



Most Allegations Against the Oakland Housing Authority, Related to Housing Quality Standards Inspection Services, Were Generally Not Valid

Oakland, CA



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TO: Velma Navarro, Director, Office of Public Housing, San Francisco, Region IX,
9APH

Tanya E Schulze

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

SUBJECT: Most Allegations Against the Oakland Housing Authority, Oakland, CA, Related
to Housing Quality Standards Inspection Services, Were Generally Not Valid

Enclosed is the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General (OIG), final results of our review of the Oakland Housing Authority in response to a hotline complaint. The complaint alleged that the Authority engaged in various questionable functions involving its inspection services.

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 8L, requires that OIG post its publicly available reports on the OIG Web site. 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 (213) 534-2471.



August 3, 2012

Most Allegations Against the Oakland Housing Authority, Oakland, CA, Related to Housing Quality Standards Inspection Services, Were Generally Not Valid

Highlights

Audit Report 2012-LA-1009

What We Audited and Why

We completed a review of the Oakland Housing Authority in response to a hotline complaint alleging that the Authority engaged in various questionable functions involving its inspection services. The objective of the review was to determine whether the complaint allegations against the Authority were valid.

What We Found

Most of the allegations against the Authority were generally not valid. However, we found indications that 13 of 19 housing units inspected did not meet housing quality standards, and 8 of those were in material noncompliance. As a result, the Authority paid \$28,508 in Section 8 program funds to owners of housing units that were not decent, safe, and of standard quality.

What We Recommend

We recommend that the Director of the U.S. Department of Housing and Urban Development's (HUD) San Francisco Office of Public Housing require the Authority to certify that the identified failed housing quality standards items have been corrected for the eight housing units cited in this report or take appropriate administrative action and reimburse its Section 8 program from non-Federal funds \$28,508 for the eight housing units that materially failed to meet housing quality standards and ensure that its personnel are sufficiently trained to identify all housing quality standards items that would cause Section 8-funded housing units to not meet housing quality standards .

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BACKGROUND AND OBJECTIVES

The City of Oakland Housing Authority was established in 1938 to ensure the availability of quality housing for low-income persons. The Authority operates federally funded and other low-income housing programs and assists more than 15,000 of Oakland, CA's lowest income families, elderly, and persons with disabilities. The mission of the Authority is to ensure the availability of quality housing for low-income persons, promote the civic involvement and economic self-sufficiency of residents, and further the expansion of affordable housing within Oakland. The Authority's governing body is its seven-member board of commissioners, comprised of city residents appointed by the mayor and approved by the Oakland City Council. Two of the commissioners are residents of public housing.

The Authority has previously been recognized by the U.S. Department of Housing and Urban Development (HUD) as a "high performing" housing authority and earned the opportunity to participate in the congressionally authorized Moving to Work Demonstration program. The Authority was selected to participate in Moving to Work in 2001 and executed its first Moving to Work agreement with HUD in March of 2004. The original 7-year contract was scheduled to expire on June 30, 2011. In February of 2009, the Authority signed an amended and restated Moving to Work agreement with HUD. The new agreement extends its participation in the program through the end of June, 2018, an additional 7 years past the scheduled expiration date of the original agreement. Moving to Work provides a unique opportunity for housing authorities to explore and test new and innovative methods of delivering housing and supportive services to low-income residents. Originally authorized under the Omnibus Consolidated Reversions and Appropriations Act of 1996, the program waives certain provisions of the Housing Act of 1937 and HUD's implementing requirements and regulations. In addition, using Moving to Work authority, the Authority may combine funding from several HUD programs into a single-fund budget with full flexibility. The Authority may use Moving to Work funds in the single-fund budget for any eligible program activity, including operating subsidy, capital improvements, acquisition and new construction, counseling, and case management. In addition, the Authority's agreement allows the program funds to be used outside the traditional public housing and Section 8 programs to support local housing activities. The Authority has renamed the program "Making Transitions Work" to better reflect the potential of the demonstration program in Oakland.

As of December 2011, the Authority administered approximately 2,048 public housing units and 13,100 housing choice vouchers under its Section 8 program. It had spent more than \$282 million in HUD Section 8 funding to provide housing assistance to eligible participants.

