

District of Columbia Housing Authority (DC001)
Assessment

**U.S. Department of Housing and Urban Development
Coordinated by the Northeast Public Housing Network**



Foreword

The following report details the results of HUD’s assessment of the District of Columbia Housing Authority (DCHA), DC001. A team of HUD staff, assembled from offices throughout the Northeast Network, conducted an on-site assessment on March 7 through March 11, 2022. The review assessed DCHA’s performance in operating its Public Housing (PH) and Housing Choice Voucher (HCV) programs from the period of October 1, 2019, to the present.

The findings, observations, and recommendations will serve as the foundation for the development of strategies and plans for improvement in any deficient areas. This assessment includes a discussion of policies and procedures with key DCHA staff, a review of documents and financial records, meetings and interviews with staff and members of the Board of Commissioners, sample unit inspections, and a site tour.

Executive Summary

There are five principal issues contributing to DCHA’s failure to administer its HCV and PH programs consistent with the Financial Management and Procurement requirements mandated by statute, regulation, and sub-regulatory guidance.

These failures include, but are not limited to:

- Inadequate oversight, management and tracking of critical “Financial Management and Procurement” functions and indicators that directly contribute to DCHA’s failure to comply with program requirements;
- Inadequate management and knowledge of property management functions including compliance with HUD rules and regulations that directly contributes to DCHA’s failure to comply with program requirements;
- Inadequate management and knowledge of HCV program functions including compliance with HUD rules and regulations that directly contributes to DCHA’s failure to comply with program requirements;
- Poor oversight of DCHA policies and operations, by DCHA’s Board of Commissioners and Executive Leadership that directly contributes to DCHA’s failure to comply with program requirements; and,
- DCHA’s failure to provide decent, safe, and sanitary housing opportunities for residents in violation of program requirements.

DCHA's inability or refusal to take serious and immediate remedial action for the items or subjects identified in this assessment, and make material progress in resolving these issues, may eventually lead to HUD making a determination of DCHA's default under Section 6(j)(3)(A) of the U.S. Housing Act of 1937, and/or breach of DCHA's Annual Contribution Contracts to provide HUD with more effective set of remedial tools to assist DCHA in addressing these issues.

Governance

DCHA was established by the District of Columbia Home Rule Act 87 Statute 779 in 1974. The authority was originally created as the Alley Dwelling Authority by Executive Order 6868 in 1934. Since then, it has transitioned through several name changes until it became DCHA in 1974. DCHA is currently operating under Title 6 Chapter 2 Subchapter I Section 6-201 of the District of Columbia Code passed in 1999, which established it as an authority separate and independent from the District of Columbia government.

Since 2003, DCHA has been a participant in HUD's Moving to Work (MTW) Demonstration program, a program for public housing authorities (PHAs) which provides the opportunity to design and test innovative, locally designed strategies using federal dollars more efficiently. The program also helps residents find employment, become self-sufficient, and it increases housing choices for low-income families. MTW allows PHAs exemptions from many existing public housing and HCV rules. MTW also provides funding flexibility when PHAs uses its federal funds. DCHA's Public and Indian Housing (PIH) programs are governed by its amended and restated MTW Agreement, Annual Contributions Contract for Public Housing, and Consolidated Annual Contributions Contract for the HCV program with HUD.

Currently, DCHA is not in compliance with the MTW statutory requirement to substantially serve the same number of low-income families as the number of families served absent of the MTW Demonstration. To remedy this, DCHA has developed a plan to increase and sustain PH occupancy. However, DCHA fails to meet milestones in its plan and has the lowest PH occupancy rate of all large PHAs in the country.

Board of Commissioners

In compliance with the district code governing the Board of Commissioners (DC Code Title 6, Chapter 2, Subchapter I Section 6-211), the Board must have 13 members appointed as follows—six appointed by the Mayor with the City Council's consent, one appointed by the City Council, three elected by residents, one labor representative named by Metropolitan Central

Labor Council, one housing advocacy representative named by the District of Columbia’s Consortium of Legal Services Providers, one ex-officio member, and the Deputy Mayor for Planning and Economic Development. During our review, the Board was comprised of ten appointed members and two members elected by residents. Membership of the Board was listed as follows:

Name
Dionne Bussey-Reeder, Chairperson Kenneth Council, Vice Chairperson (At-Large Resident Commissioner)
Ronnie Harris, Commissioner (HCVP)
Jose Arnaldo Ortiz Gaud, Commissioner
Ann Hoffman, Commissioner (Labor)
John Falcicchio, Commissioner – Deputy Mayor
Lejuan Strickland, Commissioner
Aquarius Vann-Ghasri, Commissioner (Family Resident Commissioner)
William Slover, Commissioner (Advocate)
Melissa Lee, Commissioner
Raymond Skinner, Commissioner

From March 8 through March 11, 2022, the review team conducted interviews via Zoom or in person with ten members of the DCHA’s Board of Commissioners including Dionne Bussey-Reeder, Kenneth Council, Lejuan Strickland, Raymond Skinner, William Slover, Aquarius Vann-Ghasri, Ann Hoffman, Ronnie Harris, Melissa Lee, and Jose Arnaldo Ortiz Gaud. The review team also examined DCHA Board meeting minutes from the past year. Due to time constraints and scheduling conflicts, Commissioner Falcicchio was not interviewed as planned. The Resident Commissioner position representing senior/disabled residents was vacant due to a recent departure, and an election to fill the position was being scheduled.

From interviews and the review of the minutes, it appears Board Members regularly attend meetings. There is a diverse range of career backgrounds in the Board including professionals in

housing, redevelopment, community activism, and labor. The diversity should contribute to a well-rounded and knowledgeable Board. Members' tenure ranges from three months to twelve years.

PIH's review found there is not always agreement amongst the Board. Some members believe Mayor and District appointed members vote as a group without individual review of the action requested. Some Board members feel they do not receive sufficient information to make decisions at meetings, while others feel adequate information is received. Almost all Board members expressed a strong interest in receiving HUD's Lead the Way training to better understand and perform their duties.

All members displayed awareness of the problems the housing authority faces regarding the poor condition of the housing stock and the need for redevelopment, as well as lack of trust and credibility between DCHA and its residents. However, Board Members could not speak to specific actions it was taking at DCHA to make improvements in these areas. Some Board members highlight DCHA's poor job of communicating to the residents about redevelopment plans, the constant changes to these plans, and a lack of focus on resident services as root causes of the problems. Some members support redevelopment, others do not.

Public Board Meetings are held the second Wednesday of each month to vote on resolutions and to hear comments from residents. In addition, the Board meets monthly prior to the public Board Meetings with the Executive Director and DCHA staff for a private working session, as allowed under DC law. Working sessions are scheduled to discuss the reports and resolutions provided by the Executive Director, as well as other items, such as contracting, security and unit vacancies.

According to the Board interviews and review of the Public Board Meeting Minutes, discussions and questioning pertaining to resolutions occur primarily in private working sessions and committee meetings, but minutes from the working sessions are posted on DCHA's website.

Recommendations

- Find ways to improve Board transparency by ensuring all Board agenda items are available to the public;
- Provide training to develop Board capacity in critical functions including the overall role of the Board, procurement to include federal and district requirements and regulations, program operations, financial management, DCHA policies, HUD policies, and HUD program and reporting requirements;
- Board should attend HUD's Lead the Way training and training on repositioning and redevelopment of properties;

- The Board should draft a document including measurable performance goals for the Executive Director;
- Determine a regular to review the Executive Director’s performance against documented goals;
- The Board should provide detailed reports on budget and financial condition, PH occupancy and vacancies, HUD reporting, HCV utilization, outstanding work orders, lease enforcement, criminal incidents at developments, and tenants’ accounts receivables; and
- The Board should attend trainings on ethics covering authority and district requirements and regulations, and evidence of this training should be provided to HUD.

Executive Director

Brenda Donald was hired as the Interim Executive Director of the DCHA in June 2021. She was appointed to the position permanently in August 2021. Ms. Donald has a two-year contract with DCHA with a current annual salary of \$275,000. This salary exceeds HUD’s salary cap; however, DCHA utilizes nonfederal funds to pay the Executive Director’s salary. Before her employment at DCHA, Ms. Donald served in various administrative positions in D.C. Government including serving three times as Deputy Mayor and in Child Welfare. Her background is in Human Services, but Ms. Donald has no experience in property development, property management or managing federal housing programs.

Interview with Executive Director

The Board of Commissioners initially appointed Ms. Donald as the Interim Executive Director after the departure of the previous executive director in June 2021. Initially, she was appointed to serve for four months while the recruitment of a new executive director took place. She observed serious issues at DCHA such as a high PH vacancy rate, poor rent collection, staff performance issues, and the PHA not being data driven. After informing the Board of Commissioners of her observations, they asked her to remain as executive director on a permanent basis. She accepted a two-year contract that was subsequently executed between Ms. Donald and DCHA’s Board of Commissioners.

According to Ms. Donald, she has spent a great deal of time meeting with resident leaders and feels the authority is in place to support the residents and to deliver services to them. Supporting residents will alleviate the high distrust between them and DCHA. She also believes DCHA’s problems are solvable by “practicing basic property management.” She is focused on creating a new organizational culture of customer service, accountability, and expectations. She meets weekly with her executive team and has set firm expectations on performance. Ms. Donald was not aware of the poor Public Housing Assessment Scores (PHAS) which would have resulted in

a Troubled PHAS designation if DCHA was not a MTW Demonstration participant. Ms. Donald did understand how high vacancy rates and poor rent collections were sources of the authority's problem. Filling unit vacancies is one of her top priorities. She expressed strong interest in HUD's Lead the Way training series.

Recommendations

- Training for the Executive Director to develop capacity in critical PHA functions including the overall role of the Executive Director and the Board, procurement, PH and HCV program operations, financial management, HUD policies, and HUD reporting requirements and systems. HUD's Lead the Way Training is available to assist in developing this capacity;
- Monitor executive team and ensure detailed reports on financial condition, public housing vacancies, HCV utilization, outstanding work orders, tenant accounts receivables, procurement actions and status of development projects are submitted weekly;
- The Executive Director should evaluate DCHA's current organizational structure the staff's capacity to perform assigned functions;
- The Executive Director should make changes to the existing organizational structure and develop and implement any staff training needed;
- The Executive Director should develop a document with measurable performance goals for each member of the executive team and determine a regular schedule for reviewing their performance against these goals;
- Develop a regular meeting schedule with Resident Leaders and the Resident Advisory Board to share updates and discuss issues; and
- Provide a monthly report to the Board on key performance indicators including financial condition, procurement, repositioning, capital improvements, occupancy, rent collection, lease enforcement activity, hiring and HCV utilization.

Governance Findings

The review team identified numerous findings, recommendations and observations related to DCHA programmatic operations directly related to poor oversight by DCHA's Board of Commissioners and DCHA's Executive Leadership. This information and the required corrective actions are included throughout this report.

Public Housing

Introduction

DCHA owns and operates 8084 units of federal public housing. These units are in 60 developments across the District of Columbia. In FY22, HUD provided \$52,972,662 to DCHA in Operating Grant Funds and \$23,592,851 in Capital Grant Funds to support these units. The team also reviewed DCHA's low rent public housing operations, including occupancy, waiting list management and tenant selection, resident files, financial statements, procurement, Enterprise Income Verification (EIV) utilization, lead-based paint testing results, unit/development conditions, work orders, the Capital Fund program, inventory control policy and related supporting materials.

Policies

Finding PH 1

DCHA's Admission and Continued Occupancy Policy (ACOP) has not been updated since 2017 and does not comply with DCHA's MTW Agreement and HUD regulations. The MTW designation does not waive the requirement for updating the ACOP; therefore, DCHA is out of compliance with its MTW Agreement and its ACC. Additionally, DCHA has implemented many changes in its administration of its Low-Income Public Housing (LIPH) program under the MTW program, which are not reflected in the ACOP as required.

Regulatory Citation 24 § CFR 960

Corrective Action:

DCHA must update its ACOP in accordance with HUD requirements and its approved MTW Plan. Staff must receive training on the MTW plan and HUD requirements. DCHA must provide HUD with a copy of the updated ACOP with Board Resolution and evidence of staff training.

Finding PH 2

DCHA is not safeguarding personally identifiable information (PII) required by HUD and preventing potential breaches of this sensitive data. DCHA is not protecting the privacy of individuals' information stored electronically or in paper form, in accordance with federal privacy laws, guidance, and best practices. DCHA was unable to provide any policies or procedures on how staff maintains and safeguards PII.

Regulatory Citations

24 CFR 5 (Subpart B), 24 CFR 200.303(e), Section 6 of the Housing Act of 1937, the Privacy Act of 1974, 5 USC § 552a (Privacy Act), PIH Notice 2015-06 Privacy Protection Guidance for Third Parties, The Freedom of Information Act (FOIA), 5 USC § 552, and Section 208 of the E-Government Act.

Corrective Action:

DCHA must immediately implement administrative, technical, and physical safeguards to protect applicant and participant information. This includes safeguarding electronic transmissions of sensitive data via fax, email, and other electronic devices. DCHA must consistently implement procedures to protect all hard copy and electronic files containing sensitive PII and manage access to sensitive applicant, tenant, and participant PII. Additionally, DCHA must train staff on HUD Information Security Procedures and mandates. Finally, DCHA must provide a copy of approved and implemented policies and procedures, along with proof of staff training to HUD.

Finding PH 3

DCHA is not in compliance with updated Violence Against Women Act (VAWA) requirements in accordance with HUD regulations and PIH Notice 2017-08.

Regulatory Citations

24 CFR Part 5, Subpart L and PIH Notice 2017-08 Violence Against Women Reauthorization Act of 2013 Guidance

Corrective Action:

DCHA must update and implement its policies, procedures, and PH lease to include revised requirements of PIH Notice 2017-08. DCHA should also attend training cover the above topics.

A copy of the updated Violence Against Women’s Act (VAWA) policies and procedures, the PH lease, the Board Resolution approving the policy and PH lease, evidence of staff training, and DCHA’s implementation plan must be submitted to HUD. DCHA's implementation plan must include documentation of PH participants receiving notification of the updated occupancy rights under VAWA.

Finding PH 4

DCHA failed to establish the Over-income policy, a statutory change in Section 103 of the Housing Opportunity Through Modernization Act of 2016 (HOTMA).

Regulatory Citations

PIH Notice 2019-11; 24 CFR 960

Corrective Action:

DCHA must update its ACOP and MTW Plan to implement these changes. The policy must include the implementation of an over-income limit in the program, clear descriptions of all instances of when the two-year timeframe begins, and the notification requirements put forth by section 103 of HOTMA. DCHA must provide copies of updated policies and procedures a plan and timeline for implementation, Board resolutions and evidence of staff training to HUD.

Finding PH 5

DCHA is not in compliance with the choice of flat rent by tenants. DCHA does not offer tenants the choice of flat rents or income-based rents. A review of tenant files revealed some tenants were on a flat rent; however, there was no indication of DCHA providing participants with options or a choice. While DCHA’s FY2022 MTW Plan does discuss flat rent alternatives under Initiative 5, there was no written Policy or Procedure, which must be included per Notice 2021-27.

