



Issue Date	September 23, 2008
------------	--------------------

Audit Report Number	2008-CH-1012
---------------------	--------------

TO: Thomas S. Marshall, Director of Public Housing Hub, 5DPH

FROM:  Heath Wolfe, Regional Inspector General for Audit, 5AGA

SUBJECT: The Cincinnati Metropolitan Housing Authority, Cincinnati, Ohio, Did Not Effectively Operate Its Section 8 Housing Quality Standards Inspection Program

## **HIGHLIGHTS**

### **What We Audited and Why**

We audited the Cincinnati Metropolitan Housing Authority's (Authority) Section 8 Housing Choice Voucher program (program). The audit was part of the activities in our fiscal year 2008 annual audit plan. We selected the Authority based upon our analysis of risk factors relating to the housing agencies in Region V's jurisdiction. Our objective was to determine whether the Authority administered its program in accordance with U.S. Department of Housing and Urban Development's (HUD) requirements. This is the first of two audit reports planned on the Authority's program.

### **What We Found**

The Authority's program administration regarding housing unit conditions was inadequate. Of the 65 housing units statistically selected for inspection, 56 did not meet HUD's housing quality standards and 50 had 284 violations that existed at the time of the Authority's previous inspections. The 50 units had between 1 and 15 preexisting violations per unit. Based on our statistical sample, we estimate that over the next year, HUD will pay more than \$5.8 million in housing assistance for units with material housing quality standards violations.

We informed the Authority's executive director and the Director of HUD's Cleveland Office of Public Housing of a minor deficiency through a memorandum, dated September 17, 2008.

### **What We Recommend**

We recommend that the Director of HUD's Cleveland Office of Public Housing require the Authority to reimburse its program from nonfederal funds for the improper use of more than \$35,000 in program funds and implement adequate procedures and controls to address the finding cited in this audit report to prevent more than \$5.8 million from being spent on units with material housing quality standards violations over the next year.

For each recommendation without a management decision, please respond and provide status reports in accordance with HUD Handbook 2000.06, REV-3. Please furnish us copies of any correspondence issued because of the audit.

### **Auditee's Response**

We provided our review results and supporting schedules to the Director of HUD's Cleveland Office of Public Housing and the Authority's executive director during the audit. We provided our discussion draft audit report to the Authority's executive director, its board chairman, and HUD's staff during the audit. We held an exit conference with the executive director on August 25, 2008.

We asked the executive director to provide comments on our discussion draft audit report by September 12, 2008. The executive director provided written comments, dated September 11, 2008. The executive director disagreed with our finding. The complete text of the written comments, along with our evaluation of those comments, can be found in appendix B of this report except for 10 pages of documentation that was not necessary for understanding the Authority's comments. A complete copy of the Authority's comments plus the documentation was provided to the Director of HUD's Cleveland Office of Public Housing.

# TABLE OF CONTENTS

---

Background and Objective	4
Results of Audit	
Finding: Controls over Housing Unit Inspections Were Inadequate	5
Scope and Methodology	12
Internal Controls	14
Appendixes	
A. Schedule of Questioned Costs and Funds to Be Put to Better Use	16
B. Auditee Comments and OIG's Evaluation	17
C. Federal Requirements and the Authority's Program Administrative Plan	27

## BACKGROUND AND OBJECTIVE

---

The Cincinnati Metropolitan Housing Authority (Authority) was established in 1933 under Section 3735.27 of the Ohio Revised Code to provide decent, safe, and sanitary housing. In 2006, the Authority merged with the Hamilton County, Ohio Housing Authority's Section 8 Housing Choice Voucher program. The Authority serves households in neighborhoods throughout the City of Cincinnati, Ohio and Hamilton County. A five-member board of commissioners governs the Authority. Board members are appointed for five-year terms. The positions are appointed by the Probate Court (one appointment), the city manager (two appointments, one of which must be a public housing resident), Hamilton County Board of Commissioners (one appointment), and the Court of Common Pleas (one appointment). The board makes operational and budgetary decisions regarding the use of federal funds allocated for housing. The Authority's executive director is appointed by the board of commissioners and is responsible for coordinating established policy and carrying out the Authority's day-to-day operations.

The Authority administers a Section 8 Housing Choice Voucher program (program) funded by the U.S. Department of Housing and Urban Development (HUD). The Authority provides assistance to low- and moderate-income individuals seeking decent, safe, and sanitary housing by subsidizing rents with owners of existing private housing. As of April 2008, the Authority had 10,819 units under contract with annual housing assistance payments totaling more than \$55 million in program funds.

Our objective was to determine whether the Authority administered its program in accordance with HUD's requirements. This is the first of two audit reports planned on the Authority's program.