The objective of this review was to determine whether the allegations against the Authority were valid. The allegations in the complaint were related to various functions involving housing quality standards inspection services.

RESULTS OF AUDIT

Most Allegations Related to the Authority's Inspection Services Were Generally Not Valid

The hotline complaint's allegations related to various functions involving inspection services were generally not valid. However, we identified indications that the Authority did not always conduct its housing quality standards inspections in accordance with applicable rules and requirements. This noncompliance occurred due to the Authority's insufficient training of inspection personnel to identify all items that would cause the housing unit to not meet housing quality standards. As a result, we identified at least \$28,508 in Section 8 program funds that the Authority paid to owners of housing units that were not decent, safe, and of standard quality. Our review did not substantiate the hotline complaint allegations regarding (1) questionable procurement for housing quality standards inspection services, (2) not enforcing policies and procedures regarding tenants who refused the Authority entry into their housing units to allow housing quality standards inspections, (3) questionable data reliability of inspection results maintained on hand-held devices used during housing quality standards inspections, or (4) not enforcing policies and procedures regarding property owners of abated housing units.

The Authority Passed Housing Units That Did Not Comply With Housing Quality Standards

From the 2,098 housing units inspected and passed by the Authority from October 1 to December 31, 2011, we randomly selected 19 for inspection using computer-processed data and computer-assisted audit techniques. We inspected these 19 housing units between March 12 and 16, 2012, to determine whether the Section 8-funded housing units met applicable housing quality standards rules and requirements.

HUD regulations at 24 CFR (Code of Federal Regulations) 982.401(a)(3) state that all program housing units must meet the housing quality standards performance requirements both at initial occupancy and throughout the Section 8 participants' tenancy. In addition to meeting housing quality standards performance requirements, the housing unit must meet the acceptability criteria stated in HUD regulations at 24 CFR 982.401(a)(4)(i) unless variations are approved by HUD.

Of the 19 housing units inspected, we identified 13 (68 percent) that failed to meet housing quality standards. The 13 housing units had 72 failed housing quality standards items, including 70 that existed before the Authority’s previous inspections. Of the 13 failed housing units, 8 were considered materially deficient and noncompliant with HUD’s rules and regulations. These housing units had 65 failed housing quality standards items, including 63 that existed before the Authority’s previous inspections. Each of the identified materially deficient housing units had health and safety issues. All had more than two failed housing quality standards items that existed before the Authority’s previous inspections.

As a result, the Authority spent \$28,508 in housing assistance payments for 8 housing units that were materially deficient and failed to comply with applicable rules and requirements. The questioned costs consisted of the monthly payments issued to the owners of the failed housing units between the Authority’s inspection and our inspection. Appendix D details the associated incurred ineligible costs.

The following table lists the three most common types of failed housing quality standards items found among the 13 housing units that failed our inspections. Appendix E details the failed housing quality standards items identified during our inspections.

Categories of failed housing quality standards items	Number of instances of the failed item	Number of housing units affected
Security	9	6
Stove or range with oven	8	8
Water heater	6	6

Appendix F details the results of our inspections and the failed housing quality standards items found in each of those affected housing units.

Several Types of Deficiencies Were Found

The following are examples of some of the failed housing quality standards items found during our inspections.

Security

We identified nine failed housing quality standards items related to security in six housing units inspected. An example of a failed security housing quality standards item included missing door strikers. The following pictures are examples of failed housing quality standards items related to security found in the affected housing units inspected.



Missing door striker to rear entrance



Missing door striker to rear entrance of bedroom

Stove or Range With Oven

We identified eight failed housing quality standards items related to the stove or range with oven in eight housing units inspected. Examples of these failed items included the installation of stove air vent tubing with improper sealing material and excessive accumulation of grease on the stove hood and wall. The following pictures are examples of failed housing quality standards items related to the stove or range with oven found in the affected housing units inspected.



Improper sealing material used to connect tubing to ceiling



Excessive grease build-up on the stove hood and wall

Electrical Hazards

We identified eight failed housing quality standards items related to the electrical hazards in four housing units inspected. Examples of these failed items included exterior electrical outlets without safety covers and missing ground fault circuit interrupters (GFCI) in updated or remodeled kitchens. The following pictures are examples of failed housing quality standards items related to the electrical hazards found in the affected housing units inspected.



