

Housing Authority - County of Los Angeles

December 17, 2008

TO: Each Supervisor

FROM: William K. Huang, Acting Executive Director



SUBJECT: MONTHLY PROGRESS REPORT ON THE SECTION 8 PROGRAM

On March 13, 2007, your Board instructed the Housing Authority to report monthly on the progress to remove the Section 8 program from its Troubled status under Section 8 Management Assessment Program (SEMAP). On June 17, 2008, your Board directed the Housing Authority to report on progress made in obtaining HUD VASH (Veterans Affairs Supportive Housing Program) vouchers.

This report covers activities for the period between November 14, 2008 and December 12, 2008, and provides information on the following:

- Lease-up
- Annual Reexaminations
- Inspections
- HUD OIG Audit Report on Tenant Eligibility and Annual Reexaminations
- HUD OIG Audit on Financial Systems
- Corrective Action Plan for FYE 2006
- Corrective Action Plan for FYE 2007
- Performance Results for FYE 2008
- Los Angeles Housing Resource Center
- Call Center
- HUD - VASH Vouchers

Lease-up, Annual Reexaminations and Inspections

Our voucher allocation is 20,876 and we are currently leased up at a rate of 97%. We are at a 3% delinquency rate for our inspections, and are at an 11% delinquency rate for our annual reexaminations that are 14 months or more overdue. The delinquency is being addressed by assigning more staff to this function from other units within the Assisted Housing Division of HACoLA.

HACoLA's data is pulled from HUD's data reporting system, the Public and Indian Housing Information Center (PIC), which is used to obtain SEMAP performance status.

HUD OIG Audit on Tenant Eligibility and Annual Reexaminations

As previously reported, HUD notified HACoLA in a letter dated October 23, 2008 that a management decision had been made pertaining to Recommendation 1M in the above-cited

Audit. The recommendation required HACoLA to reimburse HUD 10% (\$3,662,972) of our administrative fee for fiscal years 2005 and 2006 for not adequately administering our Section 8 program.

The notice goes on to explain that after further review, HUD has agreed to reduce the above amount to \$1 million. This amount was to be paid to HUD by November 30, 2008.

On November 19, 2008 HACoLA submitted a response letter to HUD requesting reconsideration of the decision and allowing HACoLA to reinvest this amount back into the program, minimizing the harm of this sanction to low-income families.

HUD has responded to our request in a letter dated December 8, 2008 (see attached). After careful consideration by HUD, HACoLA's request has been denied due to HUD's reduction of the original amount, reflecting concerns HUD had previously raised.

Additionally, HACoLA received notice from HUD on December 10, 2008 (see attached) regarding the independent review of the YARDI Voyager System report provided to HUD in regards to Recommendation 1J, withholding 10% of the administrative fee beginning in FY2008, until the review had been conducted.

The report has been reviewed, the corrective action completed, and no additional information regarding recommendation 1J is required.

HUD OIG Financial Audit

HUD has informed HACoLA (see attached) that they will proceed with an audit to determine whether Section 8 funds were spent in accordance with HUD's rules and regulations. The audit is scheduled to begin in January 2009.

Corrective Action Plan for FYE 2006

To date, one member of the Housing Advisory Board is pending completion of the training as required by the Corrective Action Plan (CAP) for FYE 2006. As I previously reported, HUD has closed all other items of this CAP.

Corrective Action Plan for FYE 2007

As previously reported, based on the results of HUD's onsite confirmatory review, there was a reduction of SEMAP points for specific indicators, which resulted in a Troubled rating for fiscal year ending June 30, 2007. As a result, HACoLA has submitted a CAP to HUD for the indicators that received zero points. HACoLA and HUD have finalized the items in question on the CAP, including those that have already been addressed. Your Board approved the CAP on December 16, 2008.

Performance Results for FYE 2008

HUD has indicated that their on-site confirmatory review for FYE 2008 will be conducted at the end of January 2009. HACoLA expects a SEMAP score of 108 points for FYE 2008. This is 21 points above the minimum required (87 points) for a standard rating.

Los Angeles Housing Resource Center (formerly Socialserve.com)

For a 28-day period between November 14 and December 12, 2008, the Los Angeles Housing Resource Center averaged 7,041 total listings, remaining at a consistent high; there were 4,514 participating landlords (a 5% increase over last month), and 104,313 housing searches conducted.

Call Center

Our call center averaged a weekly total of 2,607 calls, with an overall total for the period between November 14 and December 15, 2008 of 10,429 calls. The average wait time was two minutes, 39 seconds.

HUD-VASH Vouchers

While we continue to work with the City of Long Beach and the Housing Authority of the City of Los Angeles (HACLA), who received 70 and 840 vouchers, respectively, our status remains unchanged from last month's progress report.

Please contact me should you have any questions or need additional information.

c: Lari Sheehan, Deputy Chief Executive Officer
Sachi A. Hamai, Executive Officer/Clerk Board of Supervisors
Each Deputy



U.S. Department of Housing and Urban Development
Office of Inspector General

Region IX
611 W. Sixth Street, Suite 1160
Los Angeles, CA 90017-3101
(213) 894-8016
fax (213) 894-8115

November 26, 2008

Mr. William K. Huang
Acting Executive Director
Housing Authority of the County of Los Angeles
12131 Telegraph Road
Santa Fe Springs, CA 90670

Dear Mr. Huang:

As previously discussed in our June 30, 2008 notification letter and July 10, 2008 entrance conference with your office, the Office of the Inspector General has been performing an audit survey of HACoLA's Section 8 program. The purpose of this letter is to inform you that we plan to proceed to the audit phase of the assignment. The objective of the assignment is to determine whether Section 8 funds were spent in accordance with HUD's rules and regulations.

We have scheduled a meeting with your office for Monday, December 1st at 10:30 AM, to further discuss the audit and address any questions.

Should you have any questions, please contact me, or Vincent Mussetter, Assistant Regional Inspector General, at (213) 894-8016. Thank you for your cooperation in this matter.

Sincerely,



Edward J. Schmidt
Assistant Regional Inspector General for Audit
For
Joan S. Hobbs
Regional Inspector General for Audit

cc:

K. J. Brockington, Director, Office of Public and Indian Housing, 9DPH



U.S. Department of Housing and Urban Development
Office of the Field Office Director
Los Angeles Field Office, Region IX
611 W. 6th Street, Suite 1100
Los Angeles, CA 90017

December 8, 2008

Mr. William K. Huang
Acting Executive Director
Housing Authority of the County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755

Dear Mr. Huang:

SUBJECT: Office of Inspector General Audit
Report Number 2008-LA-1007
Recommendation 1M

Thank you for your letter dated November 19, 2008, regarding the subject Office of Inspector General audit. You have requested that HUD reconsider the corrective action for Recommendation 1M for the Housing Authority of the County of Los Angeles (HACoLA) to reimburse HUD in the amount of \$1 million for failure to adequately administer its Section 8 Housing Choice Voucher program. Your justification for this request is the negative fiscal impact the reimbursement will have on HACoLA's operations and the cooperation demonstrated by HACoLA in resolving the deficiencies identified in the audit.

After careful consideration of the information you have provided, I have determined that your request cannot be approved. This issue has been discussed extensively by the Office of Inspector General and the Office of Public Housing in HUD Headquarters, with consideration given to the seriousness of the violations and the fiscal impact on HACoLA. The significant reduction in the amount to be reimbursed, from \$3,662,972 to \$1,000,000, reflects HUD's recognition of the concerns you have raised.

As stated in my letter to you dated October 23, 2008, you may request a repayment agreement that would allow HACoLA to pay the amount over time and lessen the immediate financial impact.

Your efforts to improve HACoLA's performance are recognized and greatly appreciated. If you have any questions regarding this letter or the audit recommendations, please contact Linda Chu, Financial Analyst, at (213) 534-2612.

Sincerely,

K.J. Brockington
Hub Director
Office of Public Housing



U.S. Department of Housing and Urban Development
Office of the Field Office Director
Los Angeles Field Office, Region IX
611 W. 6th Street, Suite 1100
Los Angeles, CA 90017

DEC 10 2008

Mr. William K. Huang
Acting Executive Director
Housing Authority of the County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755

DEC 10 2008

Dear Mr. Huang:

SUBJECT: Office of Inspector General Audit
Report Number 2008-LA-1007
Recommendation 1J

I am pleased to inform you that Recommendation 1J from the subject audit report has been closed by the Office of Inspector General effective December 4, 2008. The assessment of the YARDI Voyager system, as documented in the report by the Bronner Group dated September 23, 2008, has been reviewed and found acceptable. As a result, the corrective action is completed and no additional information regarding Recommendation 1J is required. Your attention to this matter is appreciated. If you have any questions, please contact Theodore W. Skonos, Public Housing Revitalization Specialist, at (213) 534-2614.

Sincerely,

A handwritten signature in black ink, appearing to read "K.J. Brockington".

K.J. Brockington
Hub Director
Office of Public Housing