## RESULTS OF AUDIT

---

### Finding: Controls over Housing Unit Inspections Were Inadequate

The Authority did not adequately enforce HUD's housing quality standards. Of the 65 program units statistically selected for inspection, 56 did not meet minimum housing quality standards and 50 had material violations that existed at the time of the Authority's previous inspections. The violations existed because the Authority failed to exercise proper supervision and oversight of its program unit inspections. It also lacked adequate procedures and controls to ensure that its program units met HUD's housing quality standards. As a result, more than \$35,000 in program funds was spent on units that were not decent, safe, and sanitary. Based on our statistical sample, we estimate that over the next year, HUD will pay more than \$5.8 million in housing assistance on units with material housing quality standards violations.

---

#### **HUD's Housing Quality Standards and the Authority's Housing Standards Not Met**

From the 1,507 program units that were inspected by the Authority between March 1 and May 15, 2008, we statistically selected 65 units for inspection by using data mining software. The 65 units were inspected to determine whether the Authority ensured that its program units met HUD's housing quality standards. We inspected the 65 units between June 9 and July 15, 2008.

Of the 65 units inspected, 56 (86 percent) had 395 housing quality standard violations including 284 violations that predated the Authority's previous inspections. In addition, 50 units containing 284 violations were considered to be in material noncompliance since they had health and safety violations and/or multiple violations that predated the Authority's previous inspections or had a violation that was noted in the Authority's previous inspections but was not corrected. The following table categorizes the 395 violations in the 56 units.

Category of violations	Number of violations
Electrical	136
Windows	48
Interior walls/surfaces	31
Floor	23
Ceiling	19
Security	18
Smoke detectors	18
Other potential hazardous features	15
Range/refrigerator	13
Exterior stairs	12
Lead-based paint	12
Tub/shower unit	7
Flush toilet in enclosed room	7
Exterior surfaces	7
Interior air quality	6
Roof	5
Infestation	5
Site and neighborhood	4
Sink	3
Chimney	3
Foundation	<u>3</u>
Total	<u>395</u>

We provided our inspection results to the Director of HUD's Cleveland Office of Public Housing and the Authority's executive director on August 1, 2008.

### Electrical Violations

One hundred thirty-six electrical violations were present in 44 of the Authority's units inspected. The following items are examples of the electrical violations listed in the table: outlets with open ground, disconnect boxes with exposed electrical contacts, ground fault circuit interrupters that did not turn off once tripped, exposed electrical outlets, unacceptable repairs, and holes or gaps in a breaker box. The following pictures are examples of the electrical-related violations.

Household 66860: Ad hoc repair to a damaged electric panel cover plate that needs to be replaced.



Household 65378: Outlet box pulls out of a living room wall.



## Window Violations

Forty-eight window violations were present in 24 of the Authority's units inspected. The following items are examples of window violations listed in the table: rotted sashes and frames, peeling paint, mold, broken panes, and windows that did not stay up. The following pictures are examples of the exterior window violations identified.



Household 102311:  
Rotten sash frame on a  
2<sup>nd</sup> floor (rear) front  
bedroom window.



Household 63416:  
Mold on the bathroom  
window.



### Interior Wall Violations

Thirty-one interior wall violations were present in 22 of the Authority's units inspected. The following items are examples of the interior wall violations listed in the table: handrails too short, holes in walls, and missing wall trim. The following pictures are examples of interior walls/surface-related violations.



Household 102311:  
The handrail on the  
stairway to the  
basement stops short  
of the top of the  
stairway.



Household 5296:  
Holes and missing  
wall base trim  
covering bathroom  
walls.



### **Adequate Procedures and Controls Lacking**

The Authority lacked adequate procedures and controls to ensure that its program units met HUD's and its requirements. It also failed to exercise proper supervision and oversight of its program unit inspections. The Authority conducted adequate quality control inspections and adequate training, and turnover of inspectors was low. The inspectors stated that they used electrical testers. According to the Authority's documentation, it appears that the Authority had adequate procedures and controls in place. However, it failed to conduct inspections that ensured its program units met HUD's housing quality standards.

## Landlords and Tenants Subject To Unapproved Inspections

Landlords and households were subject to inspections that exceeded housing quality standards, were not approved by HUD, and placed units in abatement proceedings for violations with reduced time to correct the violations. The Authority had been conducting its “clean sweep” inspections since 2003. The inspections’ intent was to ensure that program units curb appeal was within the local neighborhoods’ appearance standards. Units were cited for uncut grass, abandoned and unregistered cars, clutter on porches, over grown bushes, and other violations concerning appearance of the property. These violations required correction within 15 days, as opposed to other inspections, which allowed 30 days for violations to be corrected before abatement procedures began. Some of the violations went beyond housing quality standards and local code, which requires HUD approval. The Authority had not received HUD approval to conduct these inspections as required when exceeding housing quality standards. The Authority’s previous Section 8 director stated that the Authority was beginning to work with HUD for approval of these inspections. As of September 23, 2008, the clean sweep inspections were not approved by HUD.