Regulatory Citations

24 CFR § 960.253; PIH Notice 2021-27

Corrective Action:

DCHA must update its ACOP, create and implement a procedure to ensure it gives each family the opportunity to choose between the two methods for determining the amount of tenant rent payable monthly. This option should be afforded at least once a year. The family may choose to pay as tenant rent either a flat rent, or an income-based rent. Except for financial hardship cases, the family may not be offered this choice more than once a year. No later than 90 days after the effective date of new Fair Market Rents (FMRs) or Small Area Fair Market Rents (SAFMRs) published by HUD, the PHA must compare the current flat rent amount to the applicable FMR and SAFMR/unadjusted rent to determine:

1. If the PHA is compliant with this law, no further steps are necessary.
2. If the flat rent is at least equal to the lower of
 - a) 80 percent of the FMR; or,
 - b) 80 percent of the SAFMR; or
 - c) If no SAFMR is available, 80 percent of unadjusted rent.

If the current flat rent is less than the lower of option a or option b, the PHA must set flat rents at no less than 80 percent of the lower of the 80 percent FMR or 80 percent SAFMR/80 percent unadjusted rent, subject to the utility adjustment in Section 6 of this Notice, or the PHA may request an exception flat rent pursuant to the requirements of Notice PIH 2021-27.

DCHA must provide HUD with documentation of updated policies and procedures, a plan and timeline for implementation, Board resolutions, and evidence of staff training.

Finding PH 6

DCHA's flat rent schedule has not been updated with the current Fair Market Rent (FMR). DCHA must establish flat rents at no less than 80 percent of the published FMR.

Regulatory Citations

24 CFR § 960.253; PIH Notice 2017-23

Corrective Action:

DCHA must establish policies and procedures to ensure flat rents are updated expediently with the most recent HUD published FMRs. Once approved by the Board, DCHA must provide HUD with the policy. Additionally, DCHA must amend its Annual MTW Plan because the MTW Agreement does not provide waiver of 24 § CFR §960.253. Initially, the MTW office approved a waiver of the flat rent regulations; however, it has investigated further, and it acknowledges the

initiative was approved in error. DCHA must provide HUD with copies of updated policies and procedures, a plan and timeline for implementation, Board resolutions and evidence of staff training.

Finding PH 7

DCHA is non-compliant with HUD regulations regarding pets in public housing. In 2014, DCHA rescinded its pet-free policy after a lawsuit. Since, the authority has not implemented a new policy regarding pets.

Regulatory Citations

24 CFR § 960.707; Notice FHEO-2020-01 “Assessing a Person’s Request to Have an Animal as a Reasonable Accommodation under the Fair Housing Act”; Public Housing Occupancy Guidebook Chapter 9

Corrective Action:

DCHA must establish and implement a pet policy that is board approved and included in their lease, ACOP and MTW Plan. For all development types, the rules or policies must, be reasonable and not conflict with any applicable federal, state, or local law or regulation governing pet ownership in residences. DCHA must provide copies of updated policies and procedures, a plan and timeline for implementation, Board resolutions and evidence of staff training to HUD.

Finding PH 8

DCHA is not in compliance with the Community Service and Self-Sufficiency Requirement (CSSR).

Regulatory Citation 24 CFR § 960.605

Corrective Action:

DCHA must establish policies and procedures for administration of CSSR for PH residents. DCHA’s policy must describe how the authority determines which family members are subject to or exempt from the service requirement. Also, the policy must describe the process for determining any changes to the exempt or non-exempt status of family members.

DCHA must provide families with a written description of the service requirement the process for claiming status as an exempt person, and how the PHA verifies such status. In addition, DCHA must notify the family of its final determination which will identify family members who are subject to the service requirement, and family members who are exempt persons. Last, DCHA must provide HUD with copies of updated policies and procedures, a plan and timeline for implementation, Board resolutions and evidence of staff training.

Finding PH 9

DCHA is non-compliant with the Minimum Rent Policy and Procedure (MRPP). In the MTW Plan, DCHA has a minimum rent established in the amount of zero (0) dollars, but the minimum rent amount is not in the ACOP. In addition, DCHA could not provide a policy or procedure on DCHA's implementation of minimum rent.

Regulatory Citation 24 CFR § 5.630

Corrective Action:

DCHA must create, adopt, and implement a policy describing when DCHA will charge a minimum rent and the process for requesting a financial hardship exception to the minimum rent. Also, DCHA must provide HUD with copies of the updated policies and procedures, a plan and timeline for implementation, Board resolutions and evidence of staff training.

Finding PH 10

DCHA is not making reasonable efforts to provide language assistance to ensure meaningful access for LEP persons to the recipient's programs and activities.

Regulatory Citations

2004 DC Access Act of 2004, Department of Justice (DOJ) LEP Guidance, Executive Order 13166E, FR-4878-N-02 Final Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons

Corrective Action:

DCHA must conduct a four-factor analysis and develop a Language Access Plan (LAP) which will be utilized to provide appropriate language assistance to applicants, tenants, and other interested parties with Limited English Proficiency. DCHA must update its MTW Plan and

ACOP to include the LAP. DCHA must ensure that the LAP includes how DCHA will provide the following services:

- Oral interpretation services.
- Telephone service lines interpreter.
- Written translation services.
- Notices to staff and recipients of the availability of LEP services; or
- Referrals to community liaisons proficient in the language of LEP persons.

DCHA must provide HUD with copies of updated policies and procedures, a plan and timeline for implementation, Board resolutions and evidence of staff training.

Finding PH 11

DCHA is not in compliance with HUD regulations governing the occupancy of public housing units by police officers and resident employees. DCHA has some general language in its MTW Plan; however, it is not in the ACOP.

Regulatory Citations

24 CFR 960.505 (b), Notice PIH 2021-35, PIH Public Housing Occupancy Guidebook 7465.1 Chapter 6-3

Corrective Action:

In the MTW Plan and ACOP, DCHA must include the number and location of the units to be occupied by police officers and resident employees, the terms and conditions of their tenancies, and a statement verifying that the occupancy is needed to increase security and /or improve maintenance services for public housing. Instructions for designating units are provided in Notice PIH 2021-35. DCHA must provide HUD with copies of updated policies and procedures a plan and timeline for implementation, Board resolutions and evidence of staff training.

Finding PH 12

DCHA created its own Designated Housing program which is not in compliance with HUD regulations. DCHA's MTW Agreement does not provide the required authority to waive the Designated Housing Plan regulations.

Regulatory Citation

24 CFR Part 945 Designated Housing

Corrective Action

DCHA must compose and submit a Designated Housing Plan for every development classified as an “Elderly-only” development in the MTW Plan for HUD review and approval. Lastly, the authority must also remove Initiative 2 from its MTW Plan.

Occupancy

DCHA has 8,084 units of public housing of which 1,628 units are currently vacant. As of June 13, 2022, DCHA’s occupancy rate is 76.44%, which is the lowest PH occupancy rate of any large PHA in the country.

On February 8, 2016, HUD’s local D.C. Field Office (DCFO) executed an Occupancy Action Plan (OAP) with DCHA. The OAP contains action items and associated timelines DCHA was responsible for utilizing to improve occupancy at each of its PH developments. During the past seven years, DCFO has met regularly with DCHA and provided ongoing technical assistance. DCFO notes progress was previously being made on this plan with the occupancy rate rising to 92.5% in April 2018. However, over the past 40 months, occupancy at the DCHA has been on a continual decline.

Finding PH 13

DCHA is not occupying PH units in accordance with its policies, HUD regulations and MTW statutory requirements.

PH 13a

DCHA is currently out of compliance with its MTW statutory requirement to substantially serve the same total number of low-income families that would have been served absent the MTW Demonstration. This is the direct result of DCHA’s extraordinarily low public housing occupancy rate. On November 23, 2020, the MTW office sent DCHA a letter notifying the authority of its non-compliance with the MTW statutory requirement, which is also contained in the MTW Agreement between DCHA and HUD. During the most recent assessment year, DCHA was serving approximately 1,400 fewer families than it is required to serve to remain in compliance with the same requirement. DCHA has developed a Corrective Action Plan with short, medium, and long-term milestones to remedy this issue, but it is not meeting milestones.

Regulatory Citation

MTW Agreement, Section II, Requirements and Covenants, Paragraph D.

Corrective Action (PH 13a):

DCHA must develop and implement a plan with timeline to increase and maintain occupancy and to come into compliance with its MTW statutory requirement to serve substantially the same total number of low-income families as would have been served absent the MTW Demonstration. DCHA must provide this plan with timeline to HUD, for approval, and provide monthly progress reports.

PH 13b

DCHA does not have an accurate listing of vacant units and is not reporting an accurate status of units in the Inventory Management System/PIH Information Center (IMS/PIC) system.

Regulatory Citation (PH 13b) 24 CFR 908.104

Corrective Action (PH 13b):

DCHA must complete an analysis of all units to determine its occupancy status. DCHA must compare this analysis to data it has submitted to PIC to develop and implement a plan to correct this data. In addition, DCHA must develop and implement a process for ongoing submissions to PIC and train staff on this process. DCHA must provide HUD with an accurate listing of all vacancies, its plan and timeline to address PIC errors, and evidence of staff training.

PH 13b1

Based on a sampling of HUD's IMS/PIC information conducted during the physical condition inspections, DCHA is not receiving the correct operating subsidy for occupied units. In most developments inspected, there were units that appeared vacant in IMS/PIC which DCHA showed as leased-up. Vacant units shown to the inspector indicated they were occupied in IMS/PIC.

Regulatory Citation 24 CFR 990.140

Corrective Action (PH 13b1):

DCHA must complete an analysis of each unit to determine its occupancy status. DCHA must compare this analysis to data it has submitted to IMS/PIC to develop and implement a plan to correct this data. Once complete, DCHA must complete an analysis of operating subsidy to determine any overpayment and repay these funds to HUD from non-federal sources. DCHA must provide an accurate listing of all vacancies, its plan and timeline to address PIC errors, its operating subsidy analysis and evidence of repayment of any overpaid operating subsidy from non-federal funds to HUD.

PH 13b2

Based on a sampling of PIC information conducted during the physical condition inspections, DCHA is not correctly identifying approved vacancies in PIC. There are instances in which the

DCHA has units in Undergoing Modernization status that are not under modernization as well as units actively being modernized by independent contractors that are not identified as Undergoing Modernization in PIC.

Regulatory Citations

24 CFR 990.145; PIH Notice 2021-35

Corrective Action (PH 13b2):

Following the reconciliation of PIC data in the above finding, DCHA must coordinate with HUD's DCFO to rectify HUD approved vacancies in accordance with PIH Notice 2021-35.

PH 13c

DCHA does not have adequate internal procedures in place for tenant selection, resident transfers, unit turnaround or leasing for its public housing units. HUD reviewers found the following:

- DCHA's waitlist has been closed since 2013, and it has not actively lease available units. Instead, DCHA is only transferring existing tenants and only increasing the overall number of vacant units.
- DCHA's Property Management Operations (PMO) staff members lack knowledge of unit turnaround procedures and could not provide the status of vacant units. In the past year, there have been many staffing changes in the PMO office, which may have attributed to a decline in leasing units. PMO's Sr. Vice President has been with DCHA for under 4 months.
- DCHA's lease up time is excessive. The communication between DCHA's tenant selection, property management and maintenance department is poor.
- DCHA lacks reports to track the status of vacancies, offers and leasing. Each inspected development contained units that were 90-100% ready to lease up with no applicant known to the housing manager. In at least one instance, a unit was turned down by an applicant. After several months a second applicant was not identified.

Regulatory Citation 24 CFR 960.202

Corrective Action (PH 13c):

DCHA must develop and implement adequate procedures in place for tenant selection, resident transfers, unit turnaround or leasing for its public housing units and train staff on same. DCHA

must produce reports to track status of vacancies, transfers, offers and leasing. DCHA must provide HUD with a copy of these procedures, reports, and evidence of staff training.

Waiting List Management and Tenant Selection

Finding PH 14

DCHA is not selecting applicants from its waiting list in accordance with its policies, MTW Plan, and HUD regulations.

PH 14a

DCHA was unable to provide documentation to support the method used to select applicants from the waiting list with the same preference qualification. Additionally, the waiting list only showed the date of application; it did not provide the time of application.

PH 14b

DCHA was unable to provide documentation of the number of persons on its Public Housing waiting list. DCHA staff members were unclear whether there was one single waitlist or site-based waitlists. The FY2022 MTW Plan indicates DCHA was in process of cleaning up the waitlist and would transition to site-based waiting lists. However, this information had a 2015 date for completion and is still outstanding

PH 14c

DCHA has not updated its waiting list in ten years, and it could not provide the method it used to remove families from the waiting list. The FY2022 MTW Plan indicates DCHA was in process of cleaning up the waitlist and would move to site-based waiting lists. However, this information had a 2015 date for completion and is still outstanding.

PH 14d

DCHA does not maintain adequate waiting list records showing the status of applicants and eligibility actions it has taken.

Regulatory Citations

24 CFR § 960.206(e), 24 CFR § 960.202; PIH Notice 2017-23

PH 14 Corrective Action:

DCHA must establish and implement written policies for admission of tenants and train staff on the knowledge and implementation of the new policies. These policies shall provide and include the following:

- Targeting admissions to extremely low-income families;
- Deconcentration of poverty and income-mixing in accordance with the MTW Agreement;
- Precluding admission of applicants whose habits and practices may reasonably be expected to have a detrimental effect on the residents or project environment;
- Objective and reasonable policies for the authority's selection of eligible applicants, including requirements for applications and waiting lists (see 24 CFR 1.4), and for verification and documentation of information relevant to acceptance or rejection of an applicant, including documentation and verification of citizenship and eligible immigration status under 24 CFR part 5; and
- Policies of participant transfer between units, developments, and programs. For example, DCHA can adopt a criterion for voluntary transfer where the tenant must meet all obligations under the current program, including payment of charges to the authority.

DCHA must provide HUD with a copy of these policies and procedures, associated Board resolutions and evidence of staff training.

Corrective Actions 14 a-d:

PH 14a

DCHA must develop and implement policies and procedures for selecting applicants from the waiting list with the same preference qualification using two criteria— (1) Date and time of application; and (2) A drawing or other random choice technique. In addition, the method for selecting applicants must verify how each applicant was chosen in accordance with the procedure specified in its ACOP. This method must be evident and clear for auditing purposes HUD must receive a copy of these policies and procedures, associated Board resolutions and evidence of staff training.

PH 14b

DCHA must analyze its records and determine the accurate number of households on its waiting list. DCHA must provide HUD with documentation of its plan to complete this analysis with a timeline and a copy of the Public Housing Waiting List.

PH 14c

DCHA must update its policies and procedures to clearly state its policy for removing applicants from the waiting list. These policies should include how families are removed from the waiting list if they do not respond to PHA requests for information, are determined ineligible, or have voluntarily asked to be removed from the list, and their appeal rights and train staff on the same. DCHA must provide copies of updated policies and procedures with required Board Resolutions and evidence of staff training to HUD.

PH 14d

DCHA must develop and maintain records of all actions taken on applicants to its Public Housing Program. The records must be in the form required by HUD, including requirements governing computerized or electronic forms of record-keeping, and in a manner that permits a speedy and effective audit. DCHA must train all staff on record-keeping requirements and Public Housing program tracking reports. DCHA must provide its plan and timeline, policies, and procedures for record-keeping, tracking reports, and evidence of staff training to HUD.

Finding PH 15

DCHA does not conduct criminal record screening and maintain record records in accordance with HUD regulations. A review of LIPH tenant files and information provided by DCHA staff found that DCHA keeps criminal records in the tenant/applicant file.