Exposed electrical outlet without safety cover



Missing GFCI outlet in updated kitchen

HUD regulations at 24 CFR 982.404(a) state that the owner must maintain the housing unit in accordance with HUD's housing quality standards. The regulation goes on to state that if the owner fails to maintain the housing unit in accordance with housing quality standards, the housing authority must take prompt and vigorous action to enforce the owner obligations (for example, remedies for such breach of the housing quality standards include termination, suspension or reduction of housing assistance payments, and termination of the housing assistance payments contract). The regulations also state that the authority must not make any housing assistance payments for a housing unit that fails to meet housing quality standards unless the owner corrects the failed item within the period specified by the authority and it verifies the correction. If the failed item is life threatening, the owner must correct it within no more than 24 hours. For other failed items, the owner must take corrective action within no more than 30 calendar days or any authority-approved extension.

Corrective Actions Taken by the Authority

During the inspections, the Authority generally acknowledged the failed housing quality standards items and took corrective action to address those identified items considered 24-hour failed housing quality standards items. The Authority was required to notify the tenants and owners of the failed housing quality standards items, and the responsible party was required to correct the identified items within 24 hours.

The Authority Generally Administered and Procured Its Housing Quality Standards Inspection Services Contract in Accordance With Requirements

The complaint alleged improper administration and procurement of Authority contracts, including the Authority's housing quality standards inspections

contract. Based on our procurement and contracting review of the housing quality standards inspections contract, the allegations were not substantiated. Our review of the contract showed that the Authority generally administered and procured its housing quality standards inspection services contract in accordance with applicable HUD rules and requirements, as well as its own procurement policies and procedures.

The Authority Enforced Its Policies and Procedures Regarding Tenants Who Refused Entry for Housing Quality Standards Inspections

The allegation mentioned that the Authority did not perform annual housing quality standards inspections due to the Section 8 participants' refusal to allow inspections. The allegation went on to state that the Authority continued to make housing assistance payments for these uninspected units and did not take action to terminate participants who refused inspections from the program. Based on our review, 17 of 20 randomly sampled inspections showed no apparent indications of tenants refusing the Authority entry to conduct housing quality standards inspections. The remaining three showed indications that tenants refused the Authority entry into their housing units to conduct required housing quality standards inspections. However, the Authority took action against those tenants by terminating the housing assistance payments and Section 8 contracts related to their housing units. As a result, we found no apparent validity to the complaint that the Authority did not enforce its policies and procedures regarding removing tenants from its Section 8 program who refused entry to conduct housing quality standards inspections of Section 8-funded housing units.

Questionable Data Reliability of Inspection Results on Housing Quality Standards Inspection Hand-Held Devices Was Not Substantiated

The allegation stated that the Authority's hand-held inspection device and Me-Ware software did not comply with HUD's inspection form HUD-52580 and that the inspectors did not inspect all housing quality standards items since the software did not allow for a complete record of the inspection. The allegation also mentioned that the Authority's database used to internally track inspections defaulted all inspection items to "pass" even if the inspectors did not inspect the item. Our testing of a randomly selected Me-Ware software-installed hand-held device used by the Authority determined that it had all of the housing quality standards items listed on form HUD-52580 and allowed the Authority to conduct housing quality standards inspections without any apparent problems. Our review

of the Authority’s inspection practices showed that its initial and annual inspections required the inspection of all housing quality standards items as shown on the hand-held devices and the form HUD-52580. During reinspections, the Authority inspected only specific housing quality standards items within the housing units that failed prior annual or initial inspections. For emergency and complaint inspections, the Authority could inspect all or specific housing quality standards items brought to its attention by tenants, owners, or the City of Oakland. If necessary, the Authority would add new failed housing quality standards items identified during reinspections or emergency or complaint inspections. Our review of the Authority’s Me-Ware software found that all housing quality standards items defaulted to the “pass” option but could be changed to the “fail” option for any specific item that did not meet housing quality standards. Our testing of a randomly selected hand-held device used during housing quality standards inspections found that the inspection results were tracked and maintained in the Authority’s system without any problems. Overall, our review of Authority documents and tests of its hand-held device found no apparent issues, and we determined that the allegations were not substantiated

The Authority Generally Abated Section 8-Funded Housing Units in Accordance With Its Policies and Procedures