## Conclusion

The housing quality standards violations existed because the Authority failed to exercise proper supervision and oversight of its program unit inspections. It also lacked adequate procedures and controls to ensure that its program units met HUD’s housing quality standards. The Authority’s households were subjected to health- and safety-related violations, and the Authority did not properly use its program funds when it failed to ensure that units complied with HUD’s housing quality standards. In accordance with 24 CFR [*Code of Federal Regulations*] 982.152(d), HUD is permitted to reduce or offset any program administrative fees paid to a public housing authority if it fails to enforce HUD’s housing quality standards. The Authority disbursed \$32,558 in housing assistance payments for the 50 units that materially failed to meet HUD’s housing quality standards and received \$3,036 in program administrative fees.

If the Authority implements adequate procedures and controls over its unit inspections to ensure compliance with HUD’s housing quality standards, we estimate that the Authority can avoid spending more than \$5.8 million in future housing assistance payments on units that are not decent, safe, and sanitary over the next year. Our methodology for this estimate is explained in the Scope and Methodology section of this audit report.

## Recommendations

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

- 1A. Reimburse its program \$35,594 from nonfederal funds (\$32,558 for program housing assistance payments plus \$3,036 in associated administrative fees) for the 50 units that materially failed to meet HUD's housing quality standards.
- 1B. Implement adequate procedures and controls to ensure that all units meet HUD's housing quality standards to prevent \$5,870,016 in program funds from being spent on units that do not comply with HUD's and the its requirements over the next year.
- 1C. Certify, along with the owners of the 56 units cited in this finding, that the applicable housing quality standards violations have been repaired.
- 1D. Remove the requirement for clean sweep inspections from its administrative plan and stop conducting clean sweep inspections until the Authority receives approval from HUD.

## SCOPE AND METHODOLOGY

---

To accomplish our objective, we reviewed

- Applicable laws, the Authority's program administrative plans effective April 2006 and April 2007, HUD's program requirements at 24 CFR Part 982, and HUD's Housing Choice Voucher Guidebook 7420.10.
- The Authority's accounting records; annual audited financial statements for 2005, 2006, and 2007; program household files; computerized databases; policies and procedures; board meeting minutes for 2006, 2007, and 2008; organizational chart; and program annual contributions contract.
- HUD's files for the Authority.

We also interviewed the Authority's employees, HUD staff, and program households.

We statistically selected 65 of the Authority's program units to inspect from the 1,507 units that were inspected by the Authority and passed from March 1 through May 15, 2008, using data mining software. The 65 units were selected to determine whether the Authority ensured that its program units met HUD's housing quality standards. Our sampling criteria used a 90 percent confidence level with a 50 percent estimated error rate and precision level of plus or minus 10 percent.

Our sampling results determined that 50 of the 65 units (77 percent) materially failed to meet HUD's housing quality standards. Materially failed units were those considered to have health and safety violations and/or multiple violations that predated the Authority's previous inspections or those units that had a violation that was noted in the Authority's previous inspections but was not corrected.

The Authority's Voucher Management System reports for the 12-month period January to December 2007 showed that the average monthly housing assistance payment was \$474 [(\$55,398,794 divided by 9,746) divided by 12 months]. Projecting our sampling results of the 50 units that materially failed to meet HUD's housing quality standards to the population indicates that 1,032 units or 68.51 percent of the population contains the attributes tested (would materially fail to meet HUD's housing quality standards). The sampling error was plus or minus 8.2 percent. In other words, we are 90 percent confident that the frequency of occurrence of the attributes tested lies between 68.51 and 85.33 percent of the population. This equates to an occurrence of between 1,032 and 1,285 of the 1,507 units in the population.

- The lower limit is 68.51 percent X 1,507 units equals 1,032 units that materially failed to meet HUD's housing quality standards.
- The point estimate is 76.92 percent X 1,507 units equals 1,160 units that materially failed to meet HUD's housing quality standards.
- The upper limit is 85.33 percent X 1,507 units equals 1,285 units that materially failed to meet HUD's housing quality standards.

Using the lower limit of the estimate of the number of units and the average housing assistance payment, we estimate that the Authority will annually spend \$5,870,016 (1,032 units X \$474 monthly average payment X 12 months) for units that materially failed to meet HUD's housing quality standards. This estimate is presented solely to demonstrate the annual amount of program funds that could be put to better use on decent, safe, and sanitary housing if the Authority implements our recommendation. While these benefits would recur indefinitely, we were conservative in our approach and only included the initial year in our estimate.

We performed our on-site audit work between April and July 2008 at the Authority's office located at 1044 West Liberty Road, Cincinnati, Ohio. The audit covered the period January 1, 2006, through March 31, 2008, but was expanded when necessary to include other periods.

We performed our audit in accordance with generally accepted government auditing standards.

# INTERNAL CONTROLS

---

Internal control is an integral component of an organization's management that provides reasonable assurance that the following objectives are being achieved:

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

Internal controls relate to management's plans, methods, and procedures used to meet its mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance.

---

## Relevant Internal Controls

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

- Program operations – Policies and procedures that management has implemented to reasonably ensure that a program meets its objectives.
- Validity and reliability of data – Policies and procedures that management has implemented to reasonably ensure that valid and reliable data are obtained, maintained, and fairly disclosed in reports.
- Compliance with laws and regulations – Policies and procedures that management has implemented to reasonably ensure that resource use is consistent with laws and regulations.
- Safeguarding resources – Policies and procedures that management has implemented to reasonably ensure that resources are safeguarded against waste, loss, and misuse.

