locks with thumb turns on interior doors.



Exhibit 6: Unit 24
Single keyed lock with thumb turn



Exhibit 7: Unit 25
Single keyed lock with thumb turn

**Ref to OIG
Evaluation**

Comment 2



Exhibit 8: Unit 15
Single keyed lock with thumb turn



Exhibit 9: Unit 5 (2 times)
Single keyed lock with thumb turn

Another example of the HUD OIG Inspector recording fails for non-HQS items is when deficiencies were cited for individual rooms not having two clear means of egress. The HQS standard for "8.2 Exits" as stated in the 52580-A form is that "the building must have an alternative means of exit", not each room. NHA's local standard is that "each unit must have a second means of egress." Again, not each room.

While it is true that sleeping rooms are required to have windows, those windows do not necessarily have to open unless they are one of the means of emergency egress from the unit. Page 10 in Chapter 10 of the HCVP Guidebook states that "any sleeping room must have at least one window. If the window was designed to be opened, it must be in proper working order."

NHA is aware that in the Uniform Physical Condition Standard (UPCS) HUD requires two clear and accessible means of egress from each bedroom, but nowhere in the HQS regulations does it require two clear means of egress from every room. In addition, Chapter 10 of the HCVP Guidebook states that when assessing means of egress, "good practice is to assess potential hazards based on the family residing in the unit" NHA inspectors are taught to consider who is living in the unit when they assess the adequacy of the means of emergency egress, but the HUD OIG Inspector cited deficiencies for windows that were partially obstructed by small items and items that could easily be moved by most people. Exhibits 10 and 11 show two examples:

**Ref to OIG
Evaluation**

Comment 2



*Exhibit 10: Unit 22
Small items in front of window
119 days after NMA inspection*



*Exhibit 11: Unit 23
Light couch in front of window
181 days after NMA inspection*

Exhibit 12 shows a security door at the back lower level of a multi-story unit. The door was locked at the time of the HUD OIG inspection, and the Inspector cited it for lack of egress. However, there was another door on the same level of the unit and a stairway that led directly to the front door of the unit on the upper level, so there were two available means of egress from the building, if not the room.



*Exhibit 12: Unit 22
Back door locked
119 days after NMA inspection*

**Ref to OIG
Evaluation**

Comment 2

The next set of photos shows problems with sink parts that the HUD OIG Inspector failed even though the 62680 A form says that minor defects such as slow drains, marked surfaces, and damaged cabinets should be passed with a comment. None of these are HQS fails according to HUD's HQS protocol.



Exhibit 13: Unit 16
Missing sprayer collar
153 days after NHA inspection



Exhibit 14: Unit 17
Rust on kitchen faucet
152 days after NHA inspection



Exhibit 15: Unit 21
Missing vanity panel
156 days after NHA inspection



Exhibit 16: Unit 19
Slow sink drain
140 days after NHA inspection

Ref to OIG Evaluation

Comment 3

3. HUD OIG Assumed Deficiencies Predated NHA Inspections without any Factual Evidence or Support

In the HUD OIG Inspector's 52580-A reports, deficiencies that the HUD OIG Inspector claims were present when the last NHA inspections were performed are marked with a single asterisk (*). The reports also note the HUD OIG Inspector's reasons for concluding that the failed item was in the same condition months earlier during the NHA inspection.

In most cases, the only reason given is "AO", which stands for "appraiser's opinion." With all due respect, NHA would like to point out that no appraiser or Inspector can look at a cracked outlet cover plate (for example) and determine whether that outlet plate cracked two months ago or six months ago. It is not a matter of experience or opinion. Notwithstanding that fact, the HUD OIG Inspector repeatedly made these conclusions. Most of the time, the HUD OIG Inspector decisions were based on nothing more than speculation.

The only other reason given for the HUD OIG Inspector's decisions is the notation "TS", which stands for "tenant statement". As stated previously, it is highly unlikely that a tenant would remember the exact date when an outlet plate cracked, so these statements are not a reasonable basis for assessment.

In order to demonstrate the difficulty of determining when a deficiency actually occurred, six examples are shown below. In Exhibit 17: The HUD OIG Inspector cited this bathroom for open electrical sockets with missing light bulbs and simply assumed that this condition must have existed or marked corrected when the NHA Inspector was there 166 days earlier. The stated reason was "AO"—appraiser's opinion.

In Exhibit 16, the HUD OIG Inspector failed the missing light bulbs and determined that the deficiency was present 152 days previous. In this case, the HUD OIG Inspector cited a tenant statement as the reason even though the tenant at first said the bulbs had been missing a "couple months" and then changed this answer.



Exhibit 17: Unit 11
Missing light bulbs
166 days after NHA inspection



Exhibit 18: Unit 17
Missing light bulbs
152 days after NHA inspection

In Exhibit 19, the HUD OIG Inspector cited the missing cover on an AC compressor unit as a pre-existing electrical hazard 166 days after the previous inspection. Again, there is no way to determine how long the

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Evaluation**

Comment 3

cover had been missing and the wires had been exposed. The open compartment would not look as clean as it does if it had been exposed to the elements for 5 1/2 months, especially over the course of a fall and winter.

In Exhibit 20, the HUD OIG Inspector cited this broken outlet cover as a pre-existing electrical hazard. This condition was observed 170 days after the previous inspection NHA maintains that there is no way to determine how long the outlet plate had been cracked.



*Exhibit 19: 912 Longworth St
Open AC compressor compartment
166 days after NHA inspection*



*Exhibit 20: Unit 8
Broken outlet cover
170 days after NHA inspection*

In Exhibit 21, the HUD OIG Inspector cited this missing section of downspout as a pre-existing deficiency 166 days after the previous inspection. There is no way to determine how long the section had been missing. Also, there was no water damage noted inside the dwelling, and if this downspout had been missing over the entire winter, some moisture would likely have penetrated the basement area.

In Exhibit 22, the HUD OIG Inspector cited this broken cabinet handle as a pre-existing cut hazard 175 days after the previous inspection. NHA maintains that there is no way to determine how long the handle had been in this condition.

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Evaluation**

Comment 3



*Exhibit 21: Unit 11
Missing downspout section
166 days after NHA inspection*



*Exhibit 22: Unit 5
Broken cabinet handle
175 days after NHA inspection*

NHA maintains that in the examples above it is not possible to determine with any degree of certainty how long these items have been in a failed condition. NHA calls these items "Unable To be Determined" (UTD). In the opinion of NHA's most senior HQS Inspectors, numerous deficiencies that the HUD OIG Inspector claims were missed actually fall into the category of "unable to be determined".

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Evaluation**

Comment 3

The following pages show examples of LITD deficiencies as cited as violations in the draft HUD OIG report on pages 6 through 10

Figure 1:



Inspection 2: A taped smoke detector, creating a hazard to health and safety. The Authority did not identify this violation during its December 20, 2017, inspection.