According to the allegation, the Authority did not recover housing assistance payments from properties it owned, also known as asset-managed properties, that were placed on abatement for failing housing quality standards inspections. We reviewed 40 sampled files of Section 8-funded housing units that had the probability of being abated. This sample included 20 asset-managed and 20 non-asset-managed properties. The non-asset-managed sample consisted of Authority Section 8 properties not owned by the Authority. There were four instances (10 percent, or 4 of 40) for which the Authority failed to recover housing assistance payments on abated Section 8-funded housing units. When these four instances were brought to the Authority’s attention, it took corrective actions to begin recovering those affected payments from owners of housing units that should have been abated. The Authority was in the process of recovering housing assistance payments from three of its asset-managed properties (8 percent, or 3 of 40) for failed housing quality standards inspections. According to the Authority, computer-related issues were the reason for not recovering the payments. The Authority maintained documentation on these three abated housing units while it attempted to correct the computer problem. As a result, it appeared that the Authority generally recovered housing assistance payments from both asset-managed and non-asset-managed properties that were placed on abatement for failing housing quality standards inspections. Therefore, we determined that the allegation that the Authority did not recover payments from asset-managed and

non-asset-managed properties that were placed on abatement for failing housing quality standards inspections was generally not valid.

Conclusion

Most of the hotline complaint's allegations, related to various functions involving inspection services, were generally not valid. However, we determined that 13 of 19 housing units inspected did not meet housing quality standards and 8 were in material noncompliance. This noncompliance occurred due to the Authority's insufficient training of inspection personnel to identify all items that would cause the housing unit to not meet housing quality standards. These actions placed the Authority, program funds, and the tenant at significant financial and legal risk. In addition, tenants residing in the affected housing units were subjected to potential health and safety issues. As a result, the Authority paid \$28,508 in Section 8 housing assistance to property owners of housing units that were not decent, safe, and of standard quality. We identified no indications of (1) questionable procurement for housing quality standards inspection services, (2) not enforcing policies and procedures regarding tenants who refused the Authority entry into their housing units to allow housing quality standards inspections, (3) questionable data reliability of inspection results maintained on hand-held devices used during housing quality standards inspections, or (4) not enforcing policies and procedures regarding property owners of abated housing units.

Recommendations

We recommend that the Acting Director of HUD's San Francisco Office of Public Housing require the Authority to

- 1A. Certify that the identified failed housing quality standards items have been corrected for the eight housing units cited in this report or take appropriate administrative action.
- 1B. Reimburse its Section 8 program from non-Federal funds \$28,508 for the eight housing units that materially failed to meet housing quality standards.
- 1C. Ensure that all Authority personnel who conduct housing quality standards inspections are sufficiently trained to identify all items that would cause Section 8-funded housing units to not meet housing quality standards

SCOPE AND METHODOLOGY

We performed our onsite work at the Authority's main office in Oakland, CA, between January and June 2012. Our review generally covered the period July 1, 2010, through February 29, 2012, and was expanded to other periods as necessary.

To accomplish the review objective, we

- Reviewed applicable contracts, rules, regulations, and guidance;
- Obtained relevant background information pertaining to the Authority;
- Reviewed Authority policies and procedures related to housing quality standards inspections and procurement for goods and services;
- Interviewed relevant Authority and HUD personnel;
- Reviewed relevant HUD monitoring and reporting records;
- Reviewed documents related to procurement for housing quality standards inspection services;
- Tested a random sample of a Me-Ware software-installed hand-held device used during housing quality standards inspections;
- Reviewed random samples of documents related to potentially abated housing units;
- Reviewed random samples of documents related to tenants who allegedly refused the Authority entry into their housing units to conduct housing quality standards inspections; and
- Conducted onsite reviews of randomly selected samples of housing units where the Authority conducted housing quality standards inspections.

We randomly selected 19 of the Authority's Section 8-funded housing units to inspect from the 2,098 housing units inspected and passed from October 1 to December 31, 2011. We used computer-processed data and computer-assisted audit techniques to obtain our sample and through our testing, determined that the computer-processed data were adequate for use during our review. The 19 housing units were selected to determine whether Section 8-funded housing units met HUD's housing quality standards.