Regulatory Citation 24 CFR 5.905 (c)

PH 15 Corrective Action:

DCHA must establish and implement its policies and procedures for records management and train staff on same. These policies and procedures must ensure any criminal record DCHA receives from a law enforcement agency must be:

- Maintained confidentially;
- Not misused or improperly disseminated; and
- Destroyed once the purpose(s) for which the record was requested has been accomplished, including expiration of the period for filing challenge to the PHA action without institution of a challenge or final disposition of any such litigation.

DCHA must provide copies of updated policies, procedures, associated Board resolutions and evidence of staff training to HUD.

Finding PH 16

DCHA does not screen applicants who may be subject to a lifetime sex offender registration in accordance with its policies and HUD regulations. In accordance with PIH Notice 2012-28, an application for admission into the applicable HUD-assisted housing program must include a complete list of all states in which any household has resided. In addition, DCHA must ask whether the applicant, or any member of the applicant's household, is subject to a lifetime sex offender registration requirement in any state.

DCHA's criminal screening policy documents reflect that DCHA checks applicants for anyone who may be a lifetime registered sex offender. However, the reviewer was unable to determine if DCHA's application and the authorization for criminal screening request included previous addresses. With the absence of this data, it could not be determined how DCHA verifies the complete list of all states the applicant may have resided.

Regulatory Citations

24 CFR 5.856; 24 CFR 960.204; PIH Notice 2012-28

Corrective Actions PH 16:

DCHA must develop and implement policies and procedures for screening applicants and train staff on same. In addition, the DCHA must update its application to include the requirements of PIH Notice 2012-28. DCHA must provide a copy of its policies and procedures, associated Board resolutions updated application, and evidence of staff training to HUD.

Record Keeping and HUD Reporting

Finding PH 17

DCHA is not in compliance with HUD regulations on record retention.

Regulatory Citations

24 CFR 5.905(c), 24 CFR 990.325

Corrective Action:

DCHA must create, adopt, implement a records retention policy which provides DCHA's procedures for the retention of public housing applicant and tenant files. The policy must

include the duration of time DCHA will keep the files, and how DCHA will safeguard the files that may contain Personal Identifiable Information (PII). The policy should be accompanied by a schedule, which will provide the time frame by which DCHA will keep the files prior to archiving and or destroying. DCHA must train staff on the new policy and include in the ACOP. DCHA must provide copies of updated policies and procedures a plan and timeline for implementation, Board resolutions and evidence of staff training.

Finding PH 18

DCHA is not maintaining tenant files in accordance with HUD regulations. While onsite, the HUD team reviewed (25) public housing participant files. Twenty-three of the files reviewed were incomplete in at least one of the following areas: lead-based paint disclosure, HUD-50058 forms, VAWA, Policy and Notification of Tenancy Rights, Community Service and Self-Sufficiency Requirements, Citizenship Declaration form 214, Certification of Zero Income, EIV, third party income verification, flat rent documentation, leases, original applications, and Certification of No Assets

Regulatory Citations

24 CFR 5.236, 5.240, 5.512 and 960.253 PIH Notice 2007-27

Corrective Action:

DCHA must create, adopt, and implement Policies, Procedures including Quality Control review, which will ensure that all required data is in the tenant files and train staff on same. DCHA must conduct a review of all tenant files to ensure that information is complete and tenant files are auditable. DCHA must submit their plan and timeline for reviewing all tenant files and making corrections and evidence of staff training to HUD.

Finding PH 19

DCHA does not use the Enterprise Income Verification (EIV) in accordance with HUD regulations and its MTW plan.

PH 19a

DCHA not have a policy for monitoring reports for mandatory use of the Enterprise Income Verification (EIV) System. To reduce administrative and subsidy payment errors in accordance with HUD administrative guidance, PHAs are required to monitor specific EIV reports on a monthly and quarterly basis. The DCHA staff specified that the EIV reports were generated during the eligibility process and biannual /triennial recertifications. However, no documentation was provided by DCHA to corroborate these statements.

The following EIV reports are required to be monitored monthly and/or quarterly:

- Deceased Family Report (Monthly);
- Identity Verification Report (Monthly);
- Immigration Report (Monthly);
- IVT Report based on PHA Reexamination Schedule (Report will include information from the New Hires Report (Monthly);
- Multiple Subsidy Report (Monthly); and
- Income Discrepancy Report (Quarterly).

PH 19b

DCHA failed to provide the names of the EIV User and Security administrators. To protect the integrity of EIV, PHAs must assign at least two user and security administrators. In addition, DCHA did not provide evidence verifying that the current users completed the required annual security awareness training, initial and updated EIV training. These trainings are mandatory before accessing EIV. Viewers /handlers of EIV data must complete annual security awareness training.

Regulatory Citations

24 CFR §5.233, §5.236; 24 CFR §5.233; PIH Notice 2018-18

Corrective Actions:

PH 19a

DCHA must establish a written procedure for the EIV system and train staff on same. The procedure must require DCHA staff to fully utilize the EIV system as required and include security protocols, including how DCHA will ensure only authorized users access EIV. DCHA must provide the EIV procedure and evidence of staff training to HUD.

PH 19b

DCHA must assign at least two (2) user and security administrators in the EIV system and train these staff members on their roles and responsibilities. The User Administrators **CANNOT** be the Security Administrators. User Administrators will have access to user administration and the responsibilities to request access for PHA staff, assign, modify, and remove user roles and assignments, assign PH projects (PH only), certify users, terminate access, and view user role history, termination, and user certification reports. The Security Administrators' will have access to audit reports, and the responsibilities is to monitor staff access to the system by viewing the various reports such as user session and activity and tenant data access. DCHA must submit to HUD a list of all current EIV users, assigned roles, and the date users completed all the required trainings.

Finding PH 20

DCHA does not transmit data timely and/or accurately into HUD's Inventory Management System-PIH Information Center (IMS-PIC). DCHA's IMS-PIC data is inconsistent with the data in accordance with HUD's guidelines. DCHA's low reporting rate is directly related to unresolved fatal errors in IMS-PIC when submitting 50058 family data. Additionally, while there is data for some families in IMS-PIC, many of these records are inaccurate and/or incomplete. When family data is inaccurate and not reported timely, it can adversely affect PHA funding and HUD's ability to monitor PHA compliance with HUD program rules and regulations effectively.

Regulatory Citation 24 CFR §908.104

Corrective Action:

DCHA must develop and implement procedures for timely and accurate IMS-PIC submissions. DCHA must ensure the number of families reported in IMS-PIC is consistent and DCHA must reconcile all PH-related fatal errors in IMS-PIC and ensure all records are complete and accurate. Finally, DCHA must provide IMS-PIC training to all PH staff. DCHA must provide the following information to HUD:

- DCHA IMS-PIC submission procedures and timeline for implementation;
- A report confirming the number of families reported in IMS-PIC is accurate;
- Proof that all PH IMS-PIC fatal errors have been corrected; and
- Proof of IMS-PIC training for all PH staff.

Continued Occupancy

Finding PH 21

During the review of DCHA's lease, it was noted that the lease states that DCHA shall not pay interest on a tenant's security deposit. However, according to District of Columbia law, a landlord must hold a tenant's security deposit in an interest earning account.

Regulatory Citations

24 CFR § 966.4 Lease requirements and D.C. Municipal Code Regs.tit.14 § 311

Corrective Action:

The administration of security deposits is governed by district law. DCHA must review the district law regarding security deposits to ensure compliance. and must update the policy and procedures if district law has changed. DCHA must review their ACOP and/or tenant lease with respect to security deposits and modify these as well as financial policy and procedures for

security deposits to ensure consistency for all documents. The financial policy and procedures for security deposits must be reviewed and modified based on changes made to the PHA's ACOP and/or tenant lease. DCHA must notify all residents of any changes and must train staff on updated policies and procedures.

DCHA must create and retain an escrow bank account for the administration of security deposits that matches or exceeds the security deposit liability account for the PHA-managed units. DCHA must conduct a review of all move-outs, where a security deposit was paid out and pay out the interest that would have been earned on the deposit. DCHA must provide copies of updated policies and procedures, a plan and timeline for implementation, Board resolutions and evidence of staff training to HUD.

Finding PH 22

DCHA is not in compliance with its policy and procedure for collecting delinquent rents and other amounts owed. The review team was informed that some developments accept verbal payment arrangements, while others follow the procedure for rent collection requiring written repayment agreements. As a result, DCHA has a low rent collection percentage <50% of monthly roll.

Regulatory Citations

24 CFR § 902.43; 24 CFR § 903.7; 24 CFR § 966.4; Housing Authority Lease

Corrective Action:

DCHA must enforce its rent collection policy, keep track of tenants who are delinquent and ensure uniformity throughout all developments with the rent collection policy and procedures. DCHA staff must cease from accepting verbal repayment agreements and comply with the Policies and Procedures set forth in the ACOP. DCHA must provide copies of updated policies and procedures a plan and timeline for implementation, Board resolutions and evidence of staff training to HUD.

Finding PH 23

DCHA is not completing Public Housing annual re-examinations in accordance with HUD regulations and/or its MTW-approved alternative schedule, as required. At the time of our review, DCHA had 1,596 late re-examinations of family income.

Regulatory Citation 24 CFR § 960.257

Corrective Action:

DCHA must create and implement a procedure for conducting reexaminations and train staff on same. DCHA must also create a plan to complete late reexaminations with timeline. DCHA must provide copies of updated policies and procedures a plan and timeline for implementation, Board resolutions and evidence of staff training to HUD.

Finding PH 24

DCHA does not properly calculate rent. HUD reviewed 25 tenant files and income calculations were incorrect due to incorrect calculation(s), improper verification (s) and/or missing verification(s). Of the 25 files reviewed, only 3 files contained complete information. In addition, DCHA fails to offer tenants the option of flat rents.

Regulatory Citations

HUD 24 CFR, Part 5 “General HUD Program Requirements”, Subpart F, “Section 8 and Public Housing, Family Income and Family Payment”; HUD 24 CFR §5.601- §5.634 and HUD 24 CFR §960.259 “Family Information and Verification”.

Corrective Action:

DCHA must develop and implement rent determination and verification procedures, including quality control review, and train staff on same. DCHA must create a plan with timeline to audit all tenant files to determine rent and verify that proper verification of income/assets/expenses and household composition for all households is complete and accurate. Corrected 50058 forms for all households must be submitted in PIC/MTCS.

If the tenant rent increases, the tenant cannot be charged for the rent increase until a 30-day notice is provided. If the tenant was overcharged rent, a reimbursement must be made to the tenant from non-federal funds. DCHA must provide copies of updated policies and procedures. a plan and timeline for implementation, documentation of results of file review and evidence of staff training to HUD.

Finding PH 25

DCHA is not following its lease, and it cannot document when lease enforcement actions have taken place.

Regulatory Citation 24 CFR 966 subpart A (k)

Corrective Action:

DCHA must develop and implement Cause and Non-Payment Eviction Procedures and train staff on same. All lease enforcement actions must be recorded and placed in tenant files. In addition, tenants must be afforded the right to due process. DCHA must provide copies of updated policies and procedures, a plan and timeline for implementation, Board resolutions and evidence of staff training to HUD.

Finding PH 26

DCHA is not in compliance with its ACOP and HUD regulations regarding annual inspections. Inspections may be conducted no earlier than nine months and no later than 15 months from the date of the last required inspection.

Regulatory Citation

24 CFR 5.705, 24 CFR 200.855 (b)

Corrective Action:

DCHA must develop and implement policies and procedures for conducting annual inspections. DCHA must also supply its plan with timeline to complete inspections of all units. DCHA must provide copies of updated policies and procedures, a plan and timeline for implementation, Board resolutions and evidence of staff training to HUD.

Finding PH 27

DCHA is not in compliance with its ACOP and HUD regulations on Reasonable Accommodation requests, transfers, and tracking. DCHA has language in its ACOP that differs from the way they conduct intake, review, process, approve or deny of reasonable accommodation requests and transfers.

Regulatory Citation

24 CFR 100.24, Section 504, Fair Housing Act

Corrective Action:

DCHA must create, approve, and implement policies and procedures governing how it provides information to applicants and residents on reasonable accommodations and transfers, how it conducts intakes, process, approve and/or deny reasonable accommodation and transfer requests.

The policy and procedure must also clearly define how applicants and residents are informed about the status of their requests. In addition, DCHA must create a log tracking reasonable accommodation and transfer requests. The log must contain the request's submission date and approval/denial date. DCHA must train staff on both the Reasonable Accommodation and Transfer policies and procedures. DCHA must provide copies of updated policies and procedures, logs, a plan and timeline for implementation, Board resolutions and evidence of staff training to HUD.

Crime

In 2020, the D.C. Attorney General filed a lawsuit against the DCHA alleging the agency was “refusing to address systematic drug-and firearm related activity” at ten specific developments. Some developments were visited during this HUD review. During the review, HUD also found DCHA is not taking appropriate lease enforcement actions against households for violations including criminal activity. DCHA sent police escorts into the field to “make sure nothing happened” to the assessment team member conducting on-site inspections. Multiple housing managers indicated some applicants turn down units in their developments due to high crime. Additionally, one maintenance foreman informed HUD that emergency work orders are not addressed, at night, due to safety concerns.

DCHA maintains a regular police department, known as the District of Columbia Housing Authority Police Department (DCHAPD), to provide protection for its residents, employees, and properties. DCHAPD jurisdiction is concurrent with the Metropolitan Police Department (MPD). Members have the same powers as MPD, including the power of arrest. T DCHAPD's Command Center is in DCHA Headquarters and includes a state-of-the-art surveillance system which include cameras and Geo tracking to target problem areas within the portfolio.

Findings/Observations

Finding PH 28

Crime is not being adequately prevented in public housing.

Regulatory Citations

24 CFR 5 Subpart I; 24 CFR 5.861

Corrective Action:

DCHA must develop and implement a plan including a timeline to address crime for its entire portfolio and train staff on the same. The plan should also address lease enforcement consistent with 24 CFR 5.861. DCHA must provide a copy of plans and procedures, associated Board Resolutions, and evidence of staff training to HUD.

Observation OPH 1:

Not all exterior doors to multi-unit dwellings are equipped with a lock, which allows unauthorized persons to easily enter the buildings. Although there is no HUD regulation requiring locks on doors, the District of Columbia Municipal Regulation (DCMR) does contain this requirement.

Regulatory Citation 14 DCMR 705.5

Corrective Action (OPH 1):

DCHA must ensure each exterior door, when closed, fits reasonably well within its frame. The door must be equipped with a lock which will permit easy egress without a key. However, the lock will prevent entrance to the multi-unit dwelling without a key unless the door is opened from the inside, electrically or otherwise, by one of the tenants or an employee of the building owner.

Physical Condition and Capital Planning

Introduction

Overall responsibility for the physical conditions at DCHA is shared by Senior Vice-President (SVP) of Property Management Operations (PMO) for routine maintenance and upkeep, and Senior Vice-President (SVP) of Office of Capital Programs (OCP) for capital planning. With respect to physical conditions, PMO's organization is structured into two main pillars starting with the SVP and converge on the Maintenance Foreman. In the first pillar, DCHA is broken into large segments covering multiple developments overseen by an area manager. The area manager's report to the PMO Deputy Director who reports to the SVP. Each development has a housing manager that reports to an area manager and is responsible for administration, cleanliness, and coordinating with the maintenance foreman for work order prioritization. In addition to coordinating with the housing manager, the maintenance foreman for the development is also accountable to the Regional Maintenance Supervisor (RMS), who is under the Chief of Facilities Maintenance who reports back to the SVP. Under organizational branches separate from those mentioned above, PMO is also responsible for landscaping, pest control, and employs painters, plasterers, roofers, carpenters, electricians, plumbers, and utility system operators.