The OIG HUD Inspector took the photo in figure 1 on April 3, 2018 and determined based simply on his own opinion that this smoke detector was taped over during the previous NHA inspection on December 20, 2017.

However, the property owner was contacted on September 5, 2018, and he verified that he took over the property in December, 2017 and painted the interior of the unit after the beginning of the New Year. The owner confirms that the smoke detector was taped over after the New Year in preparation for painting.

It is therefore clear that this deficiency did not exist during the previous NHA inspection, and the HUD OIG Inspector's assumption was incorrect.

Figure 2:



Inspection 7: Excessive rat droppings in the bathroom, indicating a heavy rodent infestation and creating an unsanitary condition for the tenants. The Authority did not identify this violation during its October 23, 2017, inspection.

This photo in figure 2 was taken on April 4, 2018, a full 163 days (well over five months) after the previous NHA inspection on October 23, 2017. This is a very old building with many possible entry points for vermin.

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Evaluation**

Comment 3

Rodents tend to move inside when cold weather arrives, so the infestation could have begun at any time after October.

However, the HUD OIG Inspector, based solely on opinion, claims that the infestation began before October 23, 2017.

Figure 3:



Inspection 1: A broken window with shards of glass falling out of the frame in the kitchen area. The Authority did not identify this violation during its October 23, 2017, inspection.

This photo in figure 3 was also taken on April 4, 2018, well over five months after the previous NHA inspection on October 23, 2017. Without any evidence to support the HUD OIG Inspector concluded that the damage to the vinyl siding and the broken window was there during the previous NHA inspection.

The accompanying NHA Inspector noted that there were wind storms in the area at the time of these OIG inspections as well as in the weeks before, and the vinyl pieces coming loose could have struck the window and broke it. There is no way to determine exactly when this damage occurred.

Figure 4:



Inspection 2: One of two open sewers in the basement, creating a health hazard because of harmful sewer gases escaping. The Authority did not identify this violation during its December 11, 2017, inspection.

This photo in figure 4 was taken on April 4, 2018 which was 114 days after the previous NHA inspection. Considering the age and condition of this sewer stack, no inspector could possibly determine if this sewer clean-out plug had been removed before December 11 or after. It appears that some work had been done to this sewer subsequent to the NHA inspection based on the floor condition as it appears to have been swept clean subsequent to work being done.

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Evaluation**

Comment 3

Figure 5:



Inspection 9: Boot-legged wiring in the basement, creating a potential fire hazard and threat to health and safety. The Authority did not identify this violation during its December 11, 2017, inspection.

This photo in figure 5 was also taken on April 4, 2018, which was 114 days after the previous NHA inspection on December 11, 2017. The OIG HUD Inspector claims that this electrical deficiency existed prior to that previous NHA inspection.

NHA's Inspectors have over 20 years of experience. One of the inspectors, who is a licensed electrician, reported that if 20 amps had been passing through the exposed 12 gauge wiring for any length of time, there would most likely be burn marks from arcing on the surface of the outlet and or outlet cover.

Based off of the Inspector's experience, NHA concludes that it is common for an outlet to show signs of arcing over time when there are surges. This includes protected plugs inserted in an outlet, so unprotected wiring would certainly show signs of some type of arcing, which this outlet does not. It is quite evident that the OIG Inspector's observation is incorrect.

In addition, when contacted on 09/05/2018, the property owner stated that the tenant in this unit has bootlegged electricity this way in the past when the electrical services have been turned off.

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Comment 3

Figure 6:



Inspection 9: A detached white basin and cabinet, creating an unsafe sanitary facility. The Authority did not identify this problem during its December 11, 2017, inspection.

This photo in figure 6 of a broken wash basin was taken on April 4, 2018, which was 114 days after the previous NHA inspection. The fact that the broken edges of the sink are still very clean suggests that the damage was very recent as of April 4th. Yet the HUD OIG Inspector, based solely on opinion, claims that the damage occurred before December 11, 2017.

Figure 7:



Inspection 15: Open and uncapped fire pipe vents, posing a potential hazard because of carbon monoxide gas leakage. The Authority did not identify this violation during its December 27, 2017, inspection.

This photo was taken on April 5, 2018, which was 99 days after the previous NHA inspection. It was clear that electrical devices and heating and cooling elements had been tampered with in this basement, but it was not at all clear if this damage occurred before or after the previous NHA inspection.

A close look at this photo reveals that there are no cobwebs in these open vents. If the vents had been open for over three months as the OIG HUD inspector claims, they would not look this clean.

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Evaluation**

Comment 3

Figure 8:



Inspection 24: An open junction box in the first floor stairwells closes creating a risk of electrical shock and injury. The Authority did not identify this violation during its October 10, 2017, inspection.

This photo in figure 8 was taken on April 9, 2018, 181 days (six months) after the previous NHA inspection on October 10, 2017. Still, the OIG HUD Inspector determined that this condition existed during the previous NHA inspection.

On September 5, 2018, the property owner was contacted, and he stated that this new junction box was installed in 2018.

The photo shows that the junction box itself looks new. If the box had been open for several months, as the Inspector asserted, one would reasonably expect cobwebs there. These facts call the observation by the OIG Inspector into question.

Figure 9:



Inspection 29: Deteriorated flooring, posing a falling and tripping hazard with its sharp edges and protruding posts. The Authority did not identify this violation during its November 1, 2017, inspection.

This photo in figure 9 was taken on April 10, 2018, a full 159 days (more than five months) after the previous NHA inspection. The steps and railings are obviously old, but the posts are intact, and there is no HQS rule against "protruding posts".

The damage to the right hand rail and the chain-link fencing underneath could easily have occurred any time after the previous NHA inspection, especially after an unusually harsh and snowy winter in Newark with lots of

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Evaluation**

Comment 3

stairway and sidewalk shoveling. However, the HUD OIG Inspector, based only on opinion, claims that the damage occurred before November 2, 2017.

Figure 10:



Inspection 25: A cracked rear entry door jamb, posing a threat to space and security. The Authority did not identify this violation during its November 2, 2017, inspection.

This photo in figure 10 of a cracked door jamb was taken on April 10, 2018, a full 159 days (more than five months) after the previous NHA inspection. It is impossible to determine by observation the date that this specific damage occurred.

The fact that the broken edges of the paint still match up closely and have not been chipped away reasonably indicates that the damage was very recent. However, the HUD OIG Inspector, based simply on opinion, claims that the damage occurred before November 2, 2017. There is no other evidence to support that conclusion.

In Figures 1 through 10 the HUD OIG Inspector made highly questionable determinations based only on opinion and vague tenant statements. In all these cases, we believe the deficiencies should be classified as unable to be determined.