We conducted inspections and determined that 8 of the 19 housing units (42 percent) materially failed to meet HUD's housing quality standards. Materially failed housing units were those considered to have health and safety issues with more than two failed housing quality standards items that predated the Authority's previous inspections.

We conducted the review in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our 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, 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 operations - Policies and procedures that were implemented to reasonably ensure effective and efficient operations of the Authority's Section 8 housing quality standards inspections;
- Reliability of program reporting - Policies and procedures that were implemented to reasonably ensure that valid and reliable information was obtained, maintained, and fairly disclosed in its Section 8 housing quality standards inspection reports; and
- Compliance with applicable laws and regulations - Policies and procedures that were implemented to reasonably ensure that Section 8 housing quality standards inspections were 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 Deficiencies

We evaluated internal controls related to the review objective in accordance with generally accepted government auditing standards. Our evaluation of internal controls was not designed to provide assurance regarding the effectiveness of the internal control structure as a whole. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

APPENDIXES

Appendix A

SCHEDULE OF QUESTIONED COSTS

Recommendation number	Ineligible 1/
1B	\$28,508

- 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



July 10, 2012

Tanya E. Schulz
Regional Inspector General for Audit
U.S. Department of Housing and Urban Development
611 W. 6th Street, Suite 1160
Los Angeles, CA 90017

Re: Authority Response to the OIG's Draft Audit Report Regarding Housing Quality Standards Inspection Services

Dear Ms. Schulz,

This correspondence is the Oakland Housing Authority's response to the draft Audit Report provided on June 25, 2012 and to our discussions at the exit conference held on June 29, 2012.

Overall, the Oakland Housing Authority (Authority) substantially agrees with the OIG draft Audit report. Thank you and your team for their recommendations as it further assists the Authority in strengthening its business practices and systems.

As a result of your inspections, you identified 8 failed housing units that were "considered materially deficient and noncompliant with HUD's rules and regulations". You found that each of the identified materially deficient units had failed items that you considered "health and safety issues." You identified \$28,508 in Section 8 program funds that the Authority paid to owners of housing units that were not decent, safe and of standard quality.

Comment 1

Based on our training and interpretation of Housing Quality Standards and in accordance with the Code of Federal Regulations (CFR), HCV Guidebook, and PIH Notice 2011-29, we have identified a few areas of comment that we request the OIG clarify, delete or revise in their final Audit report as follows:

Comment 2

- I. The Authority reviewed the above referenced materials as well as local and state regulations and found nothing to support your finding that hollow doors are a security issue. The Authority does agree that the required locking mechanisms and striker plates must be present for a door to pass HQS. Therefore, we believe that

Comment 3

Unit 2 [REDACTED] should be removed from the report and a reduction to the total Section 8 program funds as noted in Appendix D be reduced by \$3,154.

Comment 4

II. The Authority would like to request a clarification on the finding for Unit 3 [REDACTED] "Master bedroom was cracked". We do not understand the actual item that was failed. If there is no further explanation related to this finding, we believe it should be removed from the report. Additionally, we believe the finding for the hollow door should be removed as detailed in #I above.

Comment 5

III. The Authority acknowledges that the items listed below are HQS fail items, but also recognizes that all issues cited are tenant caused fails. OIG inspected units that had move-in inspections or annual inspections 3 to 4 months prior, it is highly likely that the tenant caused fail items took place between the last OHA inspection and the OIG's inspection. We believe that all below listed items should be removed from the final report, as there is no clear indication or evidence that these items were either deficient, or missed by the inspector, at the time of the last Authority inspection.

Comment 6

1. Unit 3 [REDACTED]
- Smoke Detectors (Other Rooms Used For Living and Halls): Missing smoke detector – **NOTE:** This item was corrected and OIG noted the correction.
 - Evidence of Infestation (General Heating and Safety): Exposed roof may allow for potential rodent infestation
 - Garbage and Debris (General Health and Safety): Clothing, garbage and other debris left throughout the housing unit
 - Site and Neighborhood Conditions (General Health and Safety): Clothing, garbage and other debris left throughout the housing unit.

