

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL**

**DISTRICT OF COLUMBIA HOUSING
AUTHORITY: CLIENT PLACEMENT
DIVISION**

REPORT OF SPECIAL EVALUATION

March 2013



**CHARLES J. WILLOUGHBY
INSPECTOR GENERAL**

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



March 15, 2013

Via Hand Delivery

Adrienne Todman
Executive Director
District of Columbia Housing Authority
1133 North Capitol Street, N.E.
Washington, D.C. 20002

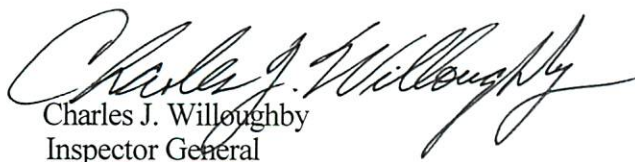
Dear Ms. Todman:

Enclosed is our final *Report of Special Evaluation of the District of Columbia Housing Authority: Client Placement Division (13-I-0054HY)*. Written comments from your agency on the special evaluation team's three findings and seven recommendations are included verbatim in the report. This report will be available publicly at <http://oig.dc.gov>; I encourage you to share it with your employees.

We reviewed your responses to our draft report and noted in this final report that we consider four of our recommendations to be "closed" based on the actions you reported. For the three recommendations that remain, we have enclosed *Compliance Forms* on which your staff should record and report to this Office the actions taken on each recommendation. These forms will assist both you and the OIG in tracking compliance with recommendations in the report. Where the form asks for "Agency Action Taken," please report actual completion, in whole or in part, of a recommendation rather than "planned" action. Please ensure that the *Compliance Forms* are returned to the OIG by the response dates noted on the forms.

We appreciate the cooperation shown by you and your employees during the special evaluation and look forward to your continued cooperation during the upcoming follow-up period. If you have questions or comments concerning this report or other matters related to the special evaluation, please contact me or Alvin Wright Jr., Assistant Inspector General for Inspections and Evaluations, at (202)727-2540.

Sincerely,


Charles J. Willoughby
Inspector General

CJW/gah

Enclosure

cc: See **Distribution List**

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Letter to Adrienne Todman

March 15, 2013

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The Inspections and Evaluations (I&E) Division of the Office of the Inspector General is dedicated to providing District of Columbia (D.C.) government decision makers with objective, thorough, and timely evaluations and recommendations that will assist them in achieving efficiency, effectiveness, and economy in operations and programs. I&E's goals are to help ensure compliance with applicable laws, regulations, and policies, identify accountability, recognize excellence, and promote continuous improvement in the delivery of services to D.C. residents and others who have a vested interest in the success of the city.

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**ACRONYMS
AND ABBREVIATIONS**

ACRONYMS AND ABBREVIATIONS

ADA	Americans with Disabilities Act
BOC	Board of Commissioners
CEPS	Client Eligibility and Placement Specialist
CHSTF	Comprehensive Housing Strategy Task Force
CPD	Client Placement Division
DCHA	D.C. Housing Authority
DCMR	D.C. Municipal Regulations
DOES	Department of Employment Services
ED	Executive Director
ELIL	Extremely Low-Income Limit
FMR	Fair Market Rent
FTE	Full-time Equivalent
FY	Fiscal Year
GAO	U.S. Government Accountability Office
HCVP	Housing Choice Voucher Program
HUD	U.S. Department of Housing and Urban Development
I&E	Inspections and Evaluations
ISRI	Immediate Systems Resources, Inc.
LIL	Low-Income Limit
LRSP	Local Rent Supplement Program
MTW	Moving to Work
NMA	Nan McKay & Associates
OIG	Office of the Inspector General

ACRONYMS AND ABBREVIATIONS

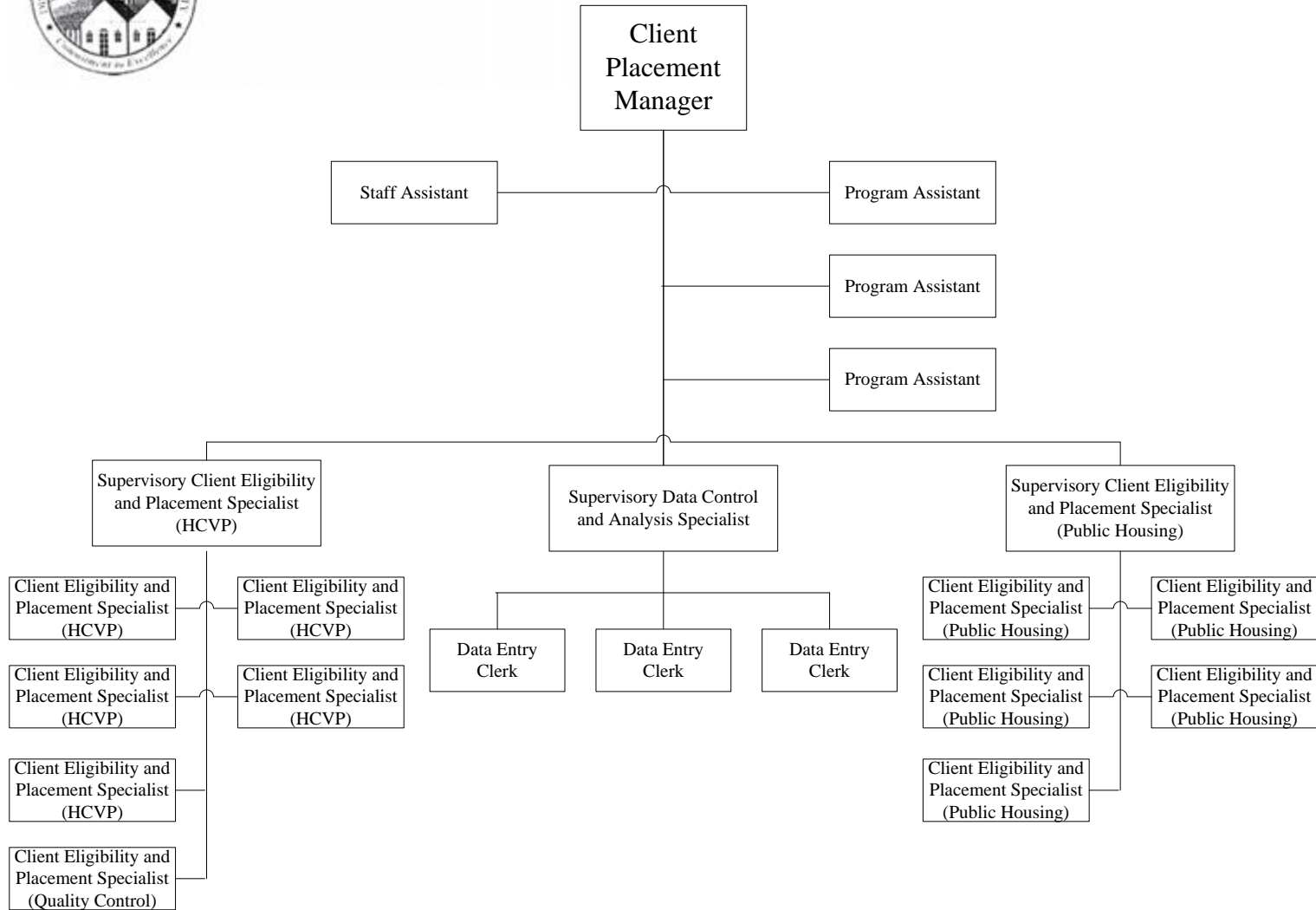
PHA	Public Housing Authority
SSI	Supplemental Security Income
TANF	Temporary Assistance for Needy Families
TCP	The Community Partnership for the Prevention of Homelessness
UFAS	Uniform Federal Accessibility Standard
VASH	Veterans Affairs Supportive Housing
VLIL	Very Low-Income Limit