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Comment 4

4. The HUD OIG Items Incorrectly Cited Issues as "Exigent Health and Safety Deficiencies"

Some of the Exigent Health and Safety (EHS) deficiencies reported by the HUD OIG Inspector are not on NHA's list of life-threatening conditions in the NHA Housing Choice Voucher Administrative Plan. The HUD OIG Inspector reported several EHS deficiencies for blocked means of egress, but lack of egress does not appear on NHA's list of life-threatening conditions. Further, HUD regulation, guidance or handbook do not specifically state which deficiencies should be considered exigent health and safety violations but rather looks to housing authorities to define these in their HCVP Administrative Plans so that such standards reflect local conditions.



Exhibit 23: Unit 3
A fail but not EHS



Exhibit 24: Unit 3
Not an EHS item

Exhibit 23 shows a window guard that was cited as an EHS deficiency by the HUD OIG Inspector. In this case, the lack of a release mechanism on the window guard is in fact a fail according to NHA's rules, but it is not listed on the list of life-threatening conditions.

The photo of the dresser and window in Exhibit 24 shows another example of an incorrectly categorized EHS fail by the HUD OIG Inspector. Again, this type of item is not on NHA's life-threatening list. In addition, NHA considers that this window would be accessible to an average, able-bodied person.

The couch pictured in Exhibit 11 (page 7 of this report) is partially blocking a bedroom window. The HUD OIG Inspector declared that this was a fail item and a life-threatening deficiency. As previously stated, it is questionable whether the window is truly blocked, and again, blocked egress is not on NHA's list of life-threatening conditions in their HCVP Administrative Plan, therefore, this item should not have been classified as an EHS deficiency.

It appears that the HUD OIG Inspector's applied an unannounced standard for exigent health and safety deficiencies that is inconsistent with NHA's rules and established list of life-threatening conditions. NHA

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Comment 4

takes the position that these items were not life-threatening conditions according to the rules set forth in NHA's Administrative Plan.

All of the EHS deficiencies cited by the HUD OIG Inspector are listed in Table 2, below, which indicates the number of these fails that are not life-threatening conditions listed in the HCVP Administrative Plan.

Table 2: LTE Fail Items Cited by OIG Inspector

TYPE OF EHS FAIL CITED BY HUD OIG	TOTAL FAILED IN THIS CATEGORY BY HUD OIG	NUMBER NOT A VALID EHS
Smoke detectors	5	1
Security	1	0
Emergency Egress	11	11
Damaged Outlet Covers	5	0
Flue Pipe Issues	6	5
Junction Boxes	12	0
Light Fixtures	1	0
Gas Lines	2	1
Broken Glass	1	0
Exit Lights	1	0
Sewer Gases	3	0
Electric Meters	4	0
Furnace/AC Units	4	0
Breaker Boxes	3	0
Light Fixtures	1	0
Totals	60	19

Comment 5

5. HUD OIG Improperly Concluded that NHA's Contracted Inspectors did not Apply their Housing Quality Standards Training to Thoroughly Inspect Units

HUD OIG Assertions: The Authority's contracted inspectors did not apply their housing quality standards training to thoroughly inspect units (page 11 of the draft report)

NHA's Response:

All HQS inspectors, including the HQS Supervisor, are trained and certified on HUD's housing quality standards and visual lead assessments. The existing training program consists of on-going weekly and monthly training of housing quality standards and on NHA's annual HCVP Administrative Plan. Training objectives include exigent health and safety violations, air quality, electrical hazards, fire hazards, lead-based paint, and sanitary conditions. The in-house HQS trainer sends out quizzes to the HQS inspectors on the last Friday of every month and the results of the quizzes are due back by the next Friday. The results of the quizzes are used to administer remedial inspector training sessions.

The Housing Quality Standards are subjective in many areas. As HUD's Housing Inspection Manual for Section 8 Existing Housing states on page 9, there are "many points where judgment is necessary to discriminate between a pass or fail condition". HUD's Housing Choice Voucher Program Guidebook Chapter 10 makes the same point on page 10-2:

"Not all areas of HQS are exactly defined. While acceptability criteria specifically state the minimum standards necessary to meet HQS, Inspector judgment or tenant preference may also need to be considered in determining whether the unit meets minimum standards."

Ref to OIG Evaluation

Comment 5

Well-informed HQS Inspectors can often reasonably disagree as to whether or not a particular item is a pass or a fail. This is one of the main reasons why HUD is developing a less subjective inspection protocol and is currently piloting the Uniform Physical Condition Standards-Voucher (UPCS-V) protocol. The goal of this new program is ultimately to replace the HQS protocol with a more objective set of standards. Below, we include two examples of items that were failed by the HUD OIG Inspector that fail to recognize the Inspectors' reasonable exercise of discretion and application of their training.



Exhibit 25: Unit 3

Small accumulation of debris is not an HQS fail



Exhibit 26: Unit 27

Functioning downspout is not an HQS fail

The HUD OIG Inspector failed the yard in Exhibit 25 for excessive debris, but HUD's 52580-A says that the standard for garbage and debris is "a level of accumulation beyond the capacity of an individual to pick up within an hour or two". NHA believes that this amount of debris could easily be picked up in less than an hour.

The downspout in Exhibit 26 was failed by the HUD OIG Inspector even though it still functioned. The standard in the 52580-A form for gutters and downspouts is that they should fail only if they show "serious decay and have allowed the entry of significant water...into the interior." Once again, NHA does not believe that this downspout meets that standard.

6. The HUD OIG Improperly Concluded that NHA did Not Properly Abate Housing Assistance Payments

The NHA's Policies Include Internal Controls to Ensure Housing Payment Abatements are Accurate.

The NHA abates HAP on units that fail HQS inspections in accordance with 24 CFR §982.404 and its Administrative Plan. Owners are sent written notices to cure non-emergency items within 30-days and cure life-threatening emergencies within 24 hours.

When an owner fails to correct non-emergency items cited within 30-days, housing assistance payments are abated effective the first of the month, following the end of the month in which the failed re-inspection occurred, and payments will not resume until:

Comments 6 and 7

Ref to OIG Evaluation

Comment 6

Comment 7

- The owner corrects the deficiencies, in which case the housing assistance payments may be resumed as of that date. It is the owner's responsibility to notify NHA in writing that all required repairs have been made and that the unit is ready for re-inspection

For emergency items, housing assistance payments are abated effective the first of the month, following the end of the month in which the failed re-inspection occurred.

As stated in the Administrative Plan, no retroactive payments are made for the period during which the rent abatement occurred. When the deficiencies are corrected, however, pro-ration of the monthly HAP payment may be provided to the owner based on the date a NHA inspector certified the required work was completed.

Further, the HAP contract is terminated at the end of the month following expiration of the 30-day notice to terminate, in instances when an owner or tenant fail to repair life-threatening emergency conditions within the required 24-hour time period or non-emergency conditions within the required 30-days.