Comment 7

2. Unit 9 [REDACTED]
- Wall Condition (Kitchen): Excessive grease on walls.
 - Stove or Range with Oven (Kitchen): Stove temperature knob was missing; stove hood vent was missing; and excessive grease on stove and vent.
 - Space for Storage, Preparation, and Serving of Food (Kitchen): Excessive grease on cabinets.
 - Garbage and Debris (General Health and Safety): accumulation of miscellaneous items that pose potential safety risks to occupants.
 - Site and Neighborhood Conditions (General Health and Safety): accumulation of miscellaneous items that pose potential safety risks to occupants.

Comment 8

3. Unit 10 [REDACTED]
- Stove or Range with Oven (Kitchen): Excessive grease on stove and area around it.
4. Unit 11 [REDACTED]
- Stove or Range with Oven (Kitchen): Inoperable left front stove burner and improper sealing of air vent located above stove

*Addresses redacted for privacy reasons.

- Safety of Heating Equipment (Heating and Plumbing): Closet housing water heater being used for storage of miscellaneous and personal items and heat control panel in living room area was removed by tenant's mother, resulting in exposed wiring.

Comment 9

IV. Unit 4 [REDACTED] - OHA staff were present at the OIG inspection, and reported that the GFCI outlets were not tested in accordance with HUD PIH Notice 2011-29. Specifically, the OIG inspector used an outlet tester that did not have a trip button, and he did not trip the GFCI on the actual outlet as required by the HUD PIH Notice 2011-29. HUD PIH Notice 2011-29 states specifically that *"if an outlet contains a GFCI, the GFCI must work as designed in order for the inspector to consider the GFCI in proper operating condition. However, a GFCI can be in proper operating condition even if it is not grounded. A GFCI is in proper operating condition if pressing the "TEST" button on the GFCI trips the circuit and shuts off power through the receptacle. It is important to note that some three-prong testers have a GFCI test button function built into the tester. The test button on a three-prong tester only works to trip a grounded GFCI. Therefore, if the GFCI is not grounded, the circuit tester will erroneously indicate that the GFCI is malfunctioning. As a result, inspectors cannot depend solely on three prong testers to determine if a GFCI is in proper operating condition. Instead, the inspector should press the "TEST" button, and if the button trips the circuit and shuts off the power through the receptacle, the GFCI is in proper operating condition."* When the OIG Inspector was asked why this was recorded as a fail, the OIG Inspector stated that "we (OHA) should not be tripping the actual GFCI outlet" contradicting the HUD Notice. The Authority therefore believes that the two electrical hazards should be removed from the final OIG report as they were not properly tested based on HUD PIH Notice 2011-29, and had the test been completed in accordance with the Notice the OIG Inspector may have found the GFCI outlets functioning properly.

Comment 10

V. Unit 12 [REDACTED] – The OIG inspector cited mildew, OHA inspectors are visual assessors only and identify black discoloration as an HQS fail but not mold/mildew. Special testing must be performed by a third party agency/vendor to determine mold/mildew. We therefore believe the term "apparent mildew" should be removed from the report.

Comment 11

VI. Finally, the Authority has demonstrated its commitment to providing high quality and regular training for its staff, and believes that although effectiveness of training programs can always be improved, that we do provide a significant amount of training to all inspectors, and that this issue does not rise to a level of a "Significant Deficiency" as represented on page 15 of the draft report. To improve retention and effectiveness, the Authority will ensure that we provide inspectors training that is both comprehensive and that uses adult learning models in its delivery. That the training will include a "hands on" components to

Comment 12

ensure all HQS items within Section-8 funded housing units will comply with applicable rules and requirements.

In closing, we would like to thank [REDACTED] and his team for their professionalism, expertise and willingness to meet and thoroughly explain any concerns with Authority staff. The Oakland Housing Authority is committed to assuring our clients resident in housing units that are clean, safe and decent, and our inspection programs are a key element in meeting that commitment.

If you have any questions or require any additional information, please contact me at (510) 874-1510.