We assessed the relevant controls identified above.

A significant weakness exists if management controls do not provide reasonable assurance that the process for planning, organizing, directing, and controlling program operations will meet the organization's objectives.

## Significant Weakness

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

- The Authority lacked adequate procedures and controls to ensure compliance with HUD's requirements regarding unit inspections (see finding).

### **Separate Communication of a Minor Deficiency**

We informed the Authority's executive director and the Director of HUD's Cleveland Office of Public Housing of a minor deficiency through a memorandum, dated September 17, 2008.



# APPENDIXES

---

## Appendix A

### SCHEDULE OF QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE

Recommendation number	Ineligible 1/	Funds to be put to better use 2/
1A	<u>\$35,594</u>	
1B		<u>\$5,870,016</u>
Totals	<u>\$35,594</u>	<u>\$5,870,016</u>

- 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.
- 2/ Recommendations that funds be put to better use are estimates of amounts that could be used more efficiently if an OIG recommendation is implemented. This includes reductions in outlays, deobligation of funds, withdrawal of interest subsidy costs not incurred by implementing recommended improvements, avoidance of unnecessary expenditures noted in preaward reviews, and any other savings which are specifically identified. In this instance, if the Authority implements our recommendation, it will cease to incur program costs for units that are not decent, safe, and sanitary and, instead, will expend those funds in accordance with HUD's requirements. Once the Authority successfully improves its controls, this will be a recurring benefit. Our estimate reflects only the initial year of this benefit.

# Appendix B

## AUDITEE COMMENTS AND OIG's EVALUATION

### Ref to OIG Evaluation

### Auditee Comments



September 11, 2008

Ronald Farrell  
Assistant Regional Inspector General for Audit  
U.S. Department of HUD  
Office of Inspector General  
200 North High St., Room 334  
Columbus, OH 43125

**Subject : Audit 2008-CH-101X dated September XX, 2008**

Dear Mr. Farrell:

The Cincinnati Metropolitan Housing Authority (CMHA) is in receipt of the discussion draft audit report of the HUD's Office of Inspector General. The audit report states that CMHA's program administration for housing unit conditions was inadequate. The report further states that of the 65 units selected for inspection, 56 did not meet HUD's housing quality standards (HQS) and 51 had 292 violations that existed at the time of CMHA's previous inspections. The report also recommends that CMHA reimburse HUD from non-federal funds for the improper use of more than \$36,000 in program funds, and implement adequate procedures and controls over the next year to address the findings cited in the audit report to prevent more than \$6 million from being spent on units with housing quality standards (HQS) violations. CMHA disagrees with the finding that it has inadequately administered any part of the Housing Choice Voucher program.

It is important to emphasize that CMHA is committed to providing its residents and voucher holders with housing that is safe, decent and sanitary. It is CMHA's goal to promote a program which maintains quality service and integrity for both owners and assisted families, while providing an incentive to private property owners to rent to low-to-moderate income families.

CMHA is also committed to ensuring that staff is trained and has the resources available to conduct their jobs in accordance with HUD regulations and agency standards. All Inspectors are certified in HQS Inspections by one of the leading industry trainers. In addition, CMHA exceeds the number of Quality Control Inspections recommended by HUD.

CMHA's responses to the violations noted in the audit report follow.

**Comment 1**

CMHA, 16 West Central Parkway, Cincinnati, OHIO 45202

Phone: (513) 721-4580 Fax: (513) 685-3106 TDD: (513) 977-5807 Job Line: (513) 977-5659 Website: [www.cintimha.com](http://www.cintimha.com)

Equal Opportunity Employer, Equal Housing Opportunities

1



**Comment 2**

**HUD Housing Quality Standards and the Authority's Housing Standards Not Met**

The OIG report states that of the 65 units inspected, 56 (86%) had 403 HQS violations. CMHA is contending that 10 specific failed items are not HQS violations, thereby reducing the total number of HQS violations to 393.

The OIG report further states that 292 violations existed at the time of CMHA's last inspection. After careful review, CMHA contends that this number should be reduced by 47, for a total of 245 pre-existing violations. It should also be noted that of these 245 pre-existing violations, 78 were open grounds.

While CMHA agrees that violations were found during the OIG inspections, CMHA disputes that 292 violations predated its previous inspections. A separate spreadsheet indicating CMHA's disputed findings is enclosed as Exhibit A to this letter.

**Comment 3**

**Electrical Violations**

The OIG report states 136 electrical violations were present in 44 of the units inspected. Upon review of all electrical fail items, CMHA concludes that 29 of the electrical violations occurred subsequent to CMHA's last inspection, and were in fact, not pre-existing. These items consisted of cracked light switches and outlet covers and utilities that had been turned off in one unit for nonpayment (63416). CMHA agrees that these items are HQS violations, however CMHA contends that they occurred after the inspection performed by staff.