The HUD OIG's Findings Overstate the Proposed Abated Amount

For the emergency items cited by the HUD OIG audit, the abated amount is overstated and not in line with NHA policy and procedure. The OIG audit calculated the abated period beginning the day after the failed 24-hour re-inspection. Whereas, the NHA policy states that the HAP is to be abated effective the first of the following month following the end of the month in which the failed re-inspection occurred. This approach in accordance with 24 CFR §982.404 and the CFDA 14871, that require no HAP to be paid on units that are out of compliance with HQS.

CFDA 14.871, page 178 item 4. Housing Quality Standards Inspections, states.

Compliance Requirement – For units under HAP contract that fail to meet HQS, the PHA must require the owner to correct any life threatening HQS deficiencies within 24 hours after the inspections and all other HQS deficiencies within 30 calendar days or within a specified PHA-approved extension. If the owner does not correct the cited HQS deficiencies within the specified correction period, the PHA must stop (abate) HAPs beginning no later than the first of the month following the specified correction period or must terminate the HAP contract.

The NHA does Not Concur with Six of the Seven Items Cited by the HUD OIG for Uncorrected 24-Hour Deficiencies

The NHA does not concur with six of the seven items cited by the HUD OIG for uncorrected 24-hour deficiencies. In all six instances the NHA cited the item as a regular fail and either determined the item was corrected within the required 30-day timeframe or abated the item until it was corrected.





According to the NHA's Administrative Plan, Life-threatening conditions include, but are not limited to:

- No heat/inadequate heat levels between October 1 and May 1.
- No electricity in the entire unit.
- No running water.
- Natural gas leak or fumes from any fuel burning equipment.
- Major plumbing leaks or flooding (such as sewer backup or stoppage).
- Any electrical outlet, switch, stationary light fixture, fuse box or circuit breaker that smokes, sparks or short circuits, creating a fire hazard.
- Uninhabitable units due to fire, tornado, destroyed or vandalized property that prevents a tenant from using the bathroom or kitchen or from entering the dwelling unit.

**Ref to OIG
Evaluation**




Comment 7

- Any life threatening condition as determined by the inspector and approved by the inspection supervisor.

Items	Deficiency	NHA Response
2	Smoke detector violations	<p>The NHA does not concur with this citation. The item was cited as a regular fail item instead of an emergency item by the NHA in its inspection on July 28th, 2017. When there is another working smoke detector in the unit; smoke detectors are cited as regular fail item. In accordance with 24 CFR 982.404 (a) (3) a re-inspection was conducted on August 18th, 2017, where the NHA verified the item had been corrected. <u>HQS Procedure Excerpt: Emergency Repair Items...No operating or functioning smoke detector or carbon monoxide detector on each level of the home</u> [Note: Unit contained six smoke detectors in total. In caption below, picture 1 details smoke detector located outside of the kitchen in hallway and picture 2 details smoke detector located in living room.]</p>
Item 2 cont'd		<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Picture 1</p>  </div> <div style="text-align: center;"> <p>Picture 2</p>  </div> </div>
7	Trip hazard from uneven stairs	<p>The NHA does not concur with this citation. The items were cited as a regular fail items instead of an emergency items by the NHA in its inspection on May 30th, 2017. Neither item met the criteria of an emergency item as defined in the HQS procedures or NHA's Administrative Plan. In accordance with 24 CFR 982.404 (a) (3) a re-inspection was conducted on June 26th, 2017, where the NHA verified the items had not been corrected. The HAP was abated for the period July 1st, 2017 thru August 31st, 2017 because the unit, subsequently passed inspection on September 1st, 2017. <u>HQS Procedure Excerpt: Emergency Repair Items...Obstacle which prevents participant's entrance or exit, and Broken glass where someone could be injured.</u> [Note: Tripping hazard is on the outside of the stair rail and does not block access to unit. See Picture 3 and 4. Glass was cracked not broken. See Picture 5.]</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Picture 3</p>  </div> <div style="text-align: center;"> <p>Picture 4</p>  </div> </div>



**Ref to OIG
Evaluation**

Comment 7

Items	Deficiency	NHA Response
		<p>Picture 5</p> 
11	Smoke detector violations	The NHA concurs with this citation.
13	Ongoing bathroom exhaust violations	The NHA does not concur with this citation. The item was cited as a regular fail item by the NHA in its inspection on April 26 th , 2017. In accordance with 24 CFR 982.404 (a) (3) a re-inspection was conducted on May 17 th , 2017, where the NHA verified the item had been corrected. However, a new item was cited in the May 17 th , 2017 inspection, in accordance with regulation the owner was given 30-days to cure the new failed item. When the unit was re-inspected on June 7 th 2017 all the new items cited in the May 17 th 2017 had been corrected. Therefore no abatement was placed. [Notice citing new inspection date with new item attached.]
14	Smoke detector violations	<p>The NHA does not concur with this citation. The item was cited as a regular fail item instead of an emergency item by the NHA in its inspection on October 23rd, 2017. When there is another working smoke detector in the unit, smoke detectors are cited as regular fail item. In accordance with 24 CFR 982.404 (a) (3) a re-inspection was conducted on November 15th, 2017, where the NHA verified the item had been corrected. <u>HQS Procedure Excerpt: Emergency Repair Items...No operating or functioning smoke detector or carbon monoxide detector on each level of the home</u> [Note: Unit contained five smoke detectors in total. In caption below, picture 6 details smoke detector located in the living room and picture 7 details smoke detector located in hallway near a closet.]</p> <p>Picture 6</p>  <p>Picture 7</p> 
16	Smoke detector violations	The NHA does not concur with this citation. The item was cited as a regular fail item instead of an emergency item by the NHA in its inspection on June

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Evaluation**

Comment 7

		28 th , 2017. When there is another working smoke detector in the unit; smoke detectors are cited as regular fail item. In accordance with 24 CFR 982.404 (a) (3) a re-inspection was conducted on July 17 th , 2017, where the NHA verified the item had been corrected. <u>HQS Procedure Excerpt: Emergency Repair Items...No operating or functioning smoke detector or carbon monoxide detector on each level of the home</u> [Note: Unit contained five smoke detectors in total. In caption below, picture 8 details smoke detector located in the hallway and picture 9 details smoke detector located in the living room.]
		<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Picture 8</p>  </div> <div style="text-align: center;"> <p>Picture 9</p>  </div> </div>
18	Water off due to maintenance	The NHA does not concur with this citation. The item was cited as a regular fail item instead of an emergency item by the NHA in its inspection on August 4 th , 2017. The Inspector confirmed with water was turned off temporarily due to maintenance. Therefore, the item did not meet the criteria of an emergency item as defined in the HQS procedures or NHA's Administrative Plan. The owner was onsite with a plumbing professional doing work and the tenant confirmed "that when the owner performs work on the plumbing the water is switched off for a few hours". In accordance with 24 CFR 982.404 (a) (3) a re-inspection was conducted on August 16 th , 2017, where the NHA verified the item had been corrected. <u>HQS Procedure Excerpt: Emergency Repair Items...No running hot water; and Administrative Plan Excerpt: Emergency HQS Items...No running water</u>

Comment 8

The NHA plans to make the following changes to its Administrative Plan to strengthen HQS and abatement protocols on items that will be considered Life-Threatening Emergencies and non-Life Threatening Emergencies.