Sincerely,



Eric Johnson

CC: Melina Whitehead, Acting Director, HUD San Francisco Office of Public Housing, 9APH
Gerard Windt, Division Director, HUD San Francisco Office of Public Housing, 9APH
Marcia Y. Martin, Acting Director, HUD San Francisco Office of Public Housing, 9APH

OIG Evaluation of Auditee Comments

- Comment 1** We noted that unit numbers and addresses in the Authority's response did not match the unit numbers in the audit report. We used the property addresses provided by the Authority in its response to address the Authority's comments. The correct audit report unit number is noted in each comment below.
- Comment 2** We found only 2 of 19 housing units that had hollow core doors that raised concerns of potential security issues for the tenants residing in the housing unit. This housing unit was one of two housing units that we found that did not have solid main entry doors. These two housing units were exceptions to the consistent practices in the other 17 housing units we had inspected that did have solid doors in place. As a result, we will not reduce the questioned cost stated in appendix D of the report. It should also be noted that the \$3,154 in questioned Section 8 program funds stated in the report was related to housing unit number 2 and not the housing unit stated in your response.
- Comment 3** For clarification, the correct housing unit number stated in the report was unit number 4, not unit 3 as stated in your response. In housing unit number 4, we found that the master bedroom door was cracked and presented a potential security issue for the tenants who resided in the housing unit. According to HQS training material obtained from a HUD vendor commonly used by public housing authorities, the doors, and component parts must be free from damage such as splits, cracks and holes that would seriously affect the use and ability of the door to be locked. As a result, we will not remove this failed housing quality standards item from the report.
- We believe that the hollow core door at housing unit number 4 raised the same security and safety issues stated in comment 2. We found 2 of 19 housing units with hollow core doors that raised concerns of security issues. As stated in comment 2, these two housing units were exceptions to the consistent practices in the other 17 housing units that had solid doors in place. As a result, we will not remove this failed housing quality standards item from the report.
- Comment 4** We agree that some of the issues cited during our inspections were tenant-caused housing quality standards items and appeared to have occurred after the Authority's initial inspection. We reviewed the items and revised our results accordingly to reflect only those items we felt that the inspector failed to note during the inspection of the housing unit.
- Comment 5** For clarification, the correct housing unit number stated in the report was unit number 4, not unit 3 as stated in your response. We removed the four failed housing quality standards items stated in your response since these items were tenant caused and may have occurred after the Authority's initial inspection of the housing unit. However, there were other outstanding failed housing quality standards items identified during our inspection that will remain in the report.

- Comment 6** For clarification, the correct housing unit number stated in the report was unit number 2, not unit 9 as stated in your response. With the exception of the missing stove temperature knob, all other housing quality standards items will remain in the report since these were items that the inspector should have identified during the annual inspection. These items had accumulated over an extended period and should have been identified during the Authority's inspection.
- Comment 7** For clarification, the correct housing unit number stated in the report was unit number 8, not unit 10 as stated in your response. Due to the accumulation of excessive grease that occurred over an extended period, we believe the inspector should have identified this item during the annual inspection of the housing unit. As a result, we will keep this failed item in the report.
- Comment 8** For clarification, the correct housing unit number stated in the report was unit number 6, not unit 11 as stated in your response. We agree to remove the item related to the inoperable left front stove burner due to the lack of clear indication that the item was either deficient or missed by the inspector during the initial inspection. Also, we agree to remove the item related to the safety of heating equipment since the items were tenant caused and may have occurred after the initial inspection. However, we believe that the improper sealing of the air vent located above the stove was an item that had existed for an extended period, and the inspector should have identified it during the initial inspection of the housing unit.
- Comment 9** For clarification, the correct housing unit number stated in the report is unit number 5, not unit 4 as stated in your response. We agree with your comments regarding the discrepancy between OIG's and the Authority's electrical outlet tester and removed the references about the GFCI outlet from the report.
- Comment 10** For clarification, the correct housing unit number stated in the report was unit number 3, not unit 12 as stated in your response. Based on our assessment, we concluded that the failed item was indoor air quality due to mildew found during OIG's inspection of the housing unit. Good interior air quality includes controlling excessive moisture that may result in mildew. Mildew in the housing unit raises concerns of potential health problems that include, but are not limited to allergies, asthma, and other respiratory conditions. By avoiding moisture problems within the housing unit, there could be an added benefit of helping to prevent infestation by insects that are sources of asthma triggers such as dust mites and cockroaches. As a result, we will keep this item in the report.
- Comment 11** We agree with your comment that the inspectors have received housing quality standards training. However, we believe that the inspectors should receive additional training to address items overlooked or not covered in this training. As a result, we revised the internal controls section of the report.