**Comment 4**

In addition, of the 136 electrical violations that were present, 78 were open ground violations. In a community where the housing stock averages more than 100+ years of age, it is common to find 3-prong outlets with open grounds. CMHA feels that forcing the issue will in many cases result in owners installing 2-prong outlets because it will be too costly to rewire a unit. This in turn will cause tenants to use extension cords or adapters to utilize 3-prong appliances, creating additional tenant-caused hazards. In other cases, owners will not make repairs, forcing the units off the HCV program and forcing tenants to move. Over time, this will severely limit housing options for HCV participants that are available to market-rate renters on the private market.

While CMHA has concerns with this finding, controls have been implemented to force owners to have the outlets grounded or replaced with a 2 prong outlet cover. This decision on our part has caused owners to threaten to leave the program. Nonetheless, after the finding during the OIG audits, CMHA promptly issued testers, and procedures have been modified to incorporate this requirement. Landlords participating in the voucher program have also been made aware of the requirement.

Also included in the 136 electrical violations noted by the OIG were 11 findings of inoperable GFCI switches, and 1 finding where the tenant admitted pulling the outlet from the wall. A GFCI outlet which was working as an electrical outlet was considered a passed HQS item, regardless of whether or not the GFCI switch shut down the electrical current. While CMHA maintains that working GFCI switches are not specifically covered by HUD regulations, inspection procedures have been modified to include non-working GFCI switches as failed items in all future HQS inspections.

CMHA, 16 West Central Parkway, Cincinnati, OHIO 45202

2

Phone: (513) 721-4580 Fax: (513) 665-3106 TDD: (513) 977-5807 Job Line: (513) 977-5659 Website: www.cintimha.com

Equal Opportunity Employer, Equal Housing Opportunities



The items listed above represent 87% of the total electrical fail items.

Cracked/broken/missing outlet covers	28
GFCI	11
Open grounds	78
Utilities off	1
Other electric hazards	18
<b>Total</b>	<b>136</b>

**Comment 5**

**Window Violations**

The OIG report states that 48 window violations were present in 24 of the Authority's inspected units. The OIG reported that 28 were pre-existing; CMHA contends that only 15 were pre-existing. The 13 that CMHA is challenging consist of 7 instances of cracked or broken glass, 1 instance of a window crank apparently missing, 4 instances of a mildew like substance which subsequently returned, and 1 instance where a tenant had run a TV cable through a bedroom window (57363), and therefore the window wouldn't close or lock. While CMHA agrees that the items are HQS violations, CMHA contends that they occurred subsequent to CMHA's last inspection of the unit.

Cracked/broken glass	14
Missing window crank	1
Mold	4
Window does not lock	4
Window does not stay open	8
Window will not close because of cable	1
Other window violations	16
<b>Total</b>	<b>48</b>

**Comment 6**

**Interior Wall Violations**

The OIG report states that 31 interior wall violations were present in 22 inspected units. CMHA contends that 5 of the "holes in walls" and the 2 missing towel bar/toilet paper holder violations occurred subsequent to CMHA's inspection of the units.

CMHA, 16 West Central Parkway, Cincinnati, OHIO 45202

3

Phone: (513) 721-4580 Fax: (513) 665-3106 TDD: (513) 977-5807 Job Line: (513) 977-5659 Website: www.cintimha.com

Equal Opportunity Employer, Equal Housing Opportunities



Broken/missing towel bar or TP holder	2
Holes in walls	7
Missing wall trim	2
Missing/inappropriate handrails	11
Paint peeling or blistering	4
Other interior wall violations	5
Total	31

**Comment 7**

**Adequate Procedures and Controls Lacking**

The OIG report states that CMHA lacked adequate procedures and controls to ensure that units meet HQS requirements, and that management failed to exercise proper supervision and oversight of CMHA's HQS inspections.

CMHA conducts 120 quality control inspections annually. This number goes beyond the 77 required under HUD Regulations. The inspections are conducted within 30 days of the annual HQS inspection by inspection department supervisors. Management meets with the inspectors monthly to review HQS requirements and to discuss issues that arise in the field. CMHA has developed several reports to monitor timeliness of inspections, portfolio management and inspection results.

While the OIG inspections revealed several HQS violations, it should be noted that these inspections occurred at least 60 days after the initial CMHA inspection and that most violations occurred subsequent to those inspections. The OIG has itself admitted that tenant caused violations can and do occur within 60 days of an inspection. CMHA assumed that this fact would have some bearing in the OIG report of findings and its determination of violations that existed in the initial inspection performed by CMHA.

**Comment 8**

**Landlords and Tenants Subject to Unapproved Inspections**

The OIG states that landlords and households were subject to inspections that exceeded HQS, were not approved by HUD, and that HAP payments were abated for these violations within 15 days, as opposed to other inspections which allowed 30 days for violations to be corrected. The report further states that, "Some of the violations went beyond housing quality standards and local code, which requires HUD approval."