With respect to physical conditions the Capital Planning organization is structured with a Chief of Planning, Design, and Construction and a Chief Operating Officer. The Chief Operating

Officer oversees both the Procurement Manager and Development Team. The Planning, Design, and Construction team consist mostly of Construction Project Mangers, Inspectors, and designer professionals (i.e., architects). The Development team consists mainly of Development Project Managers.

Procedures for preventative maintenance, unit turnover, and work order control, submitted by the DCHA for review were all last revised in 1999 and not in use at the developments. Aside from the standard procedures being outdated, they were generally well written and could form the basis of a solid maintenance program should they be updated, trained on, and followed. For this assessment, Hopkins Apartments, Potomac Gardens, Capper Senior II, Benning Terrace, Lincoln Heights, James Apartments, and Sibley Plaza were inspected with a focus on site conditions, building systems, common areas, and vacant units. At each site the inspector was accompanied by the Area Manager, Housing Manager, Maintenance Foreman (as applicable), Regional Maintenance Supervisor, and Chief of Facilities maintenance. In addition to the on-site inspections, interviews were conducted with The SVP of PMO and SVP of Office of Capital Improvements.

Findings/Observations

Finding PH 29

Boiler rooms at Hopkins Apartments, Potomac Gardens and James Apartments are not being maintained in a manner that meets the physical condition standards to be considered decent, safe, sanitary and in good repair. Inspected boiler rooms all had leaks to some extent with verdigris and corrosion evident. Maintenance within these boiler rooms is contracted out to RSC Electrical and Mechanical Contractors, Inc. (RSC). DCHA is conducting insufficient contract administration and quality assurance of RSC's work.

Regulatory Citation 24 CFR 5.703

Corrective Action:

Review contract(s) with RSC and create a quality control checklist that can be used to provide oversight with a focus on spot checking daily, weekly, and monthly preventative maintenance items in the boiler rooms. Then integrate the checklist into the appropriate contract administration procedure(s) and train applicable staff on its use.

Finding PH 30

Potomac Gardens, Lincoln Heights, and James Apartments contain vacant units that are not free of health and safety hazards. Specifically, in each of these developments at least one unit was identified that had mold throughout the unit. In one instance, an active leak was discovered in a

mold unit during the assessment which was providing the moisture necessary for mold growth. (See photos below for the most extreme example of vacant mold units.)

Regulatory Citations

24 CFR 5.703(f), 24 CFR 905.300(b)(1)(ii)(C)

Corrective Action:

DCHA must inspect each unit in every building that contains at least one occupied dwelling unit and create a list of mold units and units with active leaks. For units with mold, this list must contain, at a minimum, every unit where mold has damaged more than one square foot of a floor, wall, or ceiling. The removal or remediation of mold in these units must be prioritized in the Capital Fund Budget before other costs of lower priority. DCHA must provide a timeline to complete inspections, a list of all mold units, a list of units with active leaks and a plan with timeline to repair leaks and to remediate any mold from units to HUD.



Photos: Mold/mildew and moss growing in a vacant unit that was discovered with an active leak (top left and right). Mold/Mildew on walls and floor (left) and wall and ceiling (right) in vacant/abandoned units. These units represent the most extreme examples encountered.

Finding PH 31

DCHA is not maintaining units in decent, safe, and sanitary condition. In addition to the violations contained in **PH Findings 30 and 31**, during our review HUD found:

- Procedures for preventative maintenance, unit turnover, and work order control, submitted by the DCHA for review were all last revised in 1999 and DCHA staff indicated that they are not currently in use at the developments;
- Hopkins Apartments, Potomac Gardens, Benning Terrace, and Lincoln Heights have work order backlogs that are impeding proper routine and preventative maintenance;

- The Regional Maintenance crews appear to be responding mostly to resident complaints brought to the DC Department of Consumer and Regulatory Affairs. As such, this leaves the local Maintenance Technicians to answer emergency work orders, routine work orders, and make ready vacant units that are within their capability;
- DCHA Maintenance staff state that they are not responding to Emergency Work Order Requests at night due to safety concerns;
- DCHA is not completing annual inspections of units; (See Finding PH-26)
- PMO and Capital Planning should collaborate to determine if more make ready work can be contracted out until work order backlogs are clear and the vacancy rate is more manageable. DCHA should also consider continued use of the Apprenticeship Training Program to clear work order backlogs, including appropriate make ready work orders; and
- Maintenance staff were not adequately trained on the Yardi system when DCHA management software was switched over in 2018. For example, at one development a member of the PMO staff remarked that one of the features the system was lacking the ability to upload photos with work orders upon completion while at another development this exact feature was something that the staff liked about it.

Regulatory Citation 24 CFR 5.703

Corrective Actions:

DCHA must develop and implement policies, procedures and tracking reports for preventative maintenance, unit turnaround and work orders and train staff on same. DCHA must develop a plan with timeline to address work order backlogs. DCHA must also train all staff on its current software system. DCHA must provide a copy of these policies, procedures and reports, a plan with timeline to address work order backlog, associated Board Resolutions, and evidence of staff training to HUD.

Finding PH 32

DCHA developments have aging infrastructure, such as wastewater pipes, that are exacerbating the deterioration of physical conditions. For example, backup of wastewater into ready to lease units is an issue in at least two developments inspected.

Regulatory Citation 24 CFR 5.703

Corrective Action:

PMO and Capital Planning should collaborate to identify and prioritize issues caused by aging infrastructure and consider modernization or replacement as appropriate when the associated units are being made ready.

Procurement

Introduction

HUD initiated a remote review of DCHA's procurement actions in 2021. This review continued during the onsite review and this report provides HUD's Findings, Observations and Recommendation from both the remote and onsite review. As part of the remote review, HUD requested information from DCHA on 11 separate procurements. Additionally, as part of our onsite review, HUD requested documentation/records from DCHA for three (3) additional procurements actions. The following is a full list of the procurement actions reviewed:

- Contract # 0032-2020 - Studio 27 Architecture, Professional Architecture and Engineering Services, \$140,000, Non-Federal Award;
- Contract # 0028-B-2019 - Censere Consulting, RAD Financial and Development Consultant, \$150,000, Non-Federal Award;
- Contract # 0027-D-2019 - Matlock & Matlock, Administrative Hearing Officers, \$35,625, Non-Federal Award;
- Contract # 0018-2017 - Yardi Systems, Enterprise Resource Planning Application Software, \$4,350,000, Federal Award;
- Contract # 0001-2018 - Thinkbox Group, Energy Capital Improvement Phase 2 (ECIP 2) Management Consulting Services, \$14,586,466, Federal Award;
- Contract # 0005-2020 - Thinkbox Group, Utility Billing Administration, \$999,924.50, Federal Award;
- Contract # DJ69-0008-2019 - Irreno Construction, JOC General Construction, \$35,000,000, Federal Award;
- Contract # 0020-2019 - Amar Group LLC, Visual Inspection Services for Residential Housing Units, \$540,000, Non-Federal Award;
- Contract # X-2018 - HD Supply, Repair, Operating Supplies, Industrial Supplies and Related Products and Services (U.S. Communities), \$5,100,000, Federal Award;
- Contract # X-2019 - Mckinsey & Company, Consulting Services for Strategic Planning, \$948,600, Non-Federal Award;
- Contract # 31-2018 - Moya Designs, Capper Master Planner, \$350,000, Non-Federal Award;
- Contract # no contract Verbosity, computer services, \$875,260, Non-Federal;

- Contract # 0023-2017 Clifton Larson Allen, Auditing, \$1,132,515 original award, plus \$15,000 contract modification Non-Federal Award; and
- Contract # PO – 7,000 KN95 Masks, COVID-19 Health emergency, credit card purchase, \$21,999, Non-Federal Award.

HUD’s review found that systemic problems exist in DCHA’s procurement system because of a lack of appropriate oversight by the executive leadership and the Board. In addition, DCHA staff reported at times they felt constrained to take actions as directed by executive leadership and the Board, instead of in conformance with the regulations, policies and procedures that should have governed their actions. From the lack of a Board adopted procurement policy to smaller systematic issues, actions to ensure that federal funds are spent appropriately are required.

The review team found many of the procurements selected for review were paid for with non-federal funds including—Amar Group, Moya Design Partners, McKinsey & Company, Matlock & Matlock, Censere Consulting, Studio 27 Architecture, Verbosity, and KN-95 masks. As staff reported, procurements paid for with non-federal funds were handled identically to those paid for with federal funds it is likely those issues found in the non-federal procurements can also be found in procurements conducted with federal funds. While HUD will not require specific corrective actions on procurements paid for with non-federal funds the Department will mention them, as recommendations and observations, so the Board can protect itself from future findings and the financial hardships that may be caused by repayments to the Federal Government that such shortcomings could cause.

Findings

Finding P1

DCHA is operating without a Board adopted procurement policy is in compliance with HUD requirements. DCHA staff members state that an unadopted policy, for all federal and nonfederal procurement actions, has been in use since April 2017. Staff members indicated that this policy was presented to the Board, but it was not supported by a resolution. When asked for the prior policy, DCHA staff members provided a prior version and informed HUD that a search back to 2006 failed to find a corresponding Board resolution adopting the prior version. As such, DCHA is not able to document that it has conducted any procurement since 2006 under a Board adopted standard.

In addition, our review of the unadopted policy found that it is citing incorrect regulatory language. HUD’s Procurement Handbook for Public Housing Agencies, Handbook 7460.8 Revision 2, dated 2/2007, s PHAs are required, “...to establish and follow written procurement policy.” The unadopted DCHA policy in use states in section 7200.2, “These regulations apply to contracts for the procurement of supplies, services, and construction entered into by DCHA

after the effective date of these regulations." DCHA's current policy also states it is authorized to, "adopt and administer its own procurement and contracting policies and procedures."

Regulatory Citation

The standards at 2 CFR 200.318 require PHAS to have and use documented procurement procedures.

Corrective Action:

The Board must adopt a procurement policy in compliance with HUD regulations and train staff on the policy. DCHA must provide HUD with a copy of the policy, associated Board resolution, timeline for implementation and evidence of staff training. New federal procurement regulations went into full effect on November 12, 2020, and DCHA should consider these regulations when adopting a policy. Additionally, the procurement policy shall update Section 7224 to reference the updated regulations at 24 CFR 75 from the prior regulations at 24 CFR 135.

Finding P2

DCHA violated its procurement policy and HUD requirements in the award of contracts and utilizing federal funds for Irreno Construction and Consys Inc. In reviewing the Irreno Construction contract, which was paid with federal funds, HUD found the current procurement policy at DCHA did not allow for multiple awards from a single procurement action. In addition, DCHA made two awards to Consys Inc. in violation of its procurement policy and HUD requirements

HUD reviewers also found the Matlock & Matlock, Studio 27 Architecture, and Censere Consulting contracts were paid for with non-federal funds, which violates the current DCHA procurement policy: For these contracts, DCHA made multiple awards from a single procurement action when this is not allowed under the authority's current policy. Additionally, HUD's review of DCHA's provided report "Contracts Registry Open & Awarded Contracts FY '20 - Present" listed 378 contracts, including 49 multiple awards covering 220 contracts. These 220 contracts each violate current DCHA procurement policy

Regulatory Citation

DCHA's procurement policy at 7205.3(a) states, "An award will be made to the lowest responsible and responsive bidder whose bid meets the requirements of the IFB."

Corrective Actions:

DCHA shall cease utilizing federal funds for existing contracts with Irreno Construction and Consys Inc. DCHA will repay HUD all federal funds utilized for these contracts to from non-federal resources. Such payment will be made within 30 days of this report. If DCHA wants to make multiple awards from a single procurement action, it must adopt language allowing for this in its procurement policy. The Board must consider if the procedures for utilizing multiple

awards should require justification in line with standardized criteria or direct the Board approval of such actions to prevent bid splitting or favoritism in awards when multiple vendors may be selected following contract award.

DCHA's Board must also consider conducting in-depth reviews of its procurement policies and procedures on a regular basis that are not performed by people working on the day-to-day administration of the program.

Finding P3

DCHA procured materials utilizing federal funds from HD Supply Facilities Maintenance, Ltd (HD Supply), in violation of its policy and HUD requirements. DCHA stated it entered into a Cooperative Agreement with HD Supply. HUD outlines the conditions for this type of procurement in its Procurement Handbook. To use an Intergovernmental Agreement, the base agreement must have been procured under 2 § CFR 200, the Federal Regulations for Procurement Standards. The Notice of Solicitation DCHA utilized specifically states, "The Maricopa County Procurement Code (The Code) governs this procurement and is incorporated by this reference." Additionally, the Maricopa County Procurement Code, Article 10, Section MC1-1008 specifically states, "If a Procurement involves the expenditure of Federal assistance or contract monies, the Chief Procurement Officer or using agency shall comply with Federal law and authorized regulations which are mandatorily applicable and which are not presently reflected in this Code." DCHA failed to ensure the base contract was procured under Federal regulations.

Additionally, the contract between Maricopa County of the State of Arizona and HD Supply allows two methods for other entities to take advantage of the contract. The contract between Maricopa County of the State of Arizona and HD Supply, allows purchasing under the contract by Members of a cooperative purchasing group that includes the State of Arizona, many Phoenix metropolitan area municipalities and many K-12 unified school districts. At Section 3.8.1., DCHA is not eligible to use this contract under this clause. The contract between Maricopa County of the State of Arizona and HD Supply limits the purchasing under the second clause to other governmental entities throughout the State of Arizona at Section 3.9.1. DCHA is also contractually excluded from using the contract by the terms of the base contract.

Regulatory Citation 2 CFR 200.

Corrective Action:

DCHA shall repay HUD, with non-federal funds, for all federal funds expended to pay the HD Supply Facilities Maintenance, Ltd., contract effective May 18, 2018. Such payment will be made within 30 days of this report.

Finding P4

DCHA is utilizing geographical preferences in federally funded procurements in violation of federal regulations.

In reviewing the Yardi Systems for Enterprise Resource Planning Application Software procurement award, which was paid with federal funds, HUD found DCHA used a local (geographical) preference in its advertisement. However, in this procurement the geographical preference was not scored, and the local preference was not addressed by the bidders. Therefore, HUD will not require the repayment of federal funds for this procurement.

Additionally, in reviewing the non-federally funded procurements for the contract awards to Matlock & Matlock for Hearing Officers, Studio 27 Architecture for Professional Architecture and Engineering Services, Amar Group for Visual Inspection Services for Residential Housing Units, and Censere Consulting for RAD consulting services, HUD found DCHA utilized a local or geographical preference. Because these were all non-federal procurements, HUD is not requiring any specific actions be taken on these contracts.

DC Law § 2–218.43(D) & (E) does allow the use of local preferences. However, in reviewing the geographical preference in DCHA’s procurement policy, it was not as clear when to use it for federal vs. non-federally funded contracts.

Regulatory Citations

2 CFR 200.319(c) and DC Law § 2–218.43(D) & (E)

Corrective Action:

DCHA must update its policy to differentiate the procurement process for the utilization of local preference for federal vs non-federal funds and train staff on same. DCHA must provide a copy of the updated policy, associated Board resolution and evidence of staff training to HUD.