ORGANIZATION CHART

ORGANIZATION CHART



District of Columbia Housing Authority
Office of Operations and Asset Management
Client Placement Division



Source: This organization chart was received from DCHA in September 2011.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Overview and Objectives

The Inspections and Evaluations (I&E) Division of the Office of the Inspector General (OIG) conducted a special evaluation of the D.C. Housing Authority (DCHA) Client Placement Division (CPD) from April 2012 through August 2012. DCHA's mission is to "provide[] quality affordable housing to extremely low- through moderate-income households, foster[] sustainable communities, and cultivate[] opportunities for residents to improve their lives."¹ CPD's responsibilities include: 1) receiving housing applications; 2) managing the waiting lists; and 3) conducting eligibility determinations.²

The objectives of this special evaluation were to analyze CPD's intake, waiting list management, and eligibility determination processes; identify inefficiencies in the application and client placement processes; recommend ways in which DCHA can more efficiently assist clients seeking housing; assess current staffing and personnel management practices; and review the existence and adequacy of policies and procedures. The team analyzed CPD's waiting list processes for the Housing Choice Voucher Program (HCVP), public housing, and the Local Rent Supplement Program (LRSP).

Scope and Methodology

The special evaluation team (team) focused primarily on the administration and management of the waiting lists, policies and procedures for CPD operations, and personnel management. The team interviewed 25 individuals, including DCHA employees, members of the DCHA Board of Commissioners (BOC), and subject matter experts; conducted work observations; and reviewed a variety of documents such as DCHA's Moving to Work (MTW)³ Plan, the District of Columbia Municipal Regulations (DCMR), the D.C. Code, DCHA contracts, and internal agency documents. The team also conducted a file review of 87 DCHA clients who received housing in fiscal year (FY) 2011 to assess the completion and accuracy of eligibility determinations. The team concluded that the case files contained requisite documentation and there were no significant deficiencies in CPD's eligibility determination process.⁴

¹ <http://www.dchousing.org/default.aspx?catid=5> (last visited Nov. 27, 2012).

² <http://www.dchousing.org/default.aspx?docid=158&Title=CLIENT%20PLACEMENT&PostDate=Friday,%20January%2023,%202009&TypeName=GENERAL%20INFORMATION&typeID=5&category=ABOUT%20DCHA&catID=5&topic=DEPARTMENTS&topID=29> (last visited Aug. 4, 2011).

³ According to the U.S. Department of Housing and Urban Development (HUD):

Moving to Work (MTW) is a demonstration program for public housing authorities (PHAs) that provides them the opportunity to design and test innovative, locally-designed strategies that use Federal dollars more efficiently, help residents find employment and become self-sufficient, and increase housing choices for low-income families. MTW gives PHAs exemptions from many existing public housing and voucher rules and more flexibility with how they use their Federal funds.

<http://www.hud.gov/offices/pih/programs/ph/mtw> (last visited July 23, 2012). DCHA notes that, "As one of only 35 agencies with this designation, DCHA received its designation as a MTW agency in 2003."

<http://portal.hud.gov/hudportal/documents/huddoc?id=dcha-fy12-plan.pdf> (last visited Aug. 9, 2012).

⁴ The team likewise reviewed DCHA's Office of Audit and Compliance 2008 audit of CPD, which did not find

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OIG inspections comply with standards established by the Council of the Inspectors General on Integrity and Efficiency, and pay particular attention to the quality of internal control.⁵

Summary of Findings and Recommendations

Findings: The team found that: 1) DCHA’s maintenance of open waiting lists allows thousands of individuals to apply annually despite a limited availability of housing and unreasonable timeframes for housing placement; 2) the DCMR does not clarify how often waiting list updates should occur or comport with HUD’s waiting list purge guidelines; and 3) CPD’s lack of a comprehensive policies and procedures manual may result in employees’ inconsistent interpretation and application of governing regulations.

Recommendations: The OIG made seven recommendations to DCHA to improve the administration and management of its waiting lists, including closing the waiting lists, reevaluating regulations for updating and purging the lists, and developing an internal policies and procedures manual.

Areas of Concern

The team observed that DCHA’s website did not contain significant resources to assist individuals with identifying alternative housing and obtaining social services while waiting for housing assistance. For example, the Seattle Housing Authority and the Housing Authority of the County of Salt Lake provide links to other websites and/or telephone numbers that may be helpful to those seeking housing (e.g., the telephone numbers of homeless shelters in the area). Likewise, “[t]he Housing Authority of the City of Austin maintains lists of resources on many types of local, state[,] and national housing resources including homebuyer assistance and financial aid.”⁶ With the inclusion of resources to assist those who are unable to receive housing assistance quickly from DCHA, the organization may be better able to help those who need services it cannot provide (e.g., access to homeless shelters, nutrition assistance programs, employment services, and legal assistance).

The team also learned that DCHA has not conducted annual employee performance evaluations in recent years. Some CPD interviewees reported that they never received a performance evaluation, several years had elapsed since their last performance evaluation, and they lacked performance goals. DCHA’s lax management in establishing, monitoring, and tracking employee performance denied employees an opportunity to be officially evaluated and formally discuss performance and review goals. The team acknowledges DCHA’s current efforts in implementing a new performance management system; however, DCHA’s Department

significant deficiencies in its recordkeeping.

⁵ “Internal control” is synonymous with “management control” and is defined by the Government Accountability Office (GAO) as comprising “the plans, methods, and procedures used to meet missions, goals, and objectives and, in doing so, supports performance-based management. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud.” STANDARDS FOR INTERNAL CONTROL IN THE FEDERAL GOVERNMENT, Introduction at 4 (Nov. 1999).

⁶ [Http://www.hacanet.org](http://www.hacanet.org) (last visited Sept. 14, 2012).

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of Human Resources was unable to fully implement the new system by its October 1, 2011, deadline—as reported in its new performance management system policy—and had yet to fully implement the new system as of the writing of this report.

Compliance and Follow-Up

The OIG inspection process includes follow-up with DCHA on findings and recommendations. Compliance forms for findings and recommendations will be sent to DCHA along with this report of special evaluation. I&E will coordinate with DCHA on verifying compliance with recommendations over an established period. In some instances, follow-up activities and additional reports may be required.

During their review of the draft report, inspected agencies are given the opportunity to submit any documentation or other evidence to the OIG showing that a problem or issue identified in a finding and recommendation has been resolved or addressed. When such evidence is accepted, the OIG considers that finding and recommendation closed with no further action planned.