The following will be considered Emergency Fail items because they are Life-Threatening Emergencies:

- No heat/inadequate heat levels between October 1 and May 1.
- No electricity in the entire unit.
- No running water.
- Natural gas leak or fumes from any fuel burning equipment.
- Major plumbing leaks or flooding (such as sewer backup or stoppage).
- Any electrical outlet, switch, stationary light fixture, fuse box or circuit breaker that smokes, sparks or short circuits, creating a fire hazard.
- Uninhabitable units due to fire, tornado, destroyed or vandalized property that prevents a tenant from using the bathroom or kitchen or from entering the dwelling unit.
- Any property determined uninhabitable by a city agency, including uninhabitable units due to fire, flood or other natural disasters
- A working smoke detector is required on every level of the unit (including basements but not unfinished attics). However, if there is more than one working smoke detector on the floor this will not be considered an emergency fail item. It will instead be a regular fail item.

Ref to OIG Evaluation

Comment 8

The following will be checked during every HQS inspection and cited as regular fail items if the conditions are not met:

- Each bedroom must have a smoke detector within 15 feet of the door.
- Working carbon monoxide detectors are required in the kitchen and in the basement if gas appliances, furnaces, or hot water tanks are present. (It is permissible to have the carbon monoxide detector located just outside the kitchen. Combination smoke/carbon monoxide detectors are acceptable.)

Conclusion

As HUD's Housing Choice Voucher Program Guidebook Chapter 10 states on page 10-1 and 10-2, the Housing Quality Standards are a minimum set of standards:

"HQS defines "standard housing" and establishes the minimum criteria necessary for the health and safety of program participants... in order to keep assisted units from having to meet higher standard than units in the unassisted market, PHAs should be cautious and thoughtful when requesting HUD approval of a standard higher standard than HQS."

NHA understands that the rental housing market in Newark is tight. Inspecting units to a standard higher than that required by HQS and NHA standards would make it more difficult for voucher recipients to find housing.

Anyone seeking to draw conclusions from the HUD OIG reports regarding the NHA audit should bear these three facts in mind:

- 1) The HUD OIG Inspector performed his inspection to a higher standard than HQS and reported items that were not cited by the NHA Inspectors. The HUD OIG Inspector also classified several of these fail items as EHS deficiencies when they did not meet NHA's standard for exigent health and safety.
- 2) In addition, the length of time between inspections made it inevitable that there would be new fail items found by the HUD OIG Inspector. As we stated previously, it is not reasonable to expect that a unit that passed inspection four, five, or six months ago would still be a pass when the HUD OIG Inspector arrives.
- 3) Most importantly, for the majority of the deficiencies cited by the HUD OIG Inspector that he classified as pre-dating the last NHA inspection, it was clearly not possible to know exactly how long these failed items had been in a failed condition, regardless of any "tenant statement" or the "appraiser's opinion".

Based on the errors and issues identified by NHA, it appears that the audit findings are not consistent with HUD OIG's audit standards. As stated on page 15 of the draft report: HUD OIG conducted the audit in accordance with generally accepted government auditing standards and these standards require that "we [HUD OIG] plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives."

B. NHA Response to Draft Report Recommendations (page 13 of the draft report)

Comment 9

Comment 10

**Ref to OIG
Evaluation**

Comment 11

Recommendation 1A: Certify, along with the owners of the 25 units cited in the finding, that the applicable housing quality standard violation have been corrected.

NHA's Response:

NHA had notified the landlords and tenants for the 25 units cited with violations by the OIG and performed follow-up inspections on all 25 units to ensure that all deficiencies were corrected or appropriate action was taken to abate payment.

Recommendation 1B: Reimburse its program \$111,651 from non-federal funds (\$110,943 for housing assistance payments and \$708 in associated inspection service fees for the 23 units that materially failed to meet HUD's housing quality standards.

NHA's Response:

As of the date of the exit meeting, HUD OIG did not provide any detail behind the calculation of the reimbursement amount nor the reasoning and/or methodology of this reimbursement such as the starting and ending points of the amount cited per unit.

Because we are disputing the validity of this report (see Items 1-6 on page 1), NHA requests that the OIG does not assess any housing assistance payment reimbursement.

Recommendation 1C: Improve controls over its inspection program to ensure compliance with HUD guidelines and that the results of those inspections are used to enhance the effectiveness of its housing quality standards inspections.

NHA's Response:

See our detailed responses on pages 1 through 20. Noting the following:

1. The HUD OIG delayed audit of housing units beyond the timeframe required by HUD regulation resulting in incorrect and unreasonable audit findings;
2. The HUD OIG failed to apply the required Housing Quality Standard (HQS) protocol or additional rules specified by the Newark Housing Authority HCVP Administrative Plan;
3. The HUD OIG assumed deficiencies predated NHA inspections without any factual evidence or support;
4. The HUD OIG auditor incorrectly categorized certain fail items as Exigent Health and Safety deficiencies. These Exigent Health and Safety deficiencies are not on NHA's list of life-threatening conditions; and
5. The HUD OIG improperly concluded that NHA's contracted inspectors did not apply the proper housing quality standards training.

Recommendation 1D: Reimburse its program \$8,056 from non-Federal funds for housing assistance payments that should have been abated for units that did not meet housing quality standards.

NHA's Response:

See our response on pages 20 through 24.

Recommendation 1E: Improve controls to ensure that its staff accurately calculates housing assistance payment abatements.

NHA's Response:

See our response on pages 20 through 24.