Finding P5

DCHA made payments to hotels used to relocate tenants during work on the environmental initiative without any open competition in violation of its policy and federal requirements. These expenses were paid with a credit card evading the procurement process.

Regulatory Citation

2 CFR 200.318. This also violates the DCHA procurement policy in use at the time which requires “...providing for full and open competition”.

Corrective Action:

DCHA must identify all payments made to hotels utilizing federal funds, from 2016 to present, and repay all funds to HUD from non-federal sources.

Finding P6

DCHA does not have appropriate delegations of authority in place for procurement actions. As part of our review, HUD requested a copy of its Delegations of Authority for procurement actions. DCHA staff provided HUD with a letter delegating procurement authority from the Executive Director to the Acting Director of Contracts and Administrative Services and the Lead Contract Specialist dated November 8, 2011. The previous executive director, who signed the letter, no longer works for DCHA. The two staff members given authority currently have different job titles. At least one of these staff members no longer has direct responsibility for procurement and her replacement has no delegated authority for the job she is performing based on the written record produced for review.

Regulatory Citation

The HUD Procurement Handbook for Public Housing Agencies, Handbook 7460.8, Revision 2, dated 2/2007 requires limits of delegated authority to be clearly stated in Chapter 2.

Corrective Action:

DCHA's Executive Director shall issue new delegations of authority and provide a copy to HUD.

Recommendation

DCHA shall hire an integrity monitoring firm to review all existing contracts to determine if they are in compliance with its procurement policy and HUD requirements. This report must also include the source of funds used for each contract. DCHA shall provide a copy of the report and its plan and timeline to take corrective actions to HUD. In addition, any misuse of federal funds identified must be repaid to HUD from non-federal sources.

Regulatory Citation

Per 2 § CFR 200.208(d), the above integrity monitoring is being imposed because of the failure to comply with the requirement to have a Board adopted procurement policy and ensure existing contracts comply with federal regulations.

Observations

Observation P1

DCHA awarded multiple contracts totaling \$875,260.00, utilizing non-federal funds to Verbosity without any competition in violation of its procurement policy. Verbosity provided software, and competition for this type of work should have been possible.

Regulatory Citation

This violates DCHA's procurement policy in use at the time which requires "...providing for full and open competition."

Corrective Action:

DCHA's Board must investigate DCHA reasons for taking these actions. In addition, DCHA's Board must put procedures in place to ensure future procurement actions comply with its Procurement Policy before any contracts are awarded.

Observation P2

DCHA awarded contracts, using nonfederal funds, to Moya Design Partners, in violation of ethic requirements. DCHA's Board Chairman failed to disclose his domestic partnership relationship with the principal of Moya Design Partners. The Code of the District of Columbia provides a good cause waiver of ethical conflicts in extraordinary circumstances at § 6-220 (c)(1)(D). However, DCHA reported no ethics waiver were granted to the prior Board Chair.

Regulatory Citation

Code of the District of Columbia § 6-220 (c)(1)(D). The District of Columbia Housing Authority: Procurement and Contracting policy in use.

Corrective Action:

DCHA's Board should investigate and determine what actions it should take regarding these ethic violations. We further recommend the Board pursue such disciplinary or civil actions against employees and Board members, past or present, as may be appropriate. In addition, DCHA's Board should put procedures in place to ensure that all future procurement actions comply with their Procurement Policy and ethics requirements before any contracts are awarded.

Observation P3

DCHA purchased K95 masks, utilizing nonfederal funds, without any open procurement action in violation of its procurement policy.

Recommendation:

DCHA's Board should investigate DCHA's reasons for taking these actions. In addition, the DCHA Board should put procedures in place to ensure that all future procurement actions comply with their Procurement Policy before any contracts are awarded.

Housing Choice Voucher (HCV) Program

DCHA's HCV program offers applicants and participants a wide array of housing services, mainly funded by HUD. DCHA's CY 2022 HCV funding is \$250,799,139 in budget authority. Additionally, as of 12/31/2021, DCHA had \$8,860,921 in program reserves. DCHA has an Annual Contributions Contract for 16,038 units. As of February 2022, below is a list of HUD-funded programs administered by DCHA. The chart provides a breakdown of the number of families currently receiving assistance and the associated expenses as reported in the Voucher Management System (VMS):

	Feb-22	
Rental Assistance Component 1 (RAD1)	92	\$86,217
Homeownership	63	\$59,258
Moving To Work	8,368	\$13,255,979
One Year Mainstream - MTW	250	\$410,974
Family Unification Pre2008 - MTW	328	\$625,520
Family Unification 2008/Forward - MTW	8	\$19,522
Non Elderly Disabled 2008 Forward - MTW	130	\$190,354
Portable Vouchers Paid	110	\$141,965
HOPE VI	147	\$221,834
Tenant Protection	1,424	\$2,401,874
Veterans Affairs Supported Housing (VASH) Voucher	1,046	\$1,473,485
Total Vouchers	11,966	\$18,905,959
5 Year Mainstream	53	\$101,308
Number of PBVs under HAP and leased	1,575	
Number of PBVs under HAP and not leased	189	

DCHA closed its HCV waiting list in FY 2013 due to the number of applicants on the list, approximately 39,442. DCHA does not have an estimate of when the waiting list will reopen. Currently, DCHA is only selecting homeless families from its waiting list following the District of Columbia Municipal Regulations (DCMR 14). DCHA needs to update its HCV Administrative Plan to provide specific information on all preferences and priorities, their weight, and how families with the same preference are selected.

The HCV Compliance Monitoring Review aimed to ensure DCHA is operating the HCV program in accordance with HUD rules and regulations and DCHA's MTW Plan. The HUD team reviewed the organizational structure, Administrative Plan, HAP register, waiting list, payment standards, utility allowance schedules, reporting systems, and other supporting documentation. HUD also conducted interviews with staff to confirm processes and procedures. The review team was unable to review tenant files, rent reasonableness, HQS inspections,

recertifications, lease-up procedures, and rent calculations because DCHA failed to provide documentation and/or records.

Staffing and Capacity

Latweeta Smyers, Senior Vice President for the HCV Program/Eligibility Continued Occupancy Division, heads the HCV department. HCV staff includes 117 positions which consist of the Senior Vice President, Deputy Directors, Eligibility Supervisors, Supervisory Housing Program Specialist, Housing Program Managers, Mediation Specialists, Data Management Specialist, Housing Programs Quality Control Specialists, Data Analysts, Financial Analyst, Port Mobility & Landlord Relations Specialist, Clerical Assistants, Orientation & Training Coordinators, Mobility Specialists, HCVP Utilization & Port Mobility Supervisor, Quality Assurance Manager, Inspection Supervisor/ Manager, ROTC Supervisor/ Manager, Relocation Coordinators, Housing Program Specialists, Housing Inspectors, Inspection Enforcement Assistant, Scheduling Coordinator, Inspection Program Assistant, Homeownership Coordinators, Administrative Coordinator, Housing Program Coordinators, Intake Specialist, Recert/Eligibility Specialist, and Staff Assistants.

There have been numerous reorganizations and changes in the roles and functions of each department. As these roles and functions changed, minimal training was provided to staff in vital areas. HUD staff was unable to clearly understand the role of each department or the various positions as it appears the intake and eligibility process is very lengthy and goes through several stages before completion.

Since several sub-departments have various positions, DCHA should consider developing a process that allows for checks and balances of internal controls to ensure the agency is effectively and efficiently operating the HCV program. In addition, staff needs adequate refresher training in all areas of the HCV program and comprehensive training for the VMS, IMS/PIC, and EIV systems. DCHA staff seems knowledgeable, eager to learn, and capable of correcting the deficiencies within the agency if provided consistent and frequent training to adapt to the constant changes in HUD policies and procedures and the flexibility provided in its MTW Agreement.

Based on the onsite review and the review of the various documents provided by DCHA, the HUD team reports the following findings and recommendations related to program management and operations.

Finding HCV 1

DCHA's Administrative Plan is not in compliance with current HUD rules and regulations and its MTW Plan. DCHA's Administrative Plan was last amended on September 29, 2012. The MTW designation does not waive the requirement for DCHA to update its Administrative Plan; therefore, DCHA is out of compliance with its MTW Agreement. While the Administration Plan touches upon many of the mandated subjects stated in 24 § CFR 982.54, DCHA has implemented changes in the administration of its HCV program under the MTW Designation and new streamlining administration regulations, which are not consistent with the Administrative Plan. For example:

- In the approved FY2015 revised MTW Plan, DCHA updated its interim recertification process. Families would no longer have to report increases in earned income, regardless of how large, between scheduled biennial recertifications; however, the Administrative Plan has not been updated to reflect this change; and
- In the approved FY2016 MTW Plan, DCHA implemented triennial recertifications for families that consist only of elderly and/or disabled members on fixed incomes; however, the Administrative Plan has not been updated to reflect this change.

Regulatory Citation 24 CFR §982.54

Corrective Action:

DCHA must review and update its HCV Administrative Plan to be consistent with the MTW Plan. The Administrative Plan, including any revisions, and the MTW plan must be in accordance with HUD regulations and contain consistent requirements. In addition, the Plans must be formally adopted by the PHA Board of Commissioners. Once adopted, DCHA should train all staff on the Administrative Plan and the MTW Plan provisions. The Administrative Plan and the MTW Plan must be made readily available to residents and the public. DCHA must provide a copy of the updated Administrative Plan and MTW Plans, a copy of the Board Resolution approving the Plans, evidence of staff training, and evidence that these documents are readily available to the public to HUD.

Finding HCV 2

DCHA is not managing its waiting list in accordance with HUD rules and regulations and its MTW Plan.

HCV 2a:

DCHA was unable to provide documentation to support the method used for selecting applicants from the waiting list with the same preference qualification. Additionally, the waiting list only showed the date of application; it did not provide the time of application.

HCV 2b:

DCHA was unable to provide documentation of the number of persons on its HCV waiting list. DCHA's 2022 MTW Plan stated there are 39,442 families on its HCV waiting list; however, DCHA provided a copy of its waiting list, which only showed 36,602 families on the waiting list.

HCV 2c:

DCHA stated the waiting list was purged in 2014; however, there was no documentation to support this, or the method used to remove families from the waiting list. In addition, while onsite, HUD staff was advised that applicants are not removed from the waiting list but rather made inactive with the option of being placed back on the waiting list according to the original date and time of application.

HCV 2d:

DCHA does not maintain adequate waiting list records showing the status of applicants and edibility actions taken by DCHA.

Regulatory Citations

24 CFR § 960.206(e); 24 CFR 982.204

Corrective Actions:**HCV 2a:**

DCHA must develop a process for selecting applicants from the waiting list with the same preference qualification using two criteria (1) Date and time of application; and (2) A drawing or other random choice technique. In addition, the method for selecting applicants must leave a clear audit trail that can verify each applicant was chosen in accordance with the procedure specified in its Administrative Plan.

HCV 2b:

DCHA must analyze its records and determine the accurate number of households on its waiting list. DCHA must provide its plan to complete this analysis with a timeline and a copy of the HCV waiting list to HUD.

HCV 2c:

DCHA must update its policies and procedures to clearly state its policy for removing applicants from the waiting list. These policies should include how families are removed from the waiting list if they do not respond to PHA requests for information, are determined ineligible, or have voluntarily asked to be removed from the list, and their appeal rights and train staff on the same. DCHA must provide copies of updated policies and procedures with required Board Resolutions and evidence of staff training to HUD.

HCV 2d:

DCHA must develop and maintain records of all actions taken on applicants to its HCV Program. The records must be in the form required by HUD, including requirements governing computerized or electronic forms of record-keeping, and in a manner that permits a speedy and effective audit. DCHA must train all staff on record-keeping requirements and HCV program tracking reports. DCHA must provide its plan and timeline, policies, and procedures for record-keeping, tracking reports, and evidence of staff training to HUD.

Finding HCV 3

DCHA does not update its payment standards annually with the Fair Market Rents (FMRs) set by HUD in accordance with HUD rules and regulations and its MTW plan. DCHA's payment standards are currently set at 187% of 2019 FMRs.

Regulatory Citation 24 CFR §982.54(d)(14)

Corrective Actions:

At least annually, DCHA must review its payment standards to determine whether adjustments are needed for some or all unit sizes. DCHA needs to conduct an analysis following its policy and HUD requirements and determine the correct Payment Standards for 2022. DCHA must provide a copy of the updated payment standards, using current FMRs, along with a copy of the rental market analysis to HUD.

DCHA must also conduct an analysis and determine what the correct Payment Standards should be for 2020 and 2021. If this analysis results in a change to the Payment Standards utilized by DCHA during this timeframe, DCHA's analysis must also identify any overpayment or underpayment of HAP and its plan to reimburse impacted participants, landlords, and HUD from non-federal resources. DCHA must provide this analysis, correct 2020 and 2021 Payment Standards, identified overpayment and underpayments, and its reimbursement plan to HUD.

Finding HCV 4

DCHA is not managing utility allowances in accordance with HUD regulations and its MTW Plan. DCHA has not reviewed or updated its utility allowances for the HCV program since October 1, 2015. This finding was also identified during a compliance monitoring onsite review conducted on August 7-11, 2017.

Regulatory Citation 24 CFR § 982.517(c)(1)

Correction Actions:

DCHA must review its utility allowance schedule annually and revise its allowance for a utility category if there has been a change of 10 percent or more in the utility rates or fuel costs since the last revision. Additionally, DCHA must maintain the supporting documentation to determine the initial allowances and revisions. DCHA should submit its revised utility allowance to HUD. Additionally, DCHA must complete an analysis of utility costs from 2015 to 2022 and determine accurate utility allowances from each year. Based upon this analysis, DCHA must then review utility allowances provided for each of these years to determine if any underpayment or overpayment of utility allowances were made. DCHA must provide this utility analysis and documentation of all corrective actions, confirming that appropriate corrections were made for all impacted families. In the case of underpayments, DCHA must reimburse impacted participants from Administrative Fees or other non-federal funds. In the case of overpayments, DCHA must reimburse their HAP account from Administrative Fees or non-federal sources.

Finding HCV 5

DCHA does not conduct annual rent reasonableness assessments or perform rent reasonableness determinations in accordance with HUD rules and regulations and its MTW Plan. DCHA uses submarket rents determined by the District of Columbia Municipal Regulations (DCMR) to determine rent reasonableness. While onsite, concerns were raised to the HUD review team that DCHA was not following its local rent reasonableness process and

that it was being exploited by HCV landlords. HCV submarket payment standards should not be treated as a proxy for rent reasonableness reviews. It's unclear what DCHA's actual "process" is to verify that unit rents are reasonable. DCHA stated in its FY2022 Annual MTW Plan that a final comprehensive assessment of the local rent reasonableness activity would be completed by the end of FY2021.

Regulatory Citations 24 CFR § 982.507 and MTW Plan

Corrective Actions:

Establish policies and procedures to ensure that DCHA is performing a rent reasonableness determination before executing a HAP contract, before any increase in rent to the owner and if there is a ten percent or more reduction in the FMR schedule. DCHA must, if necessary, adjust its policy in the Annual MTW Plan and Administrative Plan. DCHA must complete the final local rent reasonableness comprehensive assessment and provide it to HUD.

Additionally, DCHA must also conduct a rent reasonableness analysis for 2021, 2022 and 2022 to determine if the unit rents were reasonable for all new admissions and rent increases. If this analysis results in a change to the HAP utilized by DCHA during these timeframes, DCHA must identify the amount of any overpayment of HAP and its plan to reimburse HUD from non-federal resources. DCHA must provide this analysis, identified overpayment, and its reimbursement plan to HUD.