INTRODUCTION

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Affordable Housing in the District

Affordable housing is an ongoing issue of growing concern in the District. Despite a tepid economic recovery, high unemployment, and declining housing valuations nationally, the median home price in the District reached a record \$457,500 in July 2012. For many District residents, homeownership at the market rate is unattainable. According to the U.S. Census Bureau, the 2010 median income in the District was \$60,903 and the number of residents living below the poverty level was 19.2 percent.⁷ The D.C. Fiscal Policy Institute provides:

Over the last decade, DC has experienced a rapid rise in housing costs that has contributed to a substantial loss of low-cost housing stock The incomes of DC households have not kept pace with increasing costs; in fact, incomes were stagnant for most low- [] and moderate-income households while growing slower than housing costs for many others.^[8]

In addition to record home prices, the average monthly rent for a two-bedroom apartment in the District is \$1,946.⁹ In certain District neighborhoods where there is a greater demand to live, monthly rent for a two-bedroom apartment can reach \$4,000 and above.¹⁰ According to the D.C. Fiscal Policy Institute, “[t]he number of low-cost rental units – defined as having monthly rent and utility costs of less than \$750 a month – fell from 70,600 to 34,500 over the last decade. Meanwhile the number of rental units with costs over \$1,500 more than tripled.”¹¹

The lack of affordable housing in the District leaves many residents with limited options. District of Columbia Housing Authority’s (DCHA) public housing placement rates are slight in juxtaposition to the demand for affordable housing and the length of the waiting lists. At current placement rates, DCHA estimates that it would take 18 years to house each public housing applicant in need of a two-bedroom unit. Furthermore, a Client Placement Division (CPD) manager noted that the federal government has not issued new vouchers for the Housing Choice Voucher Program (HCVP)¹² to DCHA since before 2008.¹³ However, we note that the lack of

⁷ On January 27, 2011, the Community Partnership for the Prevention of Homelessness (TCP) conducted a “Point-in-Time” enumeration of the homeless population in the District. According to TCP, “[t]he homeless are counted in two categories: the ‘literally homeless’ – those without shelter, and those living in emergency shelter or transitional housing – and the ‘formerly homeless’ – those living in permanent supportive housing.” [Http://www.community-partnership.org/cp_dr-fastf.php](http://www.community-partnership.org/cp_dr-fastf.php) (last visited Aug. 31, 2012). There were 6,546 homeless counted, which represents a 9.3 percent increase from TCP’s 2008 Point-in-Time enumeration. *See id.*

⁸ [Http://www.dcfpi.org/wp-content/uploads/2012/05/5-7-12-Housing-and-Income-Trends-FINAL.pdf](http://www.dcfpi.org/wp-content/uploads/2012/05/5-7-12-Housing-and-Income-Trends-FINAL.pdf) (last visited Aug. 28, 2012).

⁹ *See* <http://www.apartmentratings.com/rate?a=MSAAvgRentalPrice&msa=8872> (last visited Nov. 13, 2012).

¹⁰ *See* <http://washingtonexaminer.com/dc-rental-market-remains-on-fire/article/2503526> (last visited Aug. 22, 2012).

¹¹ *Id.*

¹² According to the U.S. Department of Housing and Urban Development (HUD):

The housing choice voucher program is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single-family homes, townhouses and

INTRODUCTION

affordable housing in the District is an issue that cannot be resolved by just one agency or entity. The District's lack of affordable housing is a multidimensional issue that can only be addressed comprehensively through collaboration between many stakeholders from the public sector, private industry, and nonprofit community.

Overview of DCHA

DCHA is an independent public agency providing “housing assistance to [] almost ten percent of the city’s population.”¹⁴ It is a “property manager, voucher administrator, and real estate developer . . . [and] a key player in the provision, preservation[,] and production of affordable housing in the District of Columbia.”¹⁵ “[It] is dedicated to enhancing the quality of life in the District of Columbia for low[-] and moderate[-]income households by providing and effectively managing affordable housing that is diverse and aesthetically pleasing.”¹⁶

DCHA is governed by a Board of Commissioners (BOC) consisting of 10 voting Commissioners¹⁷ headed by a Chairperson.¹⁸ Commissioners serve staggered 3-year terms and receive a \$3,000 yearly stipend for their efforts (\$5,000 for the Chairman). The BOC makes policy decisions for DCHA, and among its duties are the responsibility to:

- (1) Review and approve all contracts for goods or services having a value of more than \$250,000;
- (2) Make and implement rules, by-laws, and policies and regulations necessary or appropriate for the effective administration of the Authority . . . ;
- (3) Promulgate rules and procedures for the election of the elected Commissioners, and to conduct such elections;
- (4) Evaluate the Executive Director’s [ED] job performance from time to time; and

apartments.

[Http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hcv/about/fact_sheet](http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hcv/about/fact_sheet) (last visited Aug. 21, 2012).

¹³ Although no new vouchers have been awarded, according to a CPD manager, HCVP was fully-funded in 2008 through 2011 for existing vouchers.

¹⁴ [Http://www.dchousing.org/docs/201205221724186561_mtw2013.pdf](http://www.dchousing.org/docs/201205221724186561_mtw2013.pdf) (last visited June 11, 2012).

¹⁵ *Id.*

¹⁶ [Http://odr.dc.gov/DC/ODR/DDC/Information+and+Resources/Government+Resources](http://odr.dc.gov/DC/ODR/DDC/Information+and+Resources/Government+Resources) (last visited July 17, 2012).

¹⁷ According to D.C. Code §§ 6-211(a)(2) – (2A) (Supp. 2011), the BOC includes three public housing residents and one HCVP recipient.

¹⁸ See D.C. Code § 6-211(m).

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(5) Perform such other functions as are needed to ensure the provision of quality services to the residents of the Housing Properties.^[19]

The BOC has the authority to appoint and remove DCHA's ED (ED/DCHA), who is responsible for managing and directing daily affairs; hiring, training, and supervising employees; executing documents; and other duties as assigned by the BOC.²⁰

DCHA's fiscal year (FY) 2011 total operating expenses were \$295,211,360, and projected FY 2012 total operating expenses were \$289,477,056. These expenses include approximately \$50 million in administrative expenses in FY 2011 and \$44 million in projected administrative expenses in FY 2012.²¹ During its 2011 performance oversight hearing, the ED/DCHA noted that:

- 94 percent of DCHA's FY 2011 budget is federally funded;
- 98 percent of its operating revenue is from the U.S. Department of Housing and Urban Development (HUD) and tenant rent;²² and
- DCHA has approximately 750 full-time equivalents (FTEs).

The District government also provides DCHA with an annual subsidy via the Local Rent Supplement Program (LRSP). The intent of LRSP is to increase the District's stock of affordable housing units and complement the supply of HCVP vouchers.²³ The FY 2011 subsidy was \$22,822,884, and the FY 2012 approved subsidy was \$22,000,000. This subsidy is used for public safety, housing assistance payments, and administrative costs.

DCHA identifies the following five strategic goals:

- Goal A: Create opportunities, through collaboration . . . to improve the quality of life for DCHA residents.
- Goal B: Increase access to quality affordable housing.
- Goal C: Provide livable housing to support healthy and sustainable communities.
- Goal D: Foster a collaborative work environment that is outcome driven and meets highest expectations of the affordable housing industry.

¹⁹ *Id.* § 6-211(v).

²⁰ *Id.* §§ 6-213(a) and (c) (2008).

²¹ Administrative costs include "all non-maintenance and non-resident service, personnel costs (including benefits and accrued leave), legal costs, auditing costs, travel and training costs, and other administrative costs such as supplies, telephone expense." Report on Audit of Basic Financial Statements, Supplemental Information and Single Audit, Sept. 30, 2010, at vii.