Comment 12

Comment 13

Comment 14

Comment 15

**Ref to OIG
Evaluation**

Comment 1

Appendix 1: Length of Time between Inspections

The following table shows the length of time, in days and months, between the NHA inspections and the HUD OIG inspections:

Unit	INSPECTION TYPE	NHA INSPECTION DATE	HUD OIG INSPECTION DATE	NUMBER OF DAYS BETWEEN INSPECTIONS	NUMBER OF MONTHS BETWEEN INSPECTIONS
Unit 1	Annual	10/3/2017	4/9/2018	188	6.3
Unit 2	Initial	10/5/2017	4/10/2018	187	6.2
Unit 3	Annual	10/10/2017	4/9/2018	181	6.0
Unit 4	Annual	10/11/2017	4/4/2018	175	5.8
Unit 5	Annual	10/12/2017	4/5/2018	175	5.8
Unit 6	Annual	10/11/2017	4/3/2018	174	5.8
Unit 7	Annual	10/12/2017	4/4/2018	174	5.8
Unit 8	Annual	10/18/2017	4/6/2018	170	5.7
Unit 9	Annual	10/23/2017	4/10/2018	169	5.6
Unit 10	Annual	10/18/2017	4/3/2018	167	5.6
Unit 11	Emergency	10/26/2017	4/10/2018	166	5.5
Unit 12	Annual	10/23/2017	4/4/2018	163	5.4
Unit 13	Annual Reinspection	11/2/2017	4/10/2018	159	5.3
Unit 14	Annual	10/30/2017	4/6/2018	158	5.3
Unit 15	Annual	10/31/2017	4/5/2018	156	5.2
Unit 16	Annual Reinspection	11/1/2017	4/3/2018	153	5.1
Unit 17	Annual	11/8/2017	4/9/2018	152	5.1
Unit 18	Initial	11/17/2017	4/10/2018	144	4.8
Unit 19	Annual	11/14/2017	4/3/2018	140	4.7
Unit 20	Initial	12/4/2017	4/6/2018	123	4.1
Unit 21	Annual	12/4/2017	4/5/2018	122	4.1
Unit 22	Annual Reinspection	12/6/2017	4/4/2018	119	4.0
Unit 23	Annual/No show	12/8/2017	4/5/2018	118	3.9
Unit 24	Annual	12/11/2017	4/4/2018	114	3.8
Unit 25	Annual	12/13/2017	4/6/2018	114	3.8
Unit 26	Annual/No show	12/20/2017	4/3/2018	104	3.5
Unit 27	Annual	12/28/2017	4/9/2018	102	3.4
Unit 28	Annual	12/28/2017	4/9/2018	102	3.4
Unit 29	Annual Reinspection	12/27/2017	4/5/2018	99	3.3

Average timelapse:	147 days	4.9 months
Maximum timelapse:	188 days	6.3 months
Minimum timelapse:	99 days	3.3 months

OIG Evaluation of Auditee Comments

Comment 1 The Authority contended that we did not comply with HUD housing inspection guidelines because we did not reinspect units within a 3-month timeframe. Specifically, the Authority noted that our inspections were conducted an average of 147 days, or nearly 5 months, from the last inspection performed by the Authority and its contractor. The Authority stated that it believes that the timeframe is too large of gap in between inspection to conclude conditions were pre-existing. The Authority referred to Section 10.9 of HUD Guidebook 7420.10G and to regulations at 24 CFR 985.3(e)(1) which required that samples for quality controls inspections be drawn from inspections performed during the 3 months preceding reinspection. The Authority maintained that the 3-month timeframe is important because after that length of time it is often impossible to determine if a deficiency was present when the first inspection was performed. As a result of natural wear and tear, the Authority stated that it believes it is not reasonable to expect units that passed inspections months ago should still receive a passing grade when the HUD OIG inspections were conducted.

We agree that Section 10.9 of HUD Guidebook 7420.10G and regulations at 24 CFR 985.3(e)(1) required quality control inspections to meet the 3-month timeframe. However, although this is a requirement for public housing agencies to follow under the Section 8 Management Assessment program, our audit was not intended to follow the self-assessment process under that program. We performed our audit in much greater detail than a public housing agency does in its self-assessment. To determine whether the Authority ensured that units complied with housing quality standards requirements, we reviewed 29 units that were statistically selected. In conjunction with our inspections, we took photographs of violations, interviewed tenants, and reviewed the Authority's latest inspection reports to help us determine whether a housing quality standards violation existed before the last passed inspection conducted by the Authority and its contractor or whether it was identified on the last passed inspection and not corrected. As shown in the photographs in the report, some deficiencies were easily determined to have existed at the time of the Authority's inspection. We believe we were conservative in our determination of preexisting conditions.

Comment 2 The Authority stated that some of the deficiencies we cited are not fail items under the housing quality standards protocol or additional rules specified by its administrative plan. The Authority provided exhibits and details about its disagreements in nine areas. We discuss each of the nine areas below. While we reviewed the Authority's administrative plan and cited units that failed to comply with it, we were not limited to the list of violations outlined in the Authority's plan. We also considered other guidance such as regulations, HUD Guidebook 7420.10G, and state and local codes. Further, in each of the cases discussed below, we identified additional deficiencies in the units. We based our overall

failure designation for each unit on the aggregate of deficiencies identified for that unit.

- Handrail concerns (see exhibit 1): The Authority stated that while we cited the ungraspable handrail for unit 5, it was acceptable because HUD's 52580-A form required handrails only on extended sections of stairs and there was no requirement for a handrail to be full graspable. However, Section 10.3 of HUD Guidebook 7420.10G stated that the condition and equipment of interior and exterior stairs, halls, porches, and walkways must not present the danger of tripping and falling. The tenant may not be able to keep their balance on the stair case because they cannot grab a hold of the railing.
- Painted outlet (see exhibit 2): The Authority stated that the outlet we cited as being painted over for unit 27 was functional and that there was no requirement prohibiting paint on an electrical outlet. However, Section 10.3 of HUD Guidebook 7420.10G stated that electrical fixtures and wiring must not pose a fire hazard. We could not determine whether the outlet worked because the paint was caked on the slots. Painting an outlet poses a fire hazard because it could prevent the plug prongs from making full electrical contact, which could cause a fire due to heat building up.
- Broken cabinets (see exhibit 3): The Authority stated that while we failed unit 19 for loose cabinet doors, HUD's 52580-A form states that broken cabinets are a "pass with comment" item. However, Section 10.3 of HUD Guidebook 7420.10G required the unit to have suitable space and equipment to store, prepare, and serve food in a sanitary manner. Also, Chapter 10.2 required the Authority to be aware of potential safety hazards not specifically addressed in the acceptability criteria, such as damaged kitchen cabinet hardware which may present a cutting hazard to small children. In this case, we believe the broken cabinet posed a hazard.
- Mildew (see exhibits 4 and 5): The Authority stated that we failed four bath areas in units 11 and 15 for having mildew when housing quality standards requirements did not allow inspectors to fail units for poor housekeeping. Further, it stated that it does not believe the condition of the tubs was dangerous to the air quality. However, Section 10.3 of HUD Guidebook 7420.10G required the unit to be free of air pollutant levels that threaten the occupant's health and bathroom areas to have an openable window or other adequate ventilation. While we could not determine whether the mildew was caused by poor housekeeping or ventilation issues, we consider it an air pollutant that could be harmful to the tenant's health. Further, the two units in question had several serious violations that caused them to fail our inspection, such as a gas stove

burner that would not ignite, an expired elevator certificate, a blocked egress, and exposed electrical wiring.