Comment 12 We would also like to thank the Authority for its professionalism and assistance throughout the audit process.

Appendix C

CRITERIA

The following sections of HUD rules and regulations were relevant to our review of the Authority's housing quality standards inspections of Section 8-funded housing units.

Regulations at 24 CFR 982.401(a)(3) state that all program housing must meet the housing quality standards performance requirements both at commencement of assisted occupancy and throughout the assisted tenancy.

Regulations at 24 CFR 982.401(a)(4)(i) state that in addition to meeting housing quality standards performance requirements, the housing must meet the acceptability criteria stated in this section [a(4)] unless variations are approved by HUD.

Regulations at 24 CFR 982.404(a) state that (1) the owner must maintain the unit in accordance with housing quality standards; (2) if the owner fails to maintain the dwelling unit in accordance with housing quality standards, the housing authority must take prompt and vigorous action to enforce the owner obligations (remedies for such breach of the housing quality standards include termination, suspension or reduction of housing assistance payments, and termination of the housing assistance payments contract); and (3) the housing 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 no more than 24 hours. For other defects, the owner must correct the defect within no more than 30 calendar days (or any authority-approved extension).

Appendix D

SCHEDULE OF INELIGIBLE HOUSING UNITS

Housing unit number	Authority inspection date	OIG inspection date	Questioned housing assistance payments
1	November 7, 2011	March 15, 2012	\$ 5,022.26
2	December 15, 2011	March 15, 2012	\$ 3,154.35
3	October 3, 2011	March 16, 2012	\$ 2,894.32
4	December 2, 2011	March 13, 2012	\$ 5,043.51
5	December 21, 2011	March 13, 2012	\$ 726.48
6	November 30, 2011	March 16, 2012	\$ 2,453.19
7	October 28, 2011	March 13, 2012	\$ 3,884.61
8	October 7, 2011	March 16, 2012	\$ 5,329.03
Total			\$28,507.77

Appendix E

SCHEDULE OF CATEGORIES OF FAILED HOUSING QUALITY STANDARDS ITEMS

	Categories of failed housing quality standards items	Instances of failed housing quality standards item	Housing units affected
1	Security	9	6
2	Stove or range with oven	8	8
3	Water heater	6	6
4	Window condition	6	5
5	Wall condition	6	4
6	Electrical hazards	6	3
7	Safety of heating equipment	5	5
8	Floor condition	3	2
9	Smoke detectors	3	2
10	Sink	2	2
11	Space for preparation, storage, and serving of food	2	2
12	Tub or shower in unit	2	2
13	Condition of exterior surfaces	2	2
14	Fire exits	2	2
15	Garbage and debris	2	2
16	Other interior hazards	2	2
17	Site and neighborhood conditions	2	2
18	Ceiling condition	1	1
19	Flush toilet in enclosed room in unit	1	1
20	Condition of roof or gutters	1	1
21	Interior air quality	1	1
Total		72	

Appendix F

SCHEDULE OF OIG INSPECTION RESULTS

Housing unit number	Total number of failed housing quality standards items	Total number of preexisting items	Did the housing unit pass or fail?	Was the housing unit materially deficient?
1	16	16	Failed	Yes
2	15	15	Failed	Yes
3	12	12	Failed	Yes
4	5	5	Failed	Yes
5	4	4	Failed	Yes
6	5	5	Failed	Yes
7	5	3	Failed	Yes
8	3	3	Failed	Yes
9	2	2	Failed	No
10	1	1	Failed	No
11	2	2	Failed	No
12	1	1	Failed	No
13	1	1	Failed	No
14	0	0	Passed	No
15	0	0	Passed	No
16	0	0	Passed	No
17	0	0	Passed	No
18	0	0	Passed	No
19	0	0	Passed	No

Note:

- 6 of the 19 inspected housing units passed.
- 8 of the 19 inspected housing units failed with material deficiencies.
- 5 of the 19 housing units failed housing quality standards items but were not considered materially deficient.

Overall summary of results	
Total number of failed housing quality standards items	72
Total number of failed housing quality standards items for materially deficient housing units	65
Total preexisting failed housing quality standards items	70
Total preexisting failed housing quality standards items for materially deficient housing units	63
Total number of failed housing units	13
Total number of materially deficient housing units	8