²² In its 2012 performance oversight hearing, the ED/DCHA likewise noted that the majority of DCHA's funds come from HUD.

²³ Title 14 DCMR § 9500 also notes: "Some of the differences between LRSP and HCVP . . . are that LRSP is not for housing outside of the District of Columbia and the preferences and priorities for the housing assistance are different than those specified in the HCVP rules and regulations."

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Goal E: Effectively communicate DCHA's accomplishments and advocate for its mission.^[24]

In pursuit of these goals, DCHA provided housing assistance to approximately 1,700 individuals in FY 2011, which amounted to only 4 percent of those on the waiting list needing assistance (at the end of FY 2011, DCHA's waiting lists had 40,225 unduplicated²⁵ individuals waiting for housing).²⁶

Overview of the Client Placement Division

CPD is responsible for application intake, waiting list management, and eligibility determinations²⁷ for DCHA's housing programs. CPD's FY 2011 budget was \$1,942,107, and for FY 2012 was reduced to \$1,549,233.²⁸

DCHA administers housing programs through waiting lists managed by CPD that include HCVP,²⁹ the public housing program, LRSP,³⁰ and the moderate rehabilitation program.³¹ CPD employees are responsible for managing the waiting lists by:

- receiving applications;
- updating client information (e.g., when a client's address or the number of dependents in a family changes);

²⁴ [Http://www.dchousing.org/docs/201205221724186561_mtw2013.pdf](http://www.dchousing.org/docs/201205221724186561_mtw2013.pdf) (last visited July 17, 2012).

²⁵ "Unduplicated" refers to the total number of applicants including those on multiple waiting lists.

²⁶ The team evaluated the number of DCHA's June 2012 offline units (vacant units) and determined that it did not significantly contribute to DCHA's waiting list times. In June 2012, DCHA had 18 units needing maintenance assignments, 122 units in need of repair, and 81 units in the process of being occupied. The team calculated that the average number of days these units were offline was 78 days. These offline units represent approximately 2.7 percent of DCHA's 8,165 public housing units.

²⁷ CPD employees determine eligibility for housing assistance by reviewing the application, supporting documents, and obtaining necessary verifications. Applicants deemed eligible for housing are placed in the selection pool. *See* 14 DCMR §§ 6107.1 and 6107.2.

²⁸ DCHA reported that:

The 20% variance between FY2011 & FY2012 budgets was due to several factors. The most significant being the difference for administrative contracts (which accounted for greater than \$243,000 being spent in FY2011 for the completion of the second phase of the purge initiative). Another \$83,000 was saved in a right-sizing initiative which eliminated vacant administrative positions. Because DCHA implemented an electronic application system, the need for Lektrivers was eliminated, saving approximately \$60,000 in future maintenance costs.

²⁹ HCVP is formerly known as the Section 8 program.

³⁰ Applicants cannot apply directly for LRSP. Title 14 DCMR § 9503.1 provides that "eligible households shall be selected and admitted from the DCHA's existing HCVP waiting list in accordance with the HCVP rules and regulations established by the DCHA for selection and admission for . . . assistance in the LRSP"

³¹ "The moderate rehabilitation program provides project-based rental assistance for low income families." [Http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/modrehab](http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/modrehab) (last visited Oct. 18, 2012).

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- conducting eligibility interviews for clients near the top of a waiting list, which includes meeting with clients and obtaining documentation (e.g., identification cards and Social Security cards);
- contacting third parties to verify client-provided information (e.g., contacting schools to verify children’s enrollment and attendance);
- using third party software to verify client-provided information (e.g., criminal background checks, sex offender status,³² debt owed to DCHA, and income); and
- transferring clients into the selection pool³³ to wait for available housing units or vouchers to become available.

CPD Application and Eligibility Processes

CPD employees assist clients with the housing application process and updates to applications. Applicants can schedule an appointment, walk in, mail, fax, or submit an application and updates online to furnish basic information. Data entry clerks place applicants on the waiting lists based upon the date and time (first-come, first-served) of their submission. At the time of application, applicants self-certify housing preferences³⁴ (e.g., homelessness, working family, and rent-burdened); these preferences are not verified until an applicant reaches the top of a waiting list.³⁵ Data entry clerks enter applications into the VisualHOMES³⁶ system (with the exception of online applications, which are automatically entered).

³² DCHA employees reported that there are only two crimes that make someone ineligible for housing: a Class A sex offense and distribution of methamphetamines.

³³ The selection pool is comprised of applicants deemed eligible through the eligibility determination process for housing, but not yet placed.

³⁴ Title 14 DCMR §§ 6105 and 6125 establish “preference” categories for applicants to select from that determine priority in selection for public housing and rental assistance. At the time of application, applicants can self-certify that they have one of the following preferences, if applicable: homeless, displaced (e.g., due to government action, disaster, domestic violence, or hate crimes), inaccessible unit due to immobility or other impairment, unit is unfit for habitation, rent burdened (resident is currently paying 50 percent of income toward rent and utilities), working family, all other families, elderly (62 years of age or older), or disabled. Title 14 DCMR § 6105.1 notes that “[v]erification of a preference is not required until an applicant reaches the top of the waiting list. Applicants will be required to provide verification that they meet the preference as part of the eligibility determination process.”

³⁵ The team asked DCHA management to define “top of the waiting list.” DCHA management reported:

DCHA defines ‘top of the waiting list’ as an applicant or group of applicants who are selected according to their required bedroom size, preference e.g., [homelessness,] program and application date and time. The bedroom size and preference criteria vary based on the program and unit availability so when units are projected to come online, Client Placement Division then ‘pulls’ names from the top of that waiting list to determine eligibility.

DCHA does not have separate waiting lists of applicants based on stated preferences, but rather one list with all individuals and their preferences listed. The team observed that other public housing authorities (PHAs) define “top of the waiting list” more precisely than DCHA. For example, the North Bergen Housing Authority defines top of the waiting list as “[w]hen a family appears to be within three (3) months of being offered a unit”

[Http://www.nbhousing.org/wait.htm#manage](http://www.nbhousing.org/wait.htm#manage) (last visited Oct. 26, 2012).

³⁶ “VisualHOMES is the leader in public housing software solutions, providing the most proven and complete software solution for public housing, Section 8 [HCVP] and financial accounting management in the industry” [Http://www.visualhomes.com/cms/files/VH_DocMgmt_PR_3.pdf](http://www.visualhomes.com/cms/files/VH_DocMgmt_PR_3.pdf) (last visited July 3, 2012).

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When an applicant is near the top of a waiting list, a CPD contractor³⁷ mails the applicant a letter³⁸ requesting his/her attendance at an eligibility interview.³⁹ Not all applicants attend eligibility interviews. HCVP, LRSP, and some special admission applicants do not receive interviews. Instead, these applicants submit packages that are reviewed for completeness by the client eligibility and placement specialist (CEPS) in the same manner that interviewees' applications are reviewed. During the eligibility interview, a CEPS verifies the applicant's information (e.g., name, address, and income) and obtains supporting documentation from the individual (e.g., pay stubs, Temporary Assistance for Needy Families (TANF)⁴⁰ information, Supplemental Security Income (SSI)⁴¹ information, school attendance records for children, and verification of preferences). The CEPS uses software to obtain third-party verification of client-supplied information (e.g., the Department of Employment Services (DOES) database, which indicates a person's TANF, SSI, and other income benefits; Trak-1⁴² to verify an applicant's criminal and credit history; and a national database to verify an applicant's sexual offender status). The CEPS also contacts third parties to verify client information, (e.g., contacting schools to ensure that children are enrolled and attending, and employers to verify employment and income information). Eligibility processing timeframes depend on whether applicants bring all required documents to the eligibility interview.