As allowed by CFR 24§903.23(b) (3), the addition of the concept of neighborhood standards to CMHA's Administrative Plan was tacitly approved by HUD in 2003, when it approved CMHA's Annual Plan without commenting on this addition to the HCV Administrative Plan. CMHA disagrees with the statement that some clean sweep violations went beyond HQS and local code. All clean sweeps are intended to ensure that HUD assisted properties do not conspicuously differ from non-assisted properties in their immediate vicinity. CMHA relies upon local codes, adopted in writing by the various jurisdictions in Hamilton County, to determine whether HCV properties are in compliance with neighborhood standards. It is

CMHA, 16 West Central Parkway, Cincinnati, OHIO 45202

4

Phone: (513) 721-4580 Fax: (513) 665-3106 TDD: (513) 977-5807 Job Line: (513) 977-5659 Website: www.cintimha.com

Equal Opportunity Employer, Equal Housing Opportunities



**Comment 9**

imperative that HCV properties comply with local codes just as non-assisted properties must, in order to achieve this goal.

CMHA also states that the OIG's stance on this issue is contradictory to its own findings since the OIG issued 4 neighborhood site violations which included broken glass on the sidewalk near a door (5296) and an assisted unit next door to a vacant house that was securely boarded up (62016). The HCV Handbook states, in summary, that the PHA should consider the site condition but not look to restrict housing choice for a participant.

**Conclusion**

CMHA maintains that certain violations listed by the OIG are not specifically covered by HUD Regulations or are open to interpretation or are contradicted by local building codes.

The 10 violations listed by the OIG which are contradicted by local building codes should not be considered HQS violations. This would reduce the OIG's findings of 403 HQS violations to 393. A discussion of these 10 items follows:

**Comment 10**

Two units, 15640 and 63877, were cited for missing a secondary exterior railing. As presented in the exit interview, it is CMHA's conclusion that a secondary exterior hand railing is not required based on the following city building code, or by HQS: *City Code 1117-59.3 Outside stairs: "All outside stairs more than four risers high normally used for ingress shall have a substantial handrail on at least one side."* HQS states a fail rating in "absence of a handrail where there are 4 or more consecutive steps."

**Comment 11**

Three units, 67024, 102301, and 40317, were cited for missing guardrails on driveways. CMHA contends a guardrail is NOT required, based on City Code 1117-59.6, which states *"When retaining walls with a difference in grade level on either side of the wall in excess of four feet are located closer than two feet to a walk, path, parking lot or driveway on the high side, such retaining walls shall be provided with a 42-inch high guardrail constructed in accordance with Sections 1003.2.12 through 1003.2.12.2OBC, or other approved protective measure."*

**Comment 12**

One unit, 66860, was cited for a door nailed shut as a means of egress. This same door was cited 3 times for being nailed shut. Based on the following City code and on HQS, CMHA contends that the unit has adequate means of egress and the door can remain nailed shut. Egress through the nearby window is acceptable. City code 1117-11.2 Exits states: *"1, 2, or 3 family dwellings: Only 1 exit is required from an apartment or rooming unit: A 1 or 2 family dwelling not more than 3 stories in height."* HQS CFR 24-982.401(k) access performance requirement state that the dwelling unit must be able to be used and maintained without unauthorized use of other private properties. The building must provide an alternate means of exit in case of fire (such as fire stairs or egress through windows). This same nailed shut door was cited a fourth time because there was no stoop or stairs outside the door. Until the door is put into use as a method of egress, a lack of exterior stoop or stairs should not be an HQS violation.

**Comment 13**

Again, while CMHA acknowledges that 393 HQS violations were found during the OIG inspections, it disputes the number reported by the OIG as existing at the time of the original inspection conducted by CMHA.

CMHA, 16 West Central Parkway, Cincinnati, OHIO 45202

5

Phone: (513) 721-4580 Fax: (513) 665-3106 TDD: (513) 977-5807 Job Line: (513) 977-5659 Website: www.cintimha.com

Equal Opportunity Employer, Equal Housing Opportunities



**Comment 14**

Examples of HQS violations which occurred subsequent to CMHA's last inspection include:

- Units 68355 and 40097, cited for unsecured tenant installed cable,
- Unit 65378, cited for cat feces on the floor, and a clogged bathtub drain,
- Unit 80878, cited for having a sluggish toilet which needed a plunger used on it,
- 1 unit cited for excess garbage not in cans,
- 3 units cited for a broken or loose toilet bowl and cracked toilet seat,
- 17 citations for units with missing or inoperable smoke detectors,
- 1 citing for broken glass found on the sidewalk at the side door,
- 28 citations of missing or cracked light switch or outlet covers,
- Units cited for cracked or broken glass window panels, and
- 1 unit cited for a burn in the countertop, missing window crank, closet doors off track and cracked/missing floor tile.