Finding HCV 6

DCHA is not calculating Housing Assistance Payments (HAP) and the family rent to owner in accordance with HUD rules and regulations. As a result of DCHA's failure to update its payment standard and utility allowance annually, as required by HUD, the HAP and family rent to owner are not being calculated correctly.

Regulatory Citation 24 CFR § 982 subpart K

Corrective Action:

After DCHA determines the correct payment standard, as stated in the corrective actions for finding #3 and finding #4, DCHA must make corrections to all HAP and family rent determinations for the period in which the information was not updated. Additionally, DCHA must identify and provide to HUD the amount of any overpayment of HAP and family rent to owner, and its plan to reimburse HUD and any impacted families from non-federal resources.

Finding HCV 7

DCHA is not verifying rent burden for new lease-up and moves in accordance with HUD rules and regulations and its MTW plan. DCHA was unable to document that the rent burden for new lease-ups and moves does not exceed 40 percent of the adjusted monthly income.

Regulatory Citation 24 CFR 982.305(a)(5)

Corrective Action:

DCHA must implement a procedure to review rent burden for participants, which includes Quality Control, and train staff on the same. In addition, DCHA must maintain records/reports of this review for audit purposes. DCHA must provide these procedures, evidence of staff training and sample reports to HUD.

Finding HCV 8

DCHA is not conducting reexaminations in accordance with HUD regulations and its MTW plan. In addition, DCHA's Administrative Plan conflicts with their MTW Plan regarding how DCHA conducts recertifications (See Finding HCV #1). Also, DCHA could not provide documentation to show that it performs reexaminations of income and family composition, by family type, in accordance with its policies and procedures.

Regulatory Citations 24 CFR §982.516; MTW Plan

Corrective Actions:

- DCHA must update its HCV Administrative Plan and ensure its recertification policies are consistent with its MTW Plan. DCHA must provide a copy of its updated plans with Board Resolutions to HUD;
- DCHA must analyze all current HCV participants to determine what recertifications are required. Based on this analysis, DCHA must establish a plan and a timeline to complete these recertifications. DCHA must supply this plan to HUD and provide monthly updated progress reports; and
- DCHA must create and implement tracking reports for recertification and train staff on the same. DCHA must supply a copy of these reports and evidence of staff training to HUD.

Finding HCV 9

DCHA is not ensuring that units leased meet Housing Quality Standards (HQS) in accordance with HUD rules and regulations, its HCV Administrative Plan, and MTW Plan.

Regulatory Citations

24 CFR §982.405(b), 24 CFR §985.3(e) 24 CFR §982.404, 24 CFR §985.3(f)

HCV 9a:

DCHA is not conducting inspections or quality control inspections. DCHA was unable to provide documentation on inspections to HUD.

HCV 9b:

DCHA is not monitoring outcomes of inspections and taking appropriate action for corrections, including abatement or terminations of HAP contract. DCHA was unable to provide an HQS Enforcement tracking log identifying the outcome of the HQS inspections; therefore, HUD was unable readily identify which units had recently failed inspections due to health and safety deficiencies, nor did they provide the names of the owners where the HAP had been abated. DCHA provided a failed inspection report; however, the report did not show the date of follow-up inspections and the outcome of failed inspections.

Corrective Actions:**HCV 9a:**

DCHA must conduct inspections, including supervisory quality control HQS inspections, in accordance with its HCV Administrative and MTW Plans. DCHA must implement a procedure for both and train staff on the same. In addition, DCHA must create and implement reports for tracking inspections. DCHA must provide its plan with a timeline, proof of staff training, ongoing progress, and tracking reports to HUD.

HCV 9b:

DCHA must develop and implement procedures for HQS enforcement and train staff on the same. In addition, DCHA must create and implement reports that detail each HQS inspection of a unit under contract where the unit fails to meet HQS cited life-threatening HQS deficiencies, all other cited deficiencies, abated and terminated HAPs and family-caused defects. DCHA must provide a copy of these procedures, reports, and evidence of staff training to HUD.

Finding HCV 10

DCHA does not monitor elevated environmental intervention blood lead levels (EBLL) in accordance with HUD rules and regulations.

HCV 10a:

DCHA policies state that for units occupied by children under six (6) with an elevated environmental intervention blood lead level (EBLL), a risk assessment shall be conducted; however, DCHA failed to provide documentation to show that risk assessments are completed and compliance with regulations requiring data collection of addresses with children less than six years of age with EBLL. DCHA provided a spreadsheet of families matched through November 2021; however, they did not provide supporting documentation to show these are conducted at least quarterly, nor did they provide documentation to indicate how information is sent to the health department.

HCV 10b:

For instances where a child under six years old is identified with an EBL, DCHA was unable to provide documentation to show that the HUD field office or the HUD Office of Lead Hazard Control and Healthy Homes were notified of the case within five business days.

Regulatory Citations

24 CFR §35.1225; 24 CFR 35.1225; Notice PIH 2017-13

Corrective Actions:**HCV 10a:**

DCHA must clearly define its policy for conducting risk assessments for units occupied by children under six (6) with EBLs and ensure its policies and procedure are in accordance with Notice PIH 2017-13. At least quarterly, DCHA must provide an updated list of their HCV property target housing addresses to the health department so that the health department may evaluate whether they have information about incidences of EBL cases in assisted housing.

HCV 10b:

DCHA must develop a tracking system and QA process to ensure that either they or the owner of the property notify the local field office and the HUD Office of Lead Hazard Control and Healthy Homes of EBLs within five days of notification.

Finding HCV 11

DCHA does not safeguard personally identifiable information (PII) in accordance with HUD rules and regulations.

Regulatory Citations

24 CFR 5 (Subpart B), 24 CFR 200.303(e), Section 6 of the Housing Act of 1937, the Privacy Act of 1974, 5 USC § 552a (Privacy Act), PIH Notice 2015-06 Privacy Protection Guidance for Third Parties, The Freedom of Information Act (FOIA), 5 USC § 552, and Section 208 of the E-Government Act.

Corrective Actions:

DCHA must immediately implement administrative, technical, and physical safeguards to protect applicant and participant information. This includes safeguarding electronic transmissions of sensitive data via fax, email, and other electronic devices. DCHA must consistently implement procedures to protect all hard copy and electronic files containing sensitive PII and manage access to sensitive applicant, tenant, and participant PII. Additionally, DCHA must train staff on HUD Information Security Procedures (ISP) and mandates. Finally, DCHA must provide a copy of

approved and implemented policies and procedures to the field office, along with proof of staff training.

Finding HCV 12

DCHA is not in compliance with updated portability guidance in accordance with PIH Notice 2016-09, HUD regulations, and its MTW plan.

Regulatory Citations

24 CFR §982.301(a) §982.303(c), §982.314, (e), §982.353(c), §982.354(c), §982.355(b), §982.4, and PIH Notice 2016-09

Corrective Action:

DCHA must update its policies and procedures to incorporate the regulatory requirements outlined in PIH Notice 2016-09 and train staff on the same. DCHA must provide copies of these policies and procedures as well as evidence of staff training to HUD.

Finding HCV 13

DCHA does not monitor or maintain participant files in accordance with HUD regulations and its MTW Plan. DCHA must maintain complete and accurate records for the program in accordance with HUD requirements in a manner that permits a speedy and effective audit. The records must be in the form required by HUD, including requirements governing computerized or electronic forms of record-keeping. The PHA must furnish to HUD accounts and other records, reports, documents, and information, as required by HUD.

HCV 13a:

DCHA uses two different software systems, Visual Homes Wizard and Yardi Voyager, to maintain electronic copies of tenant files; however, the file structure was not clear and auditable. HUD was unable to complete a review of tenant files for the following reasons:

- The electronic tenant records do not have uniformity in how files are uploaded, thus presenting an administrative burden for accessing and reviewing tenant documents, and DCHA staff members lack knowledge of the two software systems utilized by the DCHA;
- DCHA was unable to provide a report showing all families on the HCV program consistent with the number of families reported in VMS;
- Payments Standards are not up to date;
- The Utility Allowance schedule is not up to date; and
- DCHA has not performed the annual rental market analysis to determine rent reasonableness as required in the DCMR since 2019.

HCV 13b:

DCHA does not conduct Annual Quality Control Reviews of HCV participant files. DCHA's MTW Agreement exempts the PHA from submitting a SEMAP certification; however, DCHA is still required to follow SEMAP regulations. Under SEMAP regulations, PHAs are required to conduct annual quality control reviews of participants' files. During the onsite visit, DCHA did not provide evidence to confirm that annual quality control reviews of HCV participant files were conducted.

Regulatory Citations

24 CFR §985.3, 24 CFR § 982.158 (a)(b) (f)

Corrective Actions:**HCV 13a:**

DCHA must develop and implement participant file protocols in accordance with HUD requirements and train staff on the same. DCHA's participant files must be kept in a manner that permits a speedy and effective audit, and records must be in the form required by HUD, including requirements governing computerized or electronic forms of record-keeping. DCHA must provide to HUD their file protocols and the timeline for implementation, evidence of staff training, and evidence that files are maintained in accordance with HUD requirements. Once these actions are complete, HUD will conduct a full review of tenant files.

HCV 13b:

DCHA must conduct an annual Quality Control sample of files or records drawn in an unbiased manner and reviewed by a PHA supervisor (or by another qualified person other than the person who performed the original work) to determine if the work documented in the files or records conforms to HCV program requirements. DCHA must prepare, implement, and submit the protocols for the annual quality control reviews of HCV participant files to HUD along with any applicable tracking reports.

Finding HCV 14

DCHA is not in compliance with updated Violence Against Women Act (VAWA) requirements in accordance with HUD regulations and PIH Notice 2017-08.

Regulatory Citations

24 CFR Part 5, Subpart L and PIH Notice 2017-08 Violence Against Women Reauthorization Act of 2013 Guidance

Corrective Action:

DCHA must update its policies and procedures to include revised requirements of PIH Notice 2017-08, train staff on the same, and implement these policies and procedures. A copy of the updated VAWA policy and procedures, the Board Resolution approving the policy, evidence of staff training, and DCHA's plan and timeline to implement must be provided to HUD. DCHA's implementation plan must provide documentation that HCV participants have received notification of the updated occupancy rights under VAWA.

Finding HCV 15

DCHA is not tracking funds owed from HCV participants and/or landlords in accordance with HUD regulations and its MTW plan. DCHA was unable to provide a report showing funds owed from HCV participants and/or landlords and its collection methods and outcomes; therefore, it is unclear whether DCHA is collecting monies owed in a timely manner and in accordance with its policy and procedures. Although DCHA provided a tenant repayment report, the report showed several instances of large repayment amounts that were canceled without providing a justification. Additionally, the report only reflects agreements from December 31, 2019 to present.

Regulatory Citation 24 CFR §792.204

Corrective Action:

DCHA must maintain records to show amounts owed to the PHA from participants and/or landlords, any amounts recovered, and its collection methods and outcomes. DCHA must analyze monies owed, develop collections procedures, and train staff on the same. DCHA must provide a copy of its analysis, collection procedures, evidence of staff training, justification for debts canceled, and tracking reports to HUD.

Finding HCV 16

DCHA does not terminate HCV participants in accordance with its policies and HUD requirements. DCHA was unable to provide a list of participants terminated from the program and documentation of their process for appeals.

Regulatory Citation 24 CFR §792.204

Corrective Action:

DCHA must develop and implement termination procedures in accordance with its policies and HUD requirements and train staff on same. DCHA must create tracking reports and maintain records of all termination actions taken on participants including appeals. DCHA must provide these procedures, reports, and evidence of staff training to HUD.

Finding HCV 17

DCHA does not use the Enterprise Income Verification (EIV) in accordance with HUD regulations and its MTW plan.

HCV 17a:

DCHA not have a policy for monitoring reports for mandatory use of the Enterprise Income Verification (EIV) System. To reduce administrative and subsidy payment errors in accordance with HUD administrative guidance, PHAs are required to monitor specific EIV reports on a monthly and quarterly basis. The DCHA staff specified that the EIV reports were generated during the eligibility process and biannual /triennial recertifications. However, no documentation was provided by DCHA to corroborate these statements.

The following EIV reports are required to be monitored monthly and/or quarterly:

- Deceased Family Report (Monthly);
- Identity Verification Report (Monthly);
- Immigration Report (Monthly);
- IVT Report based on PHA Reexamination Schedule (Report will include information from the New Hires Report (Monthly);
- Multiple Subsidy Report (Monthly); and
- Income Discrepancy Report (Quarterly).

HCV 17b:

DCHA failed to provide the names of the EIV User and Security Administrators. To protect the integrity of EIV, PHAs must assign at least two user and security administrators. In addition, DCHA did not provide evidence verifying that the current users completed the required annual security awareness training, initial and updated EIV training. These trainings are mandatory before accessing EIV. Viewers /handlers of EIV data must only complete annual security awareness training.

Regulatory Citations

24 CFR §5.233, §5.236; 24 CFR §5.233 PIH Notice 2018-18

Corrective Actions

HCV 17a:

DCHA must establish a written procedure for the EIV system and train staff on same. The procedure must require DCHA staff to fully utilize the EIV system as required and include security protocols, including how DCHA will ensure only authorized user access EIV. DCHA must provide the EIV procedure and evidence of staff training to HUD.

HCV 17b:

DCHA must assign at least two (2) user and security administrators in the EIV system and train these staff members on their roles and responsibilities. The user administrators **CANNOT** be the security administrators. User administrators will have access to user administration and the responsibilities to request access for PHA staff, assign, modify, and remove user roles and assignments, assign PH projects (PH only), certify users, terminate access, and view user role history, termination, and user certification reports. The Security Administrators' will have access to audit reports, and the responsibilities is to monitor staff access to the system by viewing the various reports such as user session and activity and tenant data access. DCHA must submit to HUD a list of all current EIV users, assigned roles, and the date users completed all the required trainings.

Finding HCV 18

DCHA does not transmit data timely and/or accurately into both HUD's Inventory Management System -PIH Information Center (IMS-PIC) and HUD's Voucher Management System. DCHA's IMS-PIC data is inconsistent with the data it has submitted in the Voucher Management System (VMS) in accordance with HUD's guidelines. This is evident in the disparities between the number of families reported in VMS versus the number of families reported in IMS-PIC, which appear to be directly related to unresolved fatal errors in IMS-PIC when submitting 50058 family data. Additionally, while there is data for some families in IMS-PIC, many of these records are inaccurate and/or incomplete. When family data is inaccurate and not reported timely, it can adversely affect PHA funding and HUD's ability to monitor PHA compliance with HUD program rules and regulations effectively.

Regulatory Citations

24 CFR §908.104, § 982.157 (b)(2) § 982.158 (a)(b)

Corrective Action:

DCHA must develop and implement procedures for timely and accurate IMS-PIC and VMS submissions. DCHA must ensure the number of families reported in IMS-PIC is consistent with the number of families reported in VMS. DCHA must reconcile all HCV-related fatal errors in IMS-PIC and ensure all records are complete and accurate. Finally, DCHA must provide IMS-PIC and VMS training to all HCV staff. DCHA must provide the following information to HUD:

- DCHA IMS-PIC and VMS submission procedures and timeline for implementation;
- A report confirming the number of families reported in VMS is consistent with the number of families reported in IMS-PIC, and the data in IMS-PIC is accurate;
- Proof that all HCV IMS-PIC fatal errors have been corrected; and
- Proof of IMS-PIC and VMS training for all HCV staff.