Quality Assurance Activities

After a CEPS completes an eligibility interview, obtains all necessary documentation, and conducts requisite third-party verifications, he/she enters the information in VisualHOMES. The CEPS then gives the applicant's folder, containing applicant information, copies of required documentation, and memoranda documenting third-party verifications, to the quality control

³⁷ Currently, CPD uses McDonald & Eudy Printers, Inc. to mail eligibility letters because of the large volume of letters. The cost of the most recent contract was \$17,206.

³⁸ According to 14 DCMR § 6103.8, applicants are required to keep their mailing address on file with CPD current.

³⁹ If an applicant cannot meet at the scheduled time, the applicant can contact DCHA and reschedule the interview. If an applicant is sent a letter for an interview, and he/she does not respond, then the applicant's status is changed to inactive. If an inactive applicant later comes into the office, he/she may be restored to active status with his/her original application date. 14 DCMR § 6106.3-4.

⁴⁰ According to the U.S. Department of Health and Human Services:

The Temporary Assistance for Needy Families (TANF) program became the TANF Bureau within the Office of Family Assistance in May 2006 Through its divisions and program units, the Bureau provides assistance and work opportunities to needy families by granting states, territories and tribes the federal funds and wide flexibility to develop and implement their own welfare programs. The assistance is time-limited and promotes work, responsibility and self-sufficiency.

[Http://www.acf.hhs.gov/programs/ofa/tanf/about.html](http://www.acf.hhs.gov/programs/ofa/tanf/about.html) (last visited Aug. 9, 2012).

⁴¹ "Supplemental Security Income (SSI) is a Federal income supplement program funded by general tax revenues (not Social Security taxes): It is designed to help aged, blind, and disabled people, who have little or no income; and [i]t provides cash to meet basic needs for food, clothing, and shelter." [Http://www.ssa.gov/ssi](http://www.ssa.gov/ssi) (last visited Aug. 9, 2012).

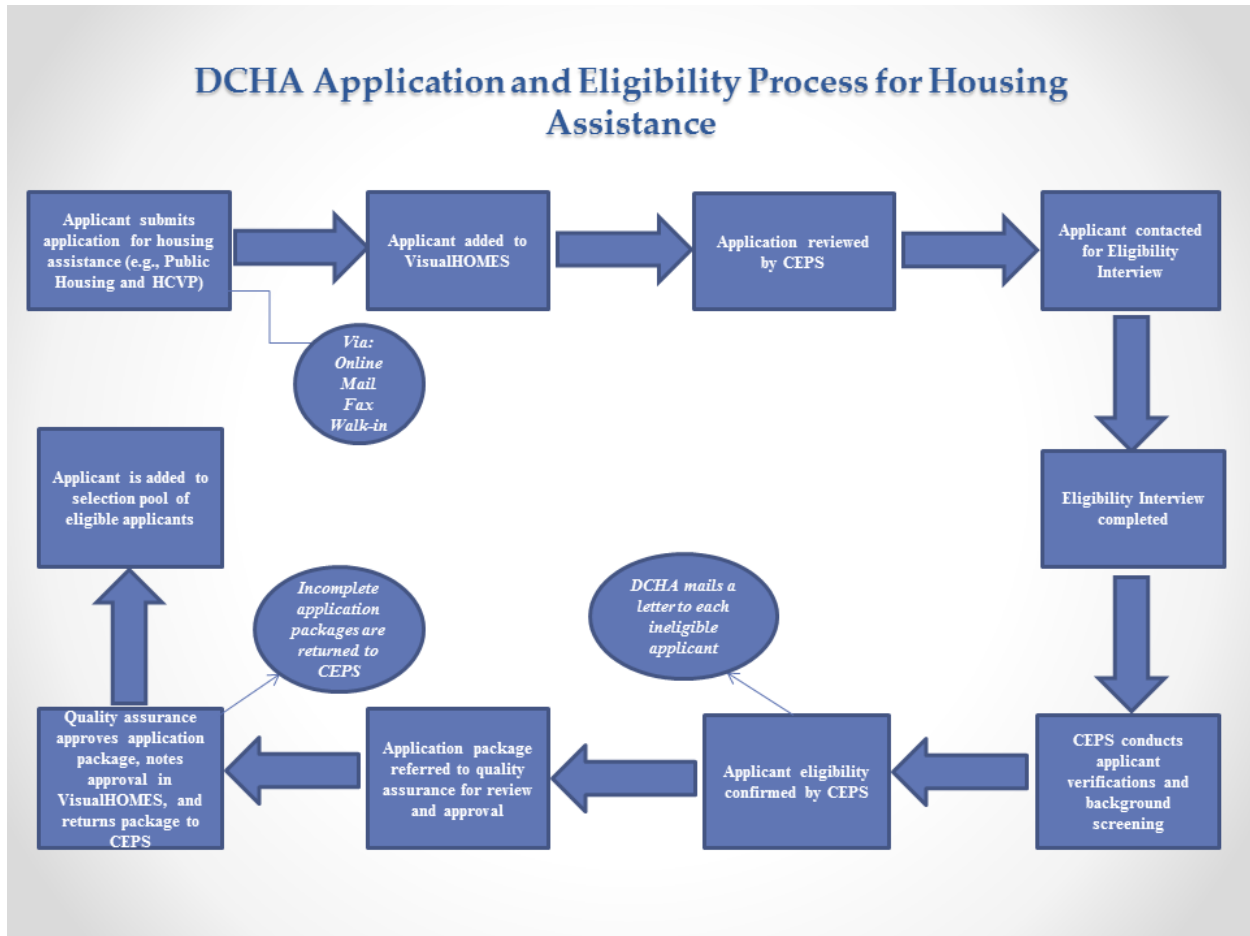
⁴² "Trak-1 is a national data and online services provider with an emphasis on employee, resident[,] and volunteer screening. [It] provide[s] a comprehensive suite of risk management solutions for today's marketplace." [Https://www.new.trak-1.com/about.html](https://www.new.trak-1.com/about.html) (last visited Aug. 8, 2012).

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CEPS to review for completeness and accuracy. If there is inaccurate information in the folder or it is incomplete, the folder is returned to the CEPS to remedy.

After the quality assurance process, eligible applicants are placed in the selection pool to wait for a unit or voucher to become available. They receive no more than two offers for housing. If an applicant refuses two units, CPD changes the applicant's status on the waiting list to "withdrawn" rather than deleting the applicant from the waiting list.

The flow chart below outlines the application process through housing placement.



Overview of the Housing Choice Voucher Program

HCVP, which is HUD-funded, “is the federal government’s major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market.”⁴³ According to HUD:

⁴³ http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hcv/about/fact_sheet (last visited June 20, 2012).