- Basement asbestos: The Authority stated that unit 24 was cited for having asbestos in the basement and noted that (1) half of the basements in Newark probably have asbestos in them, (2) there was no requirement that requires buildings containing asbestos to be failed, and (3) there was no reason to believe the unit had abnormally high levels of asbestos. However, we contend that checking the presence of asbestos in basements in the City of Newark was in the scope of our review because Section 10.3 of HUD Guidebook 7420.10G required the unit to be free from dangerous air pollution levels from carbon monoxide, sewer gas, fuel gas, dust, and other harmful pollutants. In this case, a large pile of shredded and fibrous asbestos insulation was found in the basement that the tenants access regularly. In addition to the possibility for exposure while in the basement, the tenants could have tracked the asbestos fibers into their units.
- Non-working doorbells: The Authority stated that we cited two units for doorbells that did not work and noted that there was no requirement to fail non-working doorbells. However, Chapter 10 of HUD Guidebook 7420.10G required the Authority to comply with state and local code, and New Jersey Administrative Code (N.J.A.C), Section 5.10 required multiple dwelling residences with a main entrance to have functioning door bells to each individual unit.
- Keyed doorknob deficiencies (see exhibits 6 through 9): The Authority noted that we cited several deficiencies for keyed doorknobs and locks on bedroom doors, including four units shown in the photos and three other units. It stated that while the doorknobs can be locked with a key from the exterior of the room, they also have a thumb turn inside of the room so that the door can be opened without a key. Further it noted that its local standard did not allow double-keyed dead bolts, but that it is not aware of any rules prohibiting single-keyed door knobs with thumb turns on bedroom doors. However, Section 10.3 of HUD Guidebook 7420.10G required access to alternate means of exit in case of fire be available at all times. The keyed bedroom locks could impede access to alternate exits in the event of an emergency because the tenant would be trapped in a locked bedroom.
- Number of egress concerns: The Authority stated that we cited individual rooms for not having two clear means of egress when the housing quality standards requirements and its local standards discuss only the building or unit needing to have an alternate means of egress, not each room. The Authority noted that while it is aware that the Uniform Physical Condition

Standard required two clear accessible means of egress, the housing quality standards regulations did not require this for every room and the guidebook stated only that it is a good practice to assess potential hazards. However, Chapter 10 of HUD Guidebook 7420.10G stated that emergency exits from buildings may consist of fire stairs, a second door, fire ladders, or windows, and the emergency exit must not be blocked. Further, NJAC 5:28-1.9 required that rooms used for sleeping purposes to have a safe and unobstructed means of egress leading to an outside area accessible to a street.

- Window egress concerns (see exhibits 10 and 11): The Authority stated that while sleeping rooms are required to have windows, only windows designed to be opened must be in proper working order. Further, it noted that we cited windows in two units that were partially obstructed by small items that could be easily moved. However, according to Section 10.3 of HUD Guidebook 7420.10G, emergency exits must not be blocked. A dresser and a reclining chair are not light pieces of furniture that can be easily moved in the event of a fire.
- Security door egress concerns (see exhibit 12): The Authority stated that while the door for unit 22 was locked at the time of the inspection, there was another door on the same level of the unit and a stairway that led directly to the front door of the unit on the upper level, which meant there were still two available means of egress from the building, if not the room. However, the tenant may not be able to escape in the event of a fire if the back door was locked and the other door became blocked. Further, Section 10.3 of HUD Guidebook 7420.10G required emergency exits to not be blocked.
- Sink deficiencies (see exhibits 13 through 16): The Authority noted that we failed four units for problems with sink parts when HUD's 52580-A form says that minor defects such as slow drains, marked surfaces, and damaged cabinets should be passed with a comment. However, Section 10.3 of HUD Guidebook 7420.10G required food preparation areas to have a kitchen sink in proper operating condition and that sanitary facilities should not have broken fixtures and clogged drains. These deficiencies could create an unsanitary conditions for the tenants and develop into health and safety issues.

Comment 3 The Authority stated that we assumed deficiencies found during our inspection predated its inspections without any factual evidence or support. The Authority noted that in most cases, the reason given for our determination that a deficiency was a pre-existing conditions was an "appraiser's opinion" designation, and that the only other reason given was a "tenant statement" designation. As an example, the Authority asserted that no appraiser could determine whether an outlet plate

was cracked two months ago or six months ago by looking at it. Further, the Authority stated that it is highly unlikely that a tenant would recall the exact date a deficiency developed and that tenant statements are not a reasonable basis for assessment. The Authority included examples related to exhibits 17 through 22, and also provided examples related to five inspection photos included in our finding.

To determine whether the Authority ensured that units complied with housing quality standards requirements, we reviewed 29 units that were statistically selected. In conjunction with our inspections, we took photographs of violations, interviewed tenants, and reviewed the Authority's latest inspection reports to help us determine whether a housing quality standards violation existed before the last passed inspection conducted by the Authority and its contractor or whether it was identified on the last passed inspection and not corrected. We believe that we took a conservative approach to determine the facts and circumstances surrounding violations to conclude whether they existed before the last passed inspection conducted by the Authority. Some violations were easily determined to have existed at the time of the Authority's inspection. In the event that we could not reasonably make a determination of when a violation occurred, we did not categorize it as pre-existing. Further, we maintain that all program units are required to meet housing quality standards performance requirements throughout the assistance tenancy and all of the violations identified during our inspections need to be corrected.

Comment 4 The Authority stated that some of the exigent health and safety deficiencies we reported were not on its administrative plan's list of life-threatening conditions, including blocked means of egress. The Authority noted that the regulation, guidance, and handbook do not specifically state which deficiencies should be considered exigent health and safety violations but rather allowed housing authorities to define them in their administrative plans so that such standards reflect local conditions. The Authority provided an example of a window guard issue that it considered a deficiency, but not a life-threatening condition, and two examples of windows that we classified as blocked. Last, the Authority provided a table classifying 60 deficiencies we listed as life-threatening and noting how many of the 60 it did not consider a valid exigent health and safety deficiency.

We disagree with the Authority's assertion that we incorrectly reported exigent health and safety deficiencies. While we cited units that failed to comply with the Authority's requirements, we were not limited to the list violations outlined in the Authority's administrative plan. Regulations at 24 CFR 982.401(1) required the site and neighborhood to be free from dangers to the health, safety and general welfare of the occupants, including items such as: adverse environmental conditions that are either natural or manmade such as dangerous walks or steps; poor drainage; sewer hazards; excessive accumulation of trash; and fire hazards. During our inspections, we used professional judgment and experience in

reporting health and safety violations. As part of the normal audit resolution process, the Authority will need to improve controls over its inspection program to ensure compliance with HUD guidelines. This could include reviewing its current administrative plan and making adjustments if necessary based on the results of this report and of its own inspections.