Recommendations

Recommendation HCV 1

DCHA should analyze the HCV Department's organizational structure and make necessary changes. DCHA should submit an updated organizational structure to HUD that clearly defines roles and responsibilities for each Department and position.

Recommendation HCV 2

DCHA needs to develop and implement QA/QC policies and procedures for the HCV program and train staff. DCHA should submit these QA/QC policies to HUD.

Recommendation HCV 3

DCHA needs to develop and implement internal control processes for the HCV program. DCHA should submit these internal control processes to HUD.

Recommendation HCV 4

DCHA should provide training for all staff working on its HCV program in all areas of the HCV program and comprehensive training for the VMS, IMS- PIC, and EIV systems.

Recommendation HCV 5

As of March 2022, DCHA was leasing 76% of its Unit Months Allowed (UMA). Additionally, it is spending 92.2% of their Calendar Year 2022 budget authority and 89.4% of all available funds, which includes reserves. This leasing trend has contributed to DCHA being found not compliant with the MTW statutory requirement to serve substantially the same number of families absent its MTW designation. HUD has a national goal of ensuring all PHAs are spending a minimum of 98% of their budget authority. DCHA should use the two-year tool to optimize and monitor its HCV budget allocation. DCHA staff should monitor spending and leasing closely and work with the field office to monitor program spending and request technical assistance in using the two-year tool.

Recommendation HCV 6

The Family and Landlord briefing package should be updated with the current Executive Director information and update utility, payment standards, VAWA and other required documents.

Recommendation HCV 7

DCHA submitted standard operating procedures (SOPs) for the FSS program, which were last updated in 2019. We recommend that DCHA update the SOPs to reflect any recent changes.

Finance

The review team analyzed DCHA’s Financial Data Schedule (FDS), check registers, general ledger, Board meeting minutes, performance reports, and source documentation supporting disbursements. The team’s financial assessment is based on data from the five-year period 2016 through 2020. The financial data for DCHA’s fiscal year ended September 30, 2021, was not available at the time of this report as the PHA’s FDS submission to HUD’s Real Estate Assessment Center (REAC) was recently rejected, requiring multiple corrections.

Federal funding sources accounted for roughly \$338 million or 55% of total revenues, while local funding sources accounted for approximately \$277 million or 45% in FY 2020. See Finance 1 Attachment at conclusion of report.

At first glance, DCHA’s entity-wide financial position appears healthy at the end of fiscal year 2020 with net current assets increasing to \$160,640,148 and a current ratio of 2.53, with no Accounts Payable over 90 days old. However, its financial position is trending downward with its current ratio decreasing by nearly 40% as its current liabilities increased by over \$40 million over the five-year period. While the overall entity appears sound, varied funding sources come with many restrictions.

Entity	2015	2016	2017	2018	2019	2020
Total Current Assets	\$157,585,759	\$156,483,366	\$162,612,937	\$292,635,445	\$270,220,374	\$265,795,599
Total Current Liabilities	\$38,492,612	\$44,319,050	\$50,190,759	\$88,094,790	\$72,948,125	\$105,155,451
Net Current Assets	\$119,093,147	\$112,164,316	\$112,422,178	\$204,540,655	\$197,272,249	\$160,640,148
Current Ratio	4.09	3.53	3.24	3.32	3.70	2.53
Accounts Payable over 90 days	0	0	0	0	0	0

DCHA’s focus on consolidated financial reporting to its Board and Management has obscured the poor performance of public housing program. The program is not self-sustaining and relies on ever increasing infusions of local funds like the Agency’s Business Activities and Central Office Cost Center financial profiles. Despite annual cash transfers from local funds, the financial condition of the Public Housing program has deteriorated steadily over the past five years as operating reserves declined from a high of \$59 million for FYE 2016, declining to \$9 million for FYE 2020. Months of operating reserves declined from 7.35 to 1.05 which is nearly considered insolvent as shown in the table below:

Summary of Operating Reserves & Monthly Expenses – FYE 2016 through FYE 2020

Account Name	2020			2019			2018			2017			2016
	Balance	Difference	% Diff	Balance	Difference	% Diff	Balance	Difference	% Diff	Balance	Difference	% Diff	Balance
Total Operating Reserves	9,029,484	(3,295,891)	-27%	12,325,375	(21,473,593)	-64%	33,798,968	(21,608,492)	-39%	55,407,460	(3,571,975)	-6%	58,979,435
Monthly Expenses	8,599,459	(717,206)	-8%	9,316,664	683,555	8%	8,633,110	(5,623,740)	-39%	14,256,850	6,231,875	78%	8,024,975
Months of Reserves (MOR)	1.05	(0.27)	-21%	1.32	(2.59)	-66%	3.92	0.03	1%	3.89	(3.46)	-47%	7.35

DCHA's performance is not assessed by HUD's Public Housing Assessment System (PHAS) due to provisions of DCHA's MTW Agreement. However, these scores serve as a transparent indicator of the Public Housing Program's declining financial position. As shown below the PHAS Financial Indicator scores declined from 23 of 25 in 2016 to 11/25 in 2020.

	2020	2019	2018	2017	2016
PHAS Financial Score	11	6	10	21	23

The erosion of the program's financial position is due to annual operating deficits in its public housing operations. Public Housing Operating (PHO) expenses consistently exceed Public Housing Operating Subsidy and the program's tenant rents. The PHO subsidy formula is based on specific characteristics of each PHA's portfolio and benchmarked at levels adequate for a well-run public housing program to sustain itself. However, based on its audited submissions to REAC, DCHA has incurred increasing deficits over a five-year period increasing from \$20 million in 2016 to hovering around \$30 million in 2019 and 2020 as shown below.

	2020	2019	2018	2017*	2016
Operating Subsidy	\$58,000,000	\$63,000,000	\$64,000,000	\$55,000,000	\$54,000,000
Tenant Rent Charged*	\$18,000,000	\$19,000,000	\$21,000,000	\$22,000,000	\$21,000,000
Total Revenue	\$76,000,000	\$82,000,000	\$85,000,000	\$77,000,000	\$75,000,000
Less Operating Expenses	\$103,000,000	\$112,000,000	\$104,000,000	\$97,000,000	\$96,000,000
Deficit	-\$27,000,000	-\$30,000,000	-\$19,000,000	-\$20,000,000	-\$21,000,000
Unit Months Available	101934	91939	75463	93226	89789
Unit months Leased	72165	81012	70192	88527	86938
Occupancy percentage	71%	88%	93%	95%	97%
PUPM Op Exp.	\$1,427	\$1,383	\$1,482	\$1,096	\$1,104

*\$73,875,417 Bad debt-mortgages was removed from 2017 operating expenses for this comparison.

* Actual tenant rent received was significantly less than tenant rent charged due to DCHA's rent collection issues.

The deficits are caused by income losses due to increasing vacancies, rent collection losses and higher than normal operating expenses. As noted as a finding in the Public Housing section of this report, DCHA lacks cohesive occupancy and rent collection strategies.

Recommendation F1

Based on the team's review of reports and discussions with DCHA's CFO, the financial reporting to the Board of Directors is done primarily at an entity wide level by providing revenue and expense variance reports. Further, based on the Team's discussion with DCHA Board Members, they were not aware of the declining financial position of DCHA's PH program.

DCHA must develop a robust regular financial reporting approach to management and the Board of Commissioners to improve transparency of financial information and to facilitate monitoring of the effectiveness, financial position, and performance of DCHA's programs and financial profiles. DCHA must provide financial reports to management and the Board of Commissioners at the development, program, and entity-wide level. DCHA is requested to provide a sample of management and Board reports to HUD.

Income

DCHA's PHO based on comparison of unit months available and leased, as reported in the Housing Authority's audited financial statements, has declined steadily from 97% in 2016 to 71% in 2020. Vacancies over 3% do not receive PHO subsidy unless they are in an approved vacancy status, such as "off-line for modernization." Based on an analysis of prepopulated data from HUD's OPFUND Web Portal, potential rent and PHO subsidy lost to vacancies is estimated at \$10,600,000 for 2021, and \$13,200,000 for 2022.

Recommendation F2

In addition to observations mentioned earlier in the Public Housing and Physical Condition and Capital Planning sections of this report regarding vacant unit turnover and improved leasing practices, DCHA should categorize its inventory of vacant units to determine units ready for immediate occupancy, those requiring typical turnover prep and those requiring significant modernization and immediately take actions to increase occupancy and house more families. Once units are categorized, staff should engage collaboratively with HUD's D.C. field office staff to properly categorize these in IMS/PIC. Once proper contracting and documentation is in place, the affected apartments can be considered "off-line for modernization," which will increase PHO subsidy eligibility.

Expenses

DCHA’s FYE 2020 public housing operating expenses were compared to average expenses per occupied unit per month (PUPM) of a peer group consisting of three large MTW housing authorities in the Mid-Atlantic region: Baltimore, Pittsburgh, and Philadelphia. Its total operating expenses were 33% higher than these peers. The variance comes largely from three main expense categories—utilities; maintenance and operations expenses; and administrative salary expenses.

		Total PUPM	Total PUPM	Total PUPM	Total PUPM
		Operating Expenses	Utility Expenses	Maintenance & Operations	Administrative Salaries
DCHA	2020	\$1,430	\$323	\$485	\$93
Peers	2020	\$1,077	\$137	\$338	\$61

The PHA has an active energy performance program in place. However, actual utility costs are over two times higher than the peer group. Further, it appears considerable savings opportunities are available. As an example, significant issues were noted in the small sample of boiler rooms inspected during this review. Yet, the FY 2022 Annual MTW Plan notes only 60% of the \$86 million in funding for Phase II (initiated in 2016) of the energy performance contract was obligated through the end of 2020.

Recommendation F3

Provide an independent analysis of the efficacy of the EPC program including an updated status report on Phase II EPC work completed, in process, and a schedule of planned improvements. Provide this analysis and a schedule of planned improvements to HUD.

Inventory/Property/Equipment

Finding P1

DCHA failed to conduct an annual inventory as required by federal regulations. An entity-wide asset register of property and equipment was provided but a physical inventory was not conducted for FYE 9/30/2020 or 9/30/2021 due to COVID issues.

Regulatory Citation 24 CFR § 200.313

Corrective Action:

Complete a physical inventory of property and equipment during fiscal year 2022. DCHA must provide a copy to HUD.

Finding F2

Three sampled monthly payments to American Express CPS related to vehicle maintenance and operations from 2019 and 2020 totaling \$418,113.10 (8/4/2021 Check No. 3032 for \$111,080.78; 3/5/21 Check No. 3015 for \$104,939.86; 12/3/20 Check No. 3005 for \$202,092.46) remain unsupported as sufficient documentation was not provided. Total charges to DCHA's American Express CPS Account for 2021 were \$1,861,170.

Regulatory Citation 2 CFR § 200**Corrective Action:**

Provide copies of detailed invoices to HUD to support sampled expenditures of \$418,113.10 to HUD or repay applicable federal programs from non-federal funds. Further, the scope of invoices reviewed in this finding will be expanded if these sampled transactions are not properly documented.

Recommendation F4

DCHA has over 200 vehicles. DCHA's policies regarding the use of vehicles and maintenance and gas purchases should be evaluated to ensure they govern proper vehicle usage, include daily mileage logs, gas purchase logs, and monitor vehicle use when in employee custody to prevent personal use. DCHA should provide to HUD a formal, written evaluation of these policies and a determination of which vehicles are essential. Non-essential vehicles should be disposed of as a cost saving measure.

Payroll and Related Costs**Recommendation F5**

DCHA should compile an organizational chart and complete a comprehensive staffing analysis and take immediate steps to achieve appropriate staffing at sustainable levels. DCHA must provide a copy of this analysis, actions taken to reduce costs and an updated Organization Chart to HUD.

Our review found—(1) Administrative Salaries PUPM of \$93 are 52% higher than the MTW peer group average of \$61, and the highest of a peer group of 18 large and extra-large housing authorities in the Mid-Atlantic region; (2) Maintenance Payroll, Benefits and Contracts PUPM of \$440 are 56% higher than the MTW peer group average of \$283; and (3).The review team was

informed that the HR Department was compiling an organizational chart but was not able to provide it prior to the issuance of this report.

Disbursement and Credit Card Testing

The team selected 17 check disbursements totaling \$137,589 for testing. The team reviewed support documentation and general ledger entries for each of the 17 transactions to assess compliance with 2 CFR Part 200. Most of the transactions in the sample were found to be paid from non-federal funds. One disbursement to LaPrima Food Group for \$610.20 from the HCV Administrative Fee account in December 2019 was unsupported. Since our sampling method was not statistical due to time constraints, the team cannot conclude that results are representative of DCHA's total population of disbursements.

Credit card disbursements were also tested. DCHA used three corporate credit card accounts during the review period; American Express 7500; American Express 8869; and Wells Fargo. Charges of \$631,030. For three months, December 2020, March 2021 and August 2021 were selected for review.

Wells Fargo expenditures for the three months sampled were \$142,020. The account was primarily used to pay trash removal costs. DCHA staff stated this is because D.C. does not accept checks from DCHA for payment. Of the \$142,020, \$141,710 was spent for refuse removal and \$310 was for relocation costs.

American Express 8869 expenditures for the three months sampled were \$70,897. The charges were split between routine Central Office Costs like software licensing fees, advertising for human resources, travel, training, and relocation costs billed to specific properties. The relocation costs included hotels and gift cards purchased at CVS and Walgreens for paying per-diem food and transportation costs to temporarily relocated residents due to mold remediation and maintenance issues.

Receipts and documentation were requested for a sample of eight CVS and Walgreens transactions totaling \$9,742, as well as four hotel invoices for \$3,098. The hotel and per-diem costs were found well documented with detailed receipts, supported by emails explaining the purpose and consistent calculations. These expenses appeared to be necessary, reasonable, and consistent with the PHA's Standard Operating Procedures for maintenance related hotel and per-diem costs.

Payments to American Express 7500 during the three-month period were discussed earlier and included as Finding 1.

Finding F3

The disbursement from the HCV Administrative fee account to LaPrima Food Group for \$610.20 from December 12, 2019, was found to be unsupported.

Regulatory Citation 2 CFR § 200

Corrective Action:

Repay \$610.20 from non-federal funds or provide documentation of the programmatic purpose of expenditure.

Finding F4

DCHA does not have an executed General Depository Agreement. All Federal Funds are held by Wells Fargo Bank. A copy General Depository Agreement was provided but it was not signed by Wells Fargo. The PHA is now in the process of obtaining the Bank's signature.

Regulatory Citations - ACC and CACC**Corrective Action:**

DCHA must provide an executed copy of the General Depository Agreement to HUD.

Recommendation F6

Complete conversion from Yardi to Voyager prior to fiscal year beginning October 1, 2022. The Finance Department's software conversion from Yardi to Voyager has been problematic and is taking longer than expected. Some tasks are still done in each system which is cumbersome, making reporting and routine tasks overly time consuming. The conversion was expected to be completed by 9/30/2021 but issues arose during the reconciliation process and transition into the new fiscal year.

No Regulatory Citation**Recommendation F7**

Complete the Finance Department's reorganization, fill vacant positions and train staff to improve capacity and reporting. The Finance Department was recently reorganized. However, it is understaffed, especially in key leadership positions. A Development Manager was hired recently on February 28, 2022. However, the Comptroller, Budget Manager, Financial Analyst, Clerical Assistant and Payroll Specialist positions are vacant.