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Eligibility for a housing voucher is determined by the PHA [public housing authority] based on the total annual gross income and family size and is limited to US citizens and specified categories of non-citizens who have eligible immigration status. In general, the family's income may not exceed 50% of the median income for the county or metropolitan area in which the family chooses to live [Very Low-Income Limit (VLIL)]. By law, a PHA must provide 75 percent of its voucher[s] to applicants whose incomes do not exceed 30 percent of the area median income [Extremely Low-Income Limit (ELIL)].⁴⁴

The tables below show the income limits in D.C. to obtain HCVP vouchers:

Table 1: Income Limits for HCVP Vouchers FY 2012 VLIL for the District of Columbia									
Income Limit Information	Median Family Income	1 Person	2 People	3 People	4 People	5 People	6 People	7 People	8 People
FY 2012 VLIL	\$71,400	\$25,000	\$28,550	\$32,150	\$35,700	\$38,550	\$41,400	\$44,250	\$47,100

Table 2: Income Limits for HCVP Vouchers FY 2012 ELIL for the District of Columbia									
Income Limit Information	Median Family Income	1 Person	2 People	3 People	4 People	5 People	6 People	7 People	8 People
FY 2012 ELIL	\$71,400	\$15,000	\$17,150	\$19,300	\$21,400	\$23,150	\$24,850	\$26,550	\$28,250

Through HCVP, eligible families select housing in the private rental market, and federal housing assistance payments are made directly to the owners of the housing. Families pay a portion of the rent based on their income, and the remainder of the rent is paid by the HCVP voucher. The voucher covers the difference between 30 percent of the tenant's adjusted gross income and the "Payment Standard," which is based on the Fair Market Rent (FMR) established by HUD. A family can rent an apartment that is more expensive than the Payment Standard, but the family must pay more than 30 percent of their income for this property. This program allows a family to select housing anywhere in the country (as long as the unit selected matches the family's size/composition and meets certain health and safety requirements); the voucher is transferable and moves with the family.

According to CPD employees, DCHA has not received funding for new vouchers since before 2008 due to a lack of HUD funding. When vouchers are available,⁴⁵ they are issued to

⁴⁴http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hcv/about/fact_sheet (last visited Aug. 8, 2012).

⁴⁵ According to a DCHA manager, some families have returned their HCVP vouchers to DCHA within the past 3 to

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families based on preferences and the date and time of an HCVP application. The District of Columbia Municipal Regulations (DCMR) prioritize families as follows: 1) families with substandard housing (further sub-prioritized into the following three categories: applicants who are homeless, applicants residing in units “unfit for habitation,” and applicants residing in units with housing code violations); 2) families involuntarily displaced from housing; and 3) “rent burdened” families. Families who qualify for these preferences are prioritized over families without them.

Overview of Public Housing

Public housing is affordable housing built and operated by DCHA, with funding from HUD and tenant rent payments.⁴⁶ Public housing is only available to families that meet certain income requirements. According to HUD, to be eligible for public housing, a household income must be at or below 80 percent of the median income for the region [Low-Income Limit (LIL)].⁴⁷ Table 3 below shows the income limits in D.C. required to obtain public housing:

Income Limit Information	Median Family Income	1 Person	2 People	3 People	4 People	5 People	6 People	7 People	8 People
FY 2012 LIL	\$71,400	\$40,000	\$45,700	\$51,400	\$57,100	\$61,700	\$66,250	\$70,850	\$75,400

Rents are generally limited to 30 percent of adjusted income, and applicants receive housing based on a preference system. The preference system dictates the ratio from which CPD employees select eligible clients for public housing from the waiting list: 50 percent “working” families;⁴⁸ 40 percent “all other;”⁴⁹ and 10 percent families in the “emergency”⁵⁰ category. There are also public housing buildings reserved exclusively for the elderly or disabled. These buildings are not filled according to the 50:40:10 ratio, but instead are filled with 100 percent elderly or disabled clients. There are also Uniform Federal Accessibility Standard (UFAS)⁵¹

4 years because the families have secured permanent housing. Vouchers can be returned for a number of reasons (e.g., a death, the family no longer wants a voucher, etc.). These vouchers have been used to: 1) cover the increased costs of providing vouchers in the District; 2) provide limited local preference vouchers; and 3) make commitments for project-based vouchers to build new affordable housing.

⁴⁶ “The District of Columbia public housing portfolio consists of more than 8,000 apartment or townhome units in 56 properties owned and managed by the District of Columbia Housing Authority (DCHA).”

<http://www.dchousing.org/new/default.aspx?props=1> (last visited July 23, 2012).

⁴⁷ http://portal.hud.gov/hudportal/HUD?src=/topics/rental_assistance/phprog (last visited Aug. 8, 2012); *see also* <http://www.huduser.org/portal/datasets/il/il12/index.html> (last visited Aug. 8, 2012).

⁴⁸ A “working family” is defined as a family where a member is “employed (at least twenty (20) hours per week), self-employed, attending school full[-]time, attending a certified General Equivalency Diploma program, or participating in a verifiable job training program” 14 DCMR § 6099.1.

⁴⁹ The “all other” category includes families that do not fit into the working or emergency categories.

⁵⁰ The “emergency” category includes families that are involuntarily displaced, homeless, living in substandard housing, or paying more than 50 percent of income for rent. *See id.*

⁵¹ UFAS sets “standards for facility accessibility by physically handicapped persons for Federal and federally-

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units for individuals who need wheelchair accessible units, as confirmed by a healthcare provider. An Americans with Disabilities Act (ADA)⁵² coordinator verifies an individual's wheelchair status before a UFAS unit is filled.

Additional Programs

DCHA administers a LRSP, which provides vouchers to individuals and families that remain in the District (these vouchers are similar to HCVP vouchers but are not transferrable to other states). Applicants do not apply for LRSP placement, rather they are selected from the HCVP waiting list. The intent of LRSP is to increase the stock of affordable housing units in the District by providing vouchers for lower cost housing to individuals and families. DCHA also administers special admissions programs through local and national initiatives. Two examples include HCVP vouchers to veterans through Veterans Affairs Supportive Housing (VASH)⁵³ and local vouchers to individuals with limited English proficiency through linguistically-isolated vouchers. Lastly, DCHA administers the moderate rehabilitation program. This program was repealed in 1991, and no new projects are authorized for development, but DCHA is still placing some individuals who had previously applied for this program.⁵⁴

funded facilities. These standards are to be applied during the design, construction, and alteration of buildings and facilities to the extent required by the Architectural Barriers Act of 1968, as amended.” [Http://www.access-board.gov/ufas/ufas-html/ufas.htm#1](http://www.access-board.gov/ufas/ufas-html/ufas.htm#1) (last visited July 5, 2012).

⁵² “The Americans with Disabilities Act gives civil rights protections to individuals with disabilities similar to those provided to individuals on the basis of race, color, sex, national origin, age, and religion. It guarantees equal opportunity for individuals with disabilities in public accommodations, employment, transportation, State and local government services, and telecommunications.” [Http://www.ada.gov/q%26aeng02.htm](http://www.ada.gov/q%26aeng02.htm) (last visited July 17, 2012).

⁵³ “The HUD-Veterans Affairs Supportive Housing (HUD-VASH) program combines Housing Choice Voucher (HCV) rental assistance for homeless Veterans with case management and clinical services provided by the Department of Veterans Affairs (VA).” [Http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hcv/vash](http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hcv/vash) (last visited July 5, 2012).