Comment 5 The Authority contended that we improperly concluded that its inspectors did not apply their training to thoroughly inspect units, and maintained that its inspectors are trained and certified on HUD's housing quality standards and visual lead assessments, and described the weekly and monthly training and quizzes administered. Further, the Authority stated that housing quality standards are subjective in many areas and noted that well-informed HQS inspectors can often reasonably disagree on violations observed during inspections. We agree that housing quality standards are subjective in nature. However, housing quality standards do set an expectation that inspections are thoroughly executed and completed, and we found that the inspectors did not thoroughly inspect the units. For example, in some cases, the inspectors failed to identify issues that were preexisting such as open sewer lines and dangerous electrical wiring. In other cases, the inspectors had identified the deficiencies, but had marked them as being corrected, when our inspections showed that the issues still existed.

Comment 6 The Authority noted that we overstated the abatement amount. Specifically, it stated that our calculations were based on abatements starting after the failed reinspection instead of on the first of the month following the failed reinspection. Based on the Authority's comments and additional information provided in its comments, we removed three of the seven units cited in our finding. Further, we ensured that the abatement amount cited for the remaining four units started on the first of the month following the failed reinspection.

Comment 7 The Authority disagreed with the deficiencies cited for six of the seven units discussed in our draft report. It stated that in all six cases, the disagreement related to whether the violations should have been classified as needing to be fixed within 24 hours or needing to be fixed within 30 days. The bullets below summarize the Authority's concerns and our response.

- Smoke detector violations (units 2, 14, and 16): For three of the four units cited for smoke detector violations, the Authority contended that it properly cited the violations as regular 30-day deficiencies. The Authority stated that when there is another working smoke detector in the unit, it considered smoke detector violations to be a regular non-emergency deficiency and noted that its procedures require only one working smoke detector on each floor level of the assisted unit. The Authority claimed that in each of the three cases, there was a working smoke detector nearby in the unit. However, the inspection reports did not document this and the Authority's written policies and procedures did not discuss how it would handle this situation. Further, we believe the smoke

detector violations should have been classified as 24-hour violations and that abatements should have been calculated accordingly.

- Trip hazard violation (unit 7): The Authority stated that this item was cited as a regular fail item instead of a 24-hour violation because the portion of the stairs that was a tripping hazard was on the outside of the rail and did not block access to the unit. Upon review of the information provided, we agree with the Authority's classification of the violation. As a result, we removed the unit from our finding.
- Bathroom exhaust violation (unit 13): The Authority stated that this item was cited as a regular fail item, noted that the issue identified during the first inspection was corrected before the second inspection. Therefore, while the reinspection had identified a new issue, the owner was given a new 30-day cycle to cure the new item. Upon review of the information provided, we agree with the Authority's classification of the violation. As a result, we removed the unit from our finding.
- Water shut off due to maintenance (unit 18): The Authority stated that based on discussions with the tenant, it determined that the issue cited was not a 24-hour violation. Further, it noted that the issue was corrected within the same month it was cited. Upon review of the information provided, we determined that regardless of whether the deficiency was a 24-hour violation, it was corrected within the month it was cited and the unit was not subject to abatement. As a result, we removed the unit from our finding.

Comment 8 The Authority stated that it plans to amend its administrative plan to strengthen housing quality standards and abatement protocols for items considered life threatening emergencies and non-life threatening emergencies. It stated that in cases where bedrooms do not have a smoke detector within 15 feet of the door, it planned to cite the issue as a regular fail. Further, it stated that in cases where there is not a working carbon monoxide detector in the kitchen and in the basement when required, it planned to cite the issue as a regular fail. The Authority's planned actions are related to recommendations 1C and 1E. We agree with the Authority's plan to amend its administrative plan to strengthen procedures to clarify what it considers to be a life threatening emergencies and to clarify its housing quality standards and abatement protocols. We encourage the Authority to consider the safety of its tenants and the protocol currently being piloted as discussed on page 20 of its response. As part of the normal audit resolution process, the Authority will need to provide documentation showing that it strengthened controls over its inspection program and the calculation of abatements.

Comment 9 The Authority stated that HUD's program guidebook establishes the minimum criteria necessary for the health and safety of program participants in order to

keep assisted units attainable to program participants. Further, it expressed concerns related to inspecting units to a higher standard due to issues in the local housing market. We agree that the HUD guidance establishes the minimum criteria necessary. However, we disagree with the Authority's implementation of the criteria and how it classifies some deficiencies. We discuss this further in comment 2.

- Comment 10 The Authority stated that our audit findings are not consistent with audit standards. We disagree. As stated in the Scope and Methodology section of the report, our audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective(s). We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.
- Comment 11 The Authority stated that it had notified the landlords and tenants for the 25 units cited for violations and performed follow-up inspections on all 25 units to ensure all deficiencies were corrected. The Authority's actions are responsive to recommendation 1A. As part of the normal audit resolution process, it will need to provide certifications to show that the applicable violations have been corrected.
- Comment 12 The Authority stated that we did not provide any detail behind the calculation of the reimbursement amount nor the reasoning of this reimbursement such as starting points of the amount cited per unit. Further, the Authority stated that because it is disputing the validity of the report, it requests that we not assess any reimbursement. After the exit conference, we provided the Authority with information related to the calculation in recommendation 1B. We calculated the reimbursement amount for each of the 23 units cited by totaling the housing assistance payments made by the Authority between when we believe it improperly passed the unit on an inspection and when our inspection was performed. We then added in the amount the Authority paid for the inspections in question. While we acknowledge its concerns with the report, we recommend that HUD require the Authority to reimburse its program from non-Federal funds for the 23 units that materially failed to meet HUD's housing quality standards.
- Comment 13 The Authority disagreed with recommendation 1C based on the reasons detailed on pages 1 through 20 of its response. However, while the Authority disagreed with the inspection process used during this audit, it is important to have strong controls over its inspection program to ensure compliance with HUD requirements and to ensure that the results of inspections are used to enhance the effectiveness of housing quality inspections. On page 24 of its comments, the Authority stated that it plans to make updates to its administrative plan to strengthen HQS protocols. We encourage the Authority to review its protocols to

ensure that the issues identified in this report are addressed in its plan. As part of the normal audit resolution process, the Authority will need to show that it has reviewed its controls and made improvements where necessary.

Comment 14 The Authority disagreed with recommendation 1D based on the reasons detailed on pages 20 through 24 of its response. As discussed in comments 6 and 7, we revised this section of the finding and now cite only four units as having abatement issues. The updated amount cited in recommendation 1D is \$4,459.

Comment 15 The Authority referred to its detailed response on pages 20 through 24 in response to recommendation 1E. On page 24 of its comments, the Authority stated that it plans to make updates to its administrative plan to strengthen abatement protocols. We encourage the Authority to review its protocols to ensure that the issues identified in this report are addressed in its plan and that staff accurately calculate abatements. As part of the normal audit resolution process, the Authority will need to show that it has reviewed its controls and made improvements where necessary.