**Recommendations**

**Recommendation 1A – Reimburse HUD \$36,470 from nonfederal funds (\$33,383 for program housing assistance payments plus \$3,087 in associated administrative fees) for the 51 units that materially failed to meet HUD's housing quality standards.**

**CMHA disagrees**

**CMHA disagrees with the methodology used by the OIG to calculate the improper use of funds and the estimate that over the next year HUD, through funding provided to CMHA will pay more than \$6 million in housing assistance for units with material HQS violations.**

It is CMHA's assertion that by eliminating the OIG violations which are not specifically covered under HUD Regulation, or which are contradicted by local code, or which are tenant damage that occurred during the period between CMHA's last inspection and the OIG inspection, the number of units that failed to meet HUD's housing quality standards is substantially reduced. As a result, the subsequent reimbursement plus associated administrative fees to HUD should also be reduced.

**Comment 15**

**Recommendation 1B - Implement adequate procedures and controls to ensure that all units meet HUD's HQS**

**CMHA agrees**

Because CMHA agrees that some findings predated CMHA's previous inspections, improving existing procedures and controls is an obvious necessity. CMHA has already taken the following steps to improve inspection procedures and controls:

1. All of the audit failed item pictures taken by the OIG were reviewed and findings were discussed by HCV Management and HQS Inspectors.
2. 24-Hour Violation inspections have been amended in accordance with OIG recommendations.
3. The number of quality control inspections has been increased to ensure new protocols are being followed.
4. CMHA has notified all owners of the modifications to its HQS Inspection procedures.

CMHA, 16 West Central Parkway, Cincinnati, OHIO 45202

6

Phone: (513) 721-4580 Fax: (513) 665-3106 TDD: (513) 977-5807 Job Line: (513) 977-5659 Website: www.cintimha.com

Equal Opportunity Employer, Equal Housing Opportunities





**Comment 16**

In addition, CMHA is planning periodic HQS refresher courses to ensure continued consistency in HQS inspections.

**Comment 17**

Recommendation 1C: - Certify, along with the owners of the 56 units cited in this finding, that the applicable HQS violations have been repaired.  
**CMHA agrees**

CMHA has taken the proper steps to correct all violations with the exception of the items disputed in the exit conference in regards to guard and handrails which are in accordance with local building codes. All landlords were notified of the violations and given time to cure the deficiency in accordance with HUD Regulations.

**Comment 18**

Recommendation 1D – Remove the requirement for clean sweep inspections from CMHA's Administrative Plan and stop conducting clean sweep inspections until the Authority receives approval from HUD.  
**CMHA disagrees**

A letter was mailed to Tom Marshall explaining CMHA's stance on clean-sweep inspections. Clean-sweep inspections combine basic HQS with local ordinances established by the community in which each unit is located to ensure that HCV properties comply with the same local law requirements as non assisted properties in their immediate vicinity. As this is an issue which could adversely impact fair housing in the Hamilton County area, we will continue to conduct clean sweep inspections pending a response from Mr. Marshall.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard S. Rust, IV".

Richard S. Rust, IV  
Executive Director

Enclosure

Cc: James Olson, Senior Auditor, Office of the Inspector General  
Lisa Isham, Acting Director of HCV Program  
Robert Singler, Manager of HCV Inspections

## OIG's Evaluation of Auditee Comments

- Comment 1** While the Authority disagrees that it inadequately administered any part of its program, it agrees that we correctly identified 245 housing quality standard violations that existed prior to its previous inspections. HUD's regulations at 24 CFR 982.401 require that all program housing meet HUD's housing quality standards performance requirements, both at commencement of assisted occupancy and throughout the tenancy. The Authority's agreement regarding the pre-existing violations substantiates that it inadequately administered its program.
- Comment 2** We agree that eight of the failed items mentioned in the Authority's response are not housing quality standards violations. As a result, we adjusted the total housing quality standards violations to 395 and the pre-existing violations to 284. We used the information contained on the Authority's previous inspection reports, information received from applicable households, and our appraiser's experience in determining whether a violation was pre-existing. The households were specifically asked if the identified conditions existed at the time of the Authority's previous inspections.
- Comment 3** As previously mentioned in Comment 2, we used the information contained on the Authority's previous inspection reports, information received from applicable households, and our appraiser's experience in determining whether a violation was pre-existing. The households were specifically asked if the identified conditions existed at the time of the Authority's previous inspections.
- Comment 4** Page 10-8 of HUD's Housing Choice Voucher Guidebook states acceptable criteria for illumination and electricity as the electrical system is free of hazardous conditions including: exposed wires, improper connections, and improperly grounding of any component of the system. This supports that open grounds and improper functioning ground fault circuit interrupters are housing quality standard violations creating health and safety hazards to the unit's occupants. The Authority needs HUD approval prior to disregarding housing quality standards.
- Comment 5** We used the information contained on the Authority's previous inspection reports, information received from applicable households, and our appraiser's experience in determining whether a violation was pre-existing. The households were specifically asked if the identified conditions existed at the time of the Authority's previous inspections.
- Comment 6** We used the information contained on the Authority's previous inspection reports, information received from applicable households, and our appraiser's experience in determining whether a violation was pre-existing. The households were specifically asked if the identified conditions existed at the time of the Authority's previous inspections.
- Comment 7** We commend the Authority for conducting quality control inspections that exceed the annual requirement and meeting monthly with its inspectors. The Authority's agreement that 245 housing quality standard violations existed prior to its

previous inspections supports our conclusion that the Authority lacked adequate procedures and controls to ensure that its program units met HUD's housing quality standards. Our inspections were conducted between 28 days and 109 days after the Authority's previous inspections.