⁵⁴ See http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/modrehab (last visited Aug. 8, 2012). The team did not assess this program because it was repealed.

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1. DCHA’s maintenance of open waiting lists allows thousands of individuals to apply annually despite a limited availability of public housing units and HCVP vouchers. This practice creates lengthy waiting lists and unreasonable timeframes for housing placement.

Criteria:⁵⁵ Title 14 DCMR §§ 7601.1 and 7601.3 require that DCHA maintain public housing and HCVP waiting lists that identify information such as the applicant’s name, contact information, number of household members, income, preferences, and the date and time DCHA received the application. Title 14 DCMR § 6104.1 grants DCHA authority to close its waiting lists if the projected waiting time for an applicant to receive housing exceeds 12 months. When this occurs, the ED/DCHA can “[s]uspend the taking of further applications for certain unit types, unit sizes, or projects developed for special purposes; and [l]imit application taking to certain specified periods of the year.”⁵⁶ During a waiting list suspension, DCHA may continue accepting applications from priority applicants (e.g., the homeless or disabled) eligible for priority placement on the waiting list.

Condition:⁵⁷ In FY 2012, CPD’s budget was \$1,549,233, and the division contained 22 FTEs whose primary responsibilities were processing new applications, updating existing applicant information, and determining applicant eligibility for housing. CPD expends significant resources each year to assist thousands of applicants despite its inability to timely provide housing. The number of public housing applicants far exceeds DCHA’s current and potential supply of housing units, which creates waiting list timeframes that often exceed 12 months. As of April 2012, DCHA reported there were 36,492 public housing applicants. According to its 2012 Moving to Work (MTW) Plan,⁵⁸ DCHA anticipated leasing 7,800 public housing units, and an internal DCHA report estimated that 2,800 applicants would be selected from the waiting list per year to be screened for eligibility. This comprised only 7.7 percent of public housing applicants. As noted in Appendix 2, DCHA is attempting to address the public housing shortage by adding 182 public housing units to its inventory through development projects. However, this effort seems marginal in comparison to the number of applicants in need of housing.

⁵⁵ “Criteria” are the rules that govern the activities evaluated by the team. Examples of criteria include internal policies and procedures, District and/or federal regulations and laws, and best practices.

⁵⁶ Title 14 DCMR §§ 6104.1(a) - (b).

⁵⁷ The “condition” is the problem, issue, or status of the activity the team evaluates.

⁵⁸ According to the U.S. Department of Housing and Urban Development (HUD):

Moving to Work (MTW) is a demonstration program for public housing authorities (PHAs) that provides them the opportunity to design and test innovative, locally-designed strategies that use Federal dollars more efficiently, help residents find employment and become self-sufficient, and increase housing choices for low-income families. MTW gives PHAs exemptions from many existing public housing and voucher rules and more flexibility with how they use their Federal funds.

[Http://www.hud.gov/offices/pih/programs/ph/mtw](http://www.hud.gov/offices/pih/programs/ph/mtw) (last visited July 23, 2012). DCHA notes that, “As one of only 35 agencies with this designation, DCHA received its designation as a MTW agency in 2003.”

[Http://portal.hud.gov/hudportal/documents/huddoc?id=dcha-fy12-plan.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=dcha-fy12-plan.pdf) (last visited Aug. 9, 2012).

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Similarly, HCVP applicants remain on waiting lists for prolonged periods of time because the number of HUD-funded HCVP vouchers has not increased. An internal DCHA report notes there were 55,648 HCVP applicants as of April 2012, and DCHA's 2012 MTW Plan notes that continued funding was available for an existing 13,659 HUD vouchers to DCHA clients in FY 2012.⁵⁹

DCHA's 2012 and 2013 MTW plans report that the agency intends on closing its waiting lists and transitioning to site-based waiting lists for conventional public housing. It appears, however, that implementing site-based waiting lists may not result in shorter lists or improved efficiency. DCHA's 2013 MTW Plan notes:

DCHA expects to have closed waiting lists for both public housing and housing choice voucher[s] in FY2013. This will be the first time in DCHA's history to have closed lists. DCHA expects no significant change to the number of families on the waiting list(s), despite the fact that DCHA continues to serve families from the waiting lists. The number of families coming off the waiting lists is dwarfed by the volume of those on the lists. The verification of continued interest may result in a slight reduction to the size of the lists. In no way will the reduction reflect a declining need for affordable housing in the District of Columbia[.]

Cause:⁶⁰ The number of applicants on DCHA's waiting lists far exceeds available housing opportunities because there is a shortage of affordable housing in the District and the lists are perpetually open; consequently, thousands of individuals apply annually despite the lack of affordable housing. Between FYs 2008 and 2011, DCHA received 38,625 new applications; an average of 9,656 individuals per year. As noted in Table 4 on the following page, CPD experienced a 30.9 percent increase in applications in 2009 and a 17.8 percent increase in 2010. The rate of new applicants did not decline until 2011. When asked why the waiting lists remained open, a former ED/DCHA commented that they were kept open to represent the District's need for additional federal funding for affordable housing. A DCHA senior official speculated that they are open because people are concerned about "what life would be like with it closed." This individual also noted that it may be emotionally difficult for an individual or family in need of housing to accept the fact that the waiting list is closed because they feel that DCHA is their only hope for obtaining housing.

Effect:⁶¹ DCHA's administration of perpetually open waiting lists results in unreasonable waiting list timeframes. It also creates the perception that public housing or HCVP vouchers are available. CPD employees stated that applicants view open waiting lists with "a sense of hope" for obtaining housing. However, due to the extensive waiting list timeframes, several employees thought the waiting lists create a "false hope" because most applicants remain

⁵⁹ DCHA's 2012 MTW Plan reported that during FY 2012, 32 non-MTW vouchers would be converted to MTW vouchers, increasing the total MTW HCVP vouchers to 12,784 by the end of FY 2012.

⁶⁰ The "cause" is the action or inaction that brought about the condition the team evaluates.

⁶¹ The "effect" is the impact of the condition the team evaluates.

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on the waiting lists for many years before receiving consideration for housing. Additionally, it may discourage applicants from seeking alternative housing options.

Table 4: New Housing Applicants Between FYs 2008 and 2011		
Year	Number of New Applications	Percent Change in Number of New Applicants
2008	7,254	--
2009	9,495	30.9%
2010	11,181	17.8%
2011	10,695	-4.4%

Table 5 below details applicant demand for each housing unit size and the number of years it would take to provide housing for existing public housing applicants. Of the 36,492 public housing applicants, 83.6 percent (30,518 applicants) need housing units ranging in size from 0 to 2-bedroom units. DCHA estimates that it would take between 18 to 39 years to house each of these applicants. This exceeds both DCMR and HUD guidelines.⁶² Closing the waiting lists may allow DCHA to more effectively monitor existing waiting list applicants, eliminate unnecessary FTEs and application processing costs, and personnel could devote time to other program activities, including some that are currently outsourced.