Repositioning

HUD has made various strategies available to public housing agencies (PHAs) to reposition public housing developments. These strategies may enable PHAs to provide thousands of families across the country with better-maintained units while creating opportunities to leverage public and private resources, easing administration, and preserving affordable housing. Repositioning moves families from a public housing platform to other forms of HUD rental assistance, such as HCV, Project-Based Vouchers (PBV), or Project-Based Rental Assistance

(PBRA). This change can help PHAs preserve affordable housing units, address rehabilitation and physical needs, and place properties on a more stable financial foundation. HUD's repositioning efforts provide communities with additional flexibilities to better meet local needs and funding options to achieve long-term viability for their affordable housing.

The Rental Assistance Demonstration (RAD) program is a repositioning strategy authorized in 2012 to preserve and improve public housing properties and address a \$26 billion nationwide backlog of deferred maintenance. RAD's purpose is to provide an opportunity to test the conversion of public housing and other U.S. Department of Housing and Urban Development (HUD)-assisted properties to long-term, project-based Section 8 rental assistance properties to achieve specific goals, including preserving and improving these properties by enabling public housing agencies to use private debt and equity to address immediate and long-term capital needs. RAD has two components. The first component allows the conversion of public housing and moderate rehabilitation properties to properties with long-term, project-based Section 8 rental assistance contracts. The second component allows rent supplement, rental assistance payments, and moderate rehabilitation properties to convert tenant protection vouchers to project-based assistance at the end of the contract.

The objective of this review was to determine whether the Authority administered its RAD conversions in accordance and compliance with HUD requirements. Other repositioning activities were not evaluated during this review except for one action questioned by a Board Member regarding the sale of DCHA's Headquarters building. In addition to the three conversions evaluated during this review, DCHA has three RAD transactions in progress; Melvo DC001001290, Judiciary House DC001001650, and Potomac Gardens DC001004430, as well as other local initiatives to address the capital needs of its housing stock.

Colorado-Columbia (DC001001950)

On December 18, 2013, the Authority applied to convert its 44-unit public housing project, Colorado, and Columbia Roads Apartments, to project-based vouchers. On March 27, 2015, it received its RAD award and commitment to enter into a Housing Assistance Payment (HAP) contract for the project under the first RAD component. In March 2017, HUD issued the RAD conversion commitment for the conversion. The project was substantially renovated in 2012 and 2013; therefore, no substantial rehab was completed as part of the conversion. Closing occurred on March 15, 2018.

Fairlawn Marshall (DC001005280)

On July 13, 2015, the Authority applied to convert its 30 public housing units called Fairlawn Marshall to project-based vouchers. On June 23, 2016, it received its RAD award and commitment to enter into a HAP contract for the project under the first RAD component. In March 2017, HUD issued the RAD conversion commitment for the conversion. The project was substantially renovated in 2009; therefore, no substantial rehab was completed as part of the conversion. Closing occurred on July 16, 2018.

Matthews Memorial Terrace (DC001005320)

On July 13, 2015, the Authority applied to convert its 35 public housing units called Matthews Memorial Terrace to project-based vouchers. On June 23, 2016, it received its RAD award and commitment to enter into a HAP contract for the project under the first RAD component. In July 2017, HUD issued the RAD conversion commitment for the conversion. The building was constructed in 2011; therefore, the immediate needs were minimal, and no substantial rehab was completed as part of the conversion. Closing occurred on July 16, 2018.

Findings/Observations

DCHA could not provide documentation to show that it consistently monitored the three completed RAD PBV conversions per HUD rules and regulations. The details and corrective actions are detailed as follows:

RAD PBV Finding 1

The PHA's Board is not confirming that the Project Owner is making deposits into the Reserve for Replacement account in accordance with the Rental Assistance Demonstration Conversion Commitment (RCC) or assessing the financial health of the Covered Project on an annual basis.

Regulatory Citations

RAD HAP Contract Rider, RAD Notice H-2019-09, PIH-2019-23 (HA) Section 1.6.D.2; "The Owner must submit to the administering PHA's Board the operating budget for the Covered Project annually. DCHA's Board must confirm that the Project Owner is making deposits into the Reserve for Replacement account in accordance with the RCC as well as assess the financial health of the Covered Project."

Corrective Actions:

- DCHA must provide evidence that the operating budget for each conversion was submitted to the Board of Commissioners (Board);
- The Board must confirm that the annual deposit into the Reserve for Replacement account was made in accordance with the Rental Assistance Demonstration Conversion Commitment (RCC); and
- DCHA must provide evidence that an assessment of the financial health of each conversion was completed.

DCHA must provide all evidence and documentation to HUD.

RAD PBV Finding 2

DCHA could not provide evidence of the required monthly deposits to the Replacement Reserve for all projects. Evidence was provided to confirm deposits for Matthews Memorial Terrace DC001005320 and Fairlawn Marshall DC001005280; however, the reviewer could not verify that monthly Replacement Reserve deposits were made for Colorado and Columbia Roads Apartments DC001001950 because the statements were not provided. Furthermore, DCHA did not provide evidence that it regularly monitors the Reserve for Replacement accounts to ensure deposits are consistent with the Rental Assistance Demonstration Conversion Commitment (RCC).

Regulatory Citations

RAD Notice H-2019-09, PIH-2019-23 (HA) Section 1.6.D.10; RAD HAP Contract Rider

Corrective Action:

The authority must provide evidence that it has completed a review of all projects confirming that the owner is making monthly deposits into the Reserve for Replacement account in accordance with the RCC.

DCHA must provide evidence of the review to HUD.

RAD PBV Finding 3

DCHA could not provide evidence that the Replacement Reserve draws were used for legitimate capital expenses. DCHA failed to produce documents for Fairlawn Marshall DC001005280 or Colorado and Columbia Roads Apartments DC001001950. DCHA only provided support for 2021 withdrawals for Matthews Memorial Terrace DC001005320.

Regulatory Citations

RAD Notice H-2019-09, PIH-2019-23 (HA), HUD Handbook 4350.1 Rev-1

Corrective Action:

DCHA must review all Replacement Reserve accounts' draws to ensure they were used for legitimate capital expenses.

The PHA must provide evidence of the review to the HUD as well as any corrective actions necessary with timeline to HUD.

RAD PBV Finding 4

Although the DCHA provided evidence of HQS inspections by an independent entity, there was no evidence to confirm that the Authority analyzed the reports to identify trends, provided recommendations to the property manager, or submitted HQS inspection reports to the D.C. Field Office as required.

Regulatory Citation 24 CFR 983.103(f)(2)

Corrective Action:

The PHA must develop and implement a procedure to ensure that all required HQS inspections by independent entities are completed and that copies submit HQS inspection reports to the D.C. Field Office. DCHA must provide a copy of this procedure, a timeline for implementation and copies of all required HQS reports to HUD.

RAD PBV Finding 5

Unable to determine if DCHA processed the RAD Contract Rent Adjustments correctly because the HAP register submitted was incomplete.

Regulatory Citations

2012 Appropriations Act (PL112-55); RAD Notice H-2019-09 PIH-2019-23 (HA)

Corrective Action:

DCHA must provide a complete HAP register to HUD. The HAP register must include:

- Name and address of family;
- Name and address of owner;
- Unit size;
- Beginning date of lease term;
- Monthly contract rent to owner;
- Monthly tenant rent;
- Monthly housing assistance payment to owner; and
- Date family vacated, and number of days unit is vacant, if any.

RAD PBV Finding 6

Unable to determine if the PHA is collecting the correct tenant rent based on Total Tenant Payment (TTP) and any applicable RAD rent phase-in because the HAP register submitted by the PHA was incomplete.

Regulatory Citations

RAD Notice H-2019-09 PIH-2019-23 (HA), 24 CFR 353

Corrective Action:

DCHA must provide a complete HAP register to HUD. The HAP register must include:

- Name and address of family;
- Name and address of owner;
- Unit size;
- Beginning date of lease term;
- Monthly contract rent to owner;
- Monthly tenant rent;
- Monthly housing assistance payment to owner; and
- Date family vacated, and number of days unit is vacant, if any.

RAD PBV Finding 7

DCHA did not provide documentation that the RAD Owners/Property managers comply with the resident participation funding requirement.

Regulatory Citation

RAD Notice "Project Owner must provide \$25 per occupied unit annually for resident participation, of which at least \$15 per occupied unit shall be provided to the legitimate tenant organization at the covered property."

Corrective Action:

DCHA must provide documentation to HUD, verifying the resident participation account has been fully funded.

The authority should work with the residents to determine the most appropriate ways to foster a constructive working relationship, including supporting the formation of a legitimate resident organization.

RAD PBV Finding 8

DCHA could not provide documentation that the RAD Owners/Property managers comply with the choice mobility requirements.

Regulatory Citation

RAD Notice; "the mobility component provides that if the family has elected to terminate the assisted lease at any time after the first year of occupancy in accordance with program requirements, the PHA must offer the family the opportunity for continued tenant-based rental assistance, in the form of either assistance under the voucher program or other comparable tenant-based rental assistance."

Corrective Action:

DCHA must provide documentation to HUD demonstrating compliance with this requirement with one of the following— (1) Evidence of households requesting and receiving a Housing Choice Voucher; (2) Evidence of households who have requested a choice mobility move and have priority status on the HCV waitlist; or (3) A document in the initial lease package that identifies this right to choice mobility.

Other Repositioning Activity

DCHA is also conducting redevelopment under the New Communities Initiative (NCI), a development program funded by the District of Columbia. Six developments are currently slated to be or are in the process of redevelopment under this program. Federal properties to be redeveloped must be processed through HUD's Special Applications Center (SAC) and meet the Section 18 demolition/disposition requirements for obsolescence. For federal properties, Tenant Protection Vouchers are offered to tenants to relocate with a voucher through the HCV program or residents have the option to relocate to another DCHA PH property. Under the District of Columbia's New Communities Initiative (NCI), no tenant protections exist as they do under HUD's Federal programs.

Complaints have been expressed by tenants about DCHA's performance and conduct in executing its NCI, and how the redevelopment has been conducted. Some of the claims made are:

- Resident groups have not been informed of changes in site redevelopment plans;
- PHA has broken commitments to not move tenants from current housing until replacement units have been built, i.e., "Build First";

- PHA has broken promises to minimize disruption by offering temporary replacement units in wards not currently resided in versus buildings in their current ward;
- PHA not practicing one for one replacement of public housing units as promised. Market rate and LIHTC units are being planned for the redeveloped properties, reducing the number of public housing units;
- Regular maintenance on properties slated for redevelopment halted in retaliation for tenant complaints about relocation actions and what is viewed as staff harassment;
- Harassment by PHA staff to move out of units at Park Morton;
- PHA violating land covenant at Greenleaf Mid-Rise & Senior extension prohibiting construction of market rate housing on site;
- Tenants denied right to choose units in developments used for temporary relocation. Assigned units are too small. Relocated tenants are not permitted to view LIHTC units in the property for possible occupancy; and
- PHA building new units not bigger than three bedrooms, too small to accommodate public housing tenants.

Recommendation

The complaints by resident groups are a continued example of the lack of trust and poor communication between residents and DCHA. DCHA should schedule regular meetings with the resident groups affected by redevelopment under its New Communities Initiative to discuss plans, timelines, relocation options and planned changes regarding these properties. Tenants should be clearly and accurately informed of their rights and present and future possibilities to reside in redeveloped properties. Customer service training should be provided to public housing staff to ensure tenants are treated professionally, respectfully and provided the assistance needed to meet their relocation goals.

Observation

One Board member expressed concerns about the sale of the DCHA headquarters building, believing the valuation of the property was too low, and that a conflict of interest existed between a former Board Chairperson and one of its chosen contractors in the deal. A follow-up call was made by HUD with the Board member, HUD's Special Applications Center (SAC) Director, HUD's MTW Deputy Director and HUD Review Team member. The SAC Director discussed the appraisal of the property, the use of proceeds, environmental review, and resident consultation requirements. HUD's review of documentation submitted by DCHA found no violation of federal guidelines or regulations in the transaction.

Attachment Finance 1

Total Revenues Grouped by FDS Category

	FYE 2020	Diff	% Diff	FYE 2019	Diff	% Diff	FYE 2018	Diff	% Diff	FYE 2017	Diff	% Diff	FYE 2016
70300 Net Tenant Rental Revenue	23,888,486	(66,960)	0%	23,985,446	451,913	2%	23,533,533	(42,109)	0%	23,575,642	2,084,125	10%	21,491,517
70400 Tenant Revenue - Other	390,251	(111,465)	-28%	501,716	(74,364)	-15%	576,080	(66,127)	-10%	642,207	154,335	32%	487,872
70500 Total Tenant Revenue	24,278,737	(208,425)	-1%	24,487,162	377,549	2%	24,109,613	(108,236)	0%	24,217,849	2,238,460	10%	21,979,389
70600 HUD PHA Operating Grants	328,130,180	6,847,148	2%	321,283,032	31,277,572	11%	290,005,460	18,766,994	7%	271,238,466	10,234,861	4%	261,003,605
70610 Capital Grants	9,649,480	(309,995)	-3%	9,959,475	2,120,504	27%	7,838,971	(1,273,555)	-16%	9,112,526	(103,917)	-1%	9,216,443
Total Federal Subsidy	337,779,660	6,537,153	2%	331,242,507	33,398,076	11%	297,844,431	17,493,439	6%	280,350,992	10,130,944	4%	270,220,048
70800 Other Government Grants	218,038,380	37,155,768	21%	180,902,612	35,860,082	25%	145,042,520	34,154,959	31%	110,887,561	48,703,828	78%	62,183,733
71100 Investment Income - Unrestricted	633,580	230,400	57%	403,180	346,275	608%	56,905	(4,697,628)	-99%	4,754,533	2,411,905	103%	2,342,628
71200 Mortgage Interest Income	.	.	.	.	.	.	.	.	.	.	.	.	.
71300 Proceeds from Disposition of Assets Held for Sale	5,023,799	3,268,799	186%	1,755,000	(7,455,571)	-81%	9,210,571	1,895,103	26%	7,315,468	5,653,468	340%	1,662,000
71310 Cost of Sale of Assets	(4,844,792)	(3,742,930)	-340%	(1,101,862)	7,457,367	-87%	(8,559,229)	(1,932,571)	29%	(6,626,658)	(4,479,967)	209%	(2,146,691)
71400 Fraud Recovery	214,639	(252,542)	-54%	467,181	(76,017)	-14%	543,198	347,847	178%	195,351	(891,005)	-82%	1,086,356
71500 Other Revenue	33,798,325	(2,579,942)	-40%	56,378,267	32,210,938	133%	24,167,329	12,967,584	116%	11,199,745	(10,695,671)	-49%	21,895,416
71600 Gain or Loss on Sale of Capital Assets	(366,289)	(569,213)	-281%	202,924	119,006	142%	83,918	78,535	1459%	5,383	90,844	-106%	(85,461)
72000 Investment Income - Restricted	183,662	(179,014)	-49%	362,676	191,241	112%	171,435	161,056	1552%	10,379	3,277	46%	7,102
70000 Total Revenue	614,739,701	19,640,054	3%	595,099,647	102,428,956	21%	492,670,691	60,360,088	14%	482,310,603	53,166,083	14%	379,144,520