**Comment 8** HUD did not approve the clean sweep inspections included in the Authority's program administrative plan. The Authority included the clean sweep inspections as an attachment to its annual plan submission to HUD and it was not included in HUD's annual plan approval process. The administrative plan was not submitted with the Authority's annual plan. We confirmed this with the Director of Section for HUD's Cleveland Office of Public Housing.

**Comment 9** Page 10-8 of HUD's Housing Choice Voucher Guidebook states that the site and neighborhood must be reasonably free from dangers to the health, safety, and general welfare of the occupants. We cited the vacant house that was securely boarded up due to the presence of raccoons.

**Comment 10** We agree that a secondary handrail was not required by HUD's housing quality standards.

**Comment 11** We agree with the Authority and adjusted our finding.

**Comment 12** We agree with the Authority and adjusted our finding.

**Comment 13** We used the information contained on the Authority's previous inspection reports, information received from applicable households, and our appraiser's experience in determining whether a violation was pre-existing. The households were specifically asked if the identified conditions existed at the time of the Authority's previous inspections.

**Comment 14** Chapter 10 of the Authority's administrative plan states that all units must meet minimum standards set forth in the local building codes. In case of inconsistencies between the local building codes and housing quality standards, the stricter of the two shall prevail. Therefore, just because the local building codes contradicted HUD's requirements does not mean the violation was not a housing quality standards violation. We adjusted the total housing quality standards violations to 395 and the pre-existing violations to 284. We used the information contained on the Authority's previous inspection reports, information received from applicable households, and our appraiser's experience in determining whether a violation was pre-existing. The adjustments did not affect the number of units that materially failed to meet HUD's housing quality standards.

**Comment 15** We commend the Authority for taking steps to improve its inspection procedures and controls. HUD will need to review the improvements and determine if they are sufficient.

**Comment 16** We believe the Authority should also include periodic refresher courses for local building codes since its administrative plan includes them. Only one of the Authority's 11 inspectors knew that local building codes were included as standards by which to conduct housing inspections.

**Comment 17** The Authority did not provide documentation to support that the housing violations were corrected by the owners.

**Comment 18** We cannot remove this recommendation. As previously mentioned in comment 8, HUD did not approve the Authority's clean sweep inspections.

## Appendix C

### FEDERAL REQUIREMENTS AND THE AUTHORITY'S PROGRAM ADMINISTRATIVE PLAN

---

In accordance with 24 CFR 982.152(d), HUD may reduce or offset any administrative fee to a public housing Authority in the amount determined by HUD if the public housing authority fails to perform its administrative responsibilities correctly or adequately under the program.

HUD's regulations at 24 CFR 982.305(a) state that the public housing Authority may not give approval for the family of the assisted tenancy or approve a housing assistance contract until the Authority has determined that the following meet program requirements: (1) the unit is eligible, (2) the unit has been inspected by the housing authority and passes HUD's housing quality standards, and (3) the rent to the owner is reasonable.

HUD's regulations at 24 CFR 982.401 require that all program housing meet HUD's housing quality standards performance requirements, both at commencement of assisted occupancy and throughout the tenancy.

HUD's regulations at 24 CFR 982.401(a)(4)(ii) state that HUD may approve acceptability criteria variations for variations which apply standards in local housing codes or other codes adopted by the public housing authority.

HUD's regulations at 24 CFR 982.404(a) state that the owner must maintain the unit in accordance with HUD's housing quality standards. If the owner fails to maintain the dwelling unit in accordance with HUD's housing quality standards, the Authority must take prompt and vigorous action to enforce the owner's obligations. Remedies for such breach of the housing quality standards include termination, suspension, or reduction of housing assistance payments and the termination of the housing assistance payments contract. The authority must not make any housing assistance payments for a dwelling unit that fails to meet the housing quality standards unless the owner corrects the defect within the period specified by the authority and the authority verifies the correction. If a defect is life threatening, the owner must correct the defect within 24 hours.

HUD's regulations at 24 CFR 982.405(a) require public housing agencies to perform unit inspections before the initial move-in and at least annually. The authority must inspect the unit leased to a family before the term of the lease, at least annually during assisted occupancy, and at other times as needed to determine whether the unit meets housing quality standards.

The Authority's program administrative plan states:

Clean Sweep Inspections: this type of inspection addresses the exterior appearance of the property and premises. This inspection usually takes place when an inspector drives by a property subsidized by the program and this property is not kept up to our standards. Some items that will cause a unit to fail this type of inspection would include trash and debris, overgrown lawns and bushes, and non-working or unregistered vehicles on the property.