Table 5: Public Housing Applicants by Bedroom Size		
Unit Size	Percent of Public Housing Applicants Seeking This Unit Size	Number of Years to House Applicants
0 bedrooms	25.5%	39
1 bedroom	34.0%	28
2 bedrooms	24.2%	18
3 bedrooms	13.5%	14
4 bedrooms	2.5%	9
5 bedrooms	0.3%	2

A DCHA manager reported that comparable HCVP data were not available and:

When we select applicants this year for tenant[-]based vouchers, for the first time in several years, that applicant will have waited for 14 years. The oldest application date that we have without the homeless preference is 1988. We will only select applicants without the homeless preference when we have exhausted the list

⁶² HUD’s HCVP Guidebook § 4.4 “Closing the Waiting List” recommends closing a waiting list if the wait for assistance exceeds 12 to 24 months.

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containing the homeless preference. There are too many variables that will change before this happens to even project a date for how long non[-]homeless applicants will have to wait.

Accountability:⁶³ The ED/DCHA in conjunction with the BOC has authority to close the waiting lists. A member of the BOC reported that it is collecting information on the various ways in which waiting lists can be managed within HUD guidelines and will assess whether any change to DCHA's current process is necessary. The BOC has not established a deadline for how to proceed with the waiting list.

Recommendations:

- (1) That the ED/DCHA: a) coordinate with the BOC and close the public housing and HCVP waiting lists in accordance with DCHA's 2013 MTW Plan and Title 14 DCMR § 6104.1(a); and b) establish and disseminate a detailed plan of action for implementing the waiting list closure and subsequent evaluation for reopening.

Agree _____ **X** _____ Disagree _____

- (2) If the waiting lists are closed, then the ED/DCHA should conduct a cost-benefit analysis that: 1) assesses the staffing and financial implications of immediately transitioning to site-based lists; and 2) evaluates whether CPD-related functions that have been outsourced to contractors can be performed by CPD employees.

Agree _____ **X** _____ Disagree _____

DCHA's February 2013 Response, as Received:

DCHA Response to Recommendation 1: Concur. *Prior to the initiation of this review, DCHA began the process of conducting a comprehensive evaluation of our waiting list process. In December, DCHA began the official process of suspending the intake of new applications to our waiting list. Pursuant to DC official code, DCHA is required to post official notice of its intent to suspend the intake of new applications to the waiting list. The suspension may be implemented after the notice period expires.*

As such, the official posting was made on December 7, 2012 indicating that the suspension of the intake of new applications will be effective on April 12, 2013. DCHA staff is in the process of conducting an extensive outreach effort to all of our constituents, community partners and stakeholders informing them and educating them of the suspension and its processes. After the suspension, DCHA will conduct a thorough examination of the waiting list and implement processes to insure that the list remains up to date. Additionally, evaluations will be made to determine when portions of the list will need to be reopened. Lastly, DCHA plans to

⁶³ "Accountability" is a description of who is responsible for the condition evaluated.

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investigate the implementation of site based waiting lists which will allow applicants to identify their neighborhoods of choice.

Combined, these efforts will ultimately allow DCHA to better manage the list, give applicants realistic timeframes as to when they will be housed and also give them the opportunity to select the community where they prefer to live.

DCHA Response to Recommendation 2: Concur

In addition to suspending the intake of new applications to our waiting list, DCHA is also in the process of conducting a comprehensive evaluation of our Client Placement and Recertification Departments. This evaluation will result in a reengineering of those departments. Positions, functions and job descriptions will all be assessed for procedure and functionality with an effort to increase efficiency and reduce costs.

OIG Comment: Based on DCHA’s response the recommendation 1, the OIG considers the status of this recommendation to be closed. DCHA’s planned actions as noted in its response to recommendation 2 appear to meet the intent of the recommendation. Please provide the OIG the results of the evaluation of the Client Placement and Recertification Departments and any documented procedures.

2. The DCMR lacks clarity regarding how often waiting list updates should occur and does not require purges, contrary to HUD guidelines.

Criteria: CPD is responsible for keeping waiting lists up-to-date. As part of the update process, 14 DCMR § 6102.5 provides that “[a]nnually, an applicant is required to update his or her application in accordance with Section 6103 of [] Chapter [61].” Section 6103.8 provides that “[e]ach applicant shall ensure that DCHA maintains his or her current mailing address at all times” and Section 6103.7 states that “DCHA will mail a waiting list update form to each applicant periodically.” DCHA employees also encourage applicants to update their information when changes occur (e.g., a new dependent or change in income).

Additionally, the DCMR provides that “[a]pplicants who return a completed update form to the DCHA within the time frame specified in the update package . . . retain their place on the waiting list and remain active[.]”⁶⁴ Applicants who do not return the form within the specified timeframe will “have their waiting list status changed to inactive[.]”⁶⁵ Inactive applicants cannot receive housing offers from CPD. However,

[i]f an inactive applicant submits a completed update form at any time after the expiration of the specified time frame, then the applicant shall be restored to active status on the waiting list with the applicant's original application date; [but] [i]f an applicant has been inactive for three (3) years prior to October 1, 2006, for all types of housing assistance offered by DCHA and requested by the

⁶⁴ Title 14 DCMR § 6103.7(a).

⁶⁵ *Id.* § 6103.7(c).

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applicant; the applicant must reapply for any type of housing assistance offered by DCHA.^[66]

The DCMR is silent with respect to purging applicants from the waiting list. However, HUD recommends that applicants are removed through a purge process. HUD guidelines describe the primary goal in purging a waiting list is to obtain current information on interested applicants and remove applicants no longer interested in participating in the program. To conduct a purge, a PHA mails an update package to each applicant. After a PHA receives confirmation from all applicants interested in receiving housing assistance, PHA employees enter the data from the update forms into a database and re-order the waiting lists according to the updated information (e.g., applicant income, preferences, or need for a handicap accessible unit).

HUD's HCVP Guidebook provides:

When and how often a PHA should purge its waiting list and the extent of the purge depends upon a number of factors, including:

- How quickly the PHA is running through its waiting list[:]
- The average number of families that need to be considered to result in a positive eligibility[:]
- Length of the PHA's waiting list[: and]
- Staff and financial resources available to the PHA for this purpose^[67]

Condition: CPD requires waiting lists applicants to annually update their application information per DCMR guidelines. However, it does not mail out requests for updates; it encourages updating. The team noted that CPD employees use the term “purge” in a different context than defined by HUD, and use the terms “update” and “purge” interchangeably. According to CPD employees, the most recent “purge” of the waiting lists began in 2008 and was completed in 2012, taking over 4 years to implement. However, the team notes that this process was not a “purge” according to HUD’s definition, as no applicants were actually removed from the waiting lists completely, rather, applicant statuses were changed. Prior to this “purge,” CPD had not conducted a “purge” for 10 years. The team asked a DCHA manager why 10 years elapsed between the purges, and this individual reported that:

Purging the waiting list is a monumental task and can be seen by some as depriving the neediest needy families of access to housing. It is also costly as it relates in either dollars or staff time; and reduces resources available for our core mission: providing

⁶⁶ Title 14 DCMR §§ 6103.7(c)(2) and 6103.7(d).

⁶⁷ [Http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_11748.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_11748.pdf) (last visited Aug. 30, 2012).

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housing assistance. As a result, we only complete a comprehensive purge only when absolutely necessary.

CPD used two different contractors to complete its most recent update. SOURCECORP BPS, INC. completed phase one of the update in 2008 (the cost of this contract was \$540,000). Phase one included mailing an explanatory letter and an update form to applicants with postage-paid envelopes to return the update form. The contractor then noted which applicants returned this form in VisualHOMES.⁶⁸ CPD hired a second contractