Housing Authority - County of Los Angeles

August 17, 2007

To: Each Supervisor

From: Carlos Jackson, Executive Director

SUBJECT: AUGUST 14, 2007 BOARD MEETING – AGENDA NUMBER 46-C

On August 14, 2007, your Board requested a response at the August 21, 2007 Board meeting to Supervisor Antonovich's amendment to agenda item 46-C and Supervisor Knabe's question regarding the status of the Corrective Action Plan. Below are our written responses.

Question 1

Why has the Housing Authority staff been unable to complete negotiations with HUD, and what are your objectives to the Corrective Action Plan?

HACoLA Response

- The U.S. Department of Housing and Urban Development (HUD) completed a program assessment of the Section 8 program during the first week of February 2007. HACoLA was informed by HUD that they would receive a Corrective Action Plan (CAP) in March 2007; however, HACoLA first received a draft CAP on June 4, 2007. This was seven months after HACoLA received its "troubled" designation from HUD.
- After receiving the CAP, HACoLA reviewed and noted several incorrect items in the CAP and areas where HACoLA did not concur. HACoLA submitted these items to HUD.
- HACoLA had been working cooperatively with HUD to try to resolve any outstanding issues. HUD was provided progress reports and attended HACoLA staff meetings.
- HACoLA's objection to the CAP is the timeliness of receipt, as it was received at the end of the fiscal year and the majority of the items in the CAP had been or continue to be implemented. HACoLA began implementing its own corrective actions prior to being notified of its "troubled" status.

- HACoLA is prepared, following the meeting with HUD staff on August 16, 2007, to submit the CAP for approval to the Board of Commissioners on August 21, 2007.

Question 2

Did staff confirm with HUD officials what steps are required to remove the "troubled" designation?

HACoLA's Response

- The actions taken to remove HACoLA from its troubled status have followed the requirements of the Section Eight Management Assessment Program (SEMAP) rating system process. However, it was not until a June 21, 2007 meeting when HUD informed HACoLA that there could be other reasons why HUD would withhold its designation of standard performer.
- After several attempts, HACoLA was unable to confirm with HUD staff exactly what steps are necessary to remove HACoLA from the "troubled" designation.
- HUD indicated that we could remain on "troubled status" even if our SEMAP scores improved to a standard rating.
- I am unaware of any other areas of concern that HUD has, as they have not provided this information to me.
- HACoLA attempted to obtain clarification at the August 16, 2007 meeting with HUD.

Question 3

Why did staff wait until early August to inform the Board of Commissioners about the HUD advisor?

HACoLA Response

- HACoLA officially learned that HUD had already contracted with an advisor on July 31, 2007, through a conference call with HUD and the advisor.
- After receiving a direct call from the advisor, I e-mailed HUD staff on August 2, 2007 to inquire as to the appropriateness of the contract with an advisor. HUD did not respond to the inquiry.

- On August 6, 2007, I sent a letter to HUD requesting further discussion and clarification of the CAP and the role of the advisor.
- On August 6, 2007, I met with four of the five Board deputies to provide an update. On August 8, 2007, I met with the fifth deputy.

Question 4

Of the roughly 3,400 housing authorities in the country, how many have the "troubled" designation, and how many has HUD assigned an advisor?

HACoLA Response

- HACoLA is unable to report how many other housing authorities in the country are currently "troubled" and how many have been assigned an advisor. This information is not generally available through industry groups, nor is it available on HUD's website. We have been informed that Housing Authority industry groups have asked HUD to maintain this information confidential to prevent the unfair characterization of housing authorities as poor performers.
- HUD has reported in a recent news release that seven housing authorities in the country are under receivership. Receiverships generally result from widespread, public housing authority-wide, long-standing, programmatic and management problems. For your information, your Board recently approved the submission of our Public Housing Assessment System, which indicates to HUD that our score merits a high performer rating. Further, HUD's recent financial assessment revealed that HACoLA was in compliance with fiscal requirements and had the capacity to manage federal funds.
- In a December 13, 2006 article in the Antelope Valley Press, HUD spokeswoman Donna White said that fewer than 130 Section 8 programs (out of 2,000 Section 8 programs) are rated as "troubled".
- HACoLA has been unable to determine how many housing authorities have been assigned an advisor.

Number 5

Please provide us with a report on the status of the CAP.

HACoLA Response

- On August 8, 2007, I was notified by Orlando Cabrera, HUD Assistant Secretary for Public and Indian Housing, that HACoLA had until August 20, 2007 to sign the CAP. I informed him that we had to seek the approval of our governing body.
- A majority of the items in the CAP have either been implemented or are currently being implemented by HACoLA. HACoLA took proactive steps to correct any deficiencies immediately after receiving notification from HUD of its "troubled" status.
- A request for approval of the CAP will be presented to your Board on August 21, 2007.

Please let me know if you have any questions or need additional information.

CJ:sm

c: William T Fujioka, Chief Executive Officer
Sachi Hamai, Executive Officer
Lari Sheehan, Deputy Chief Executive Officer
Each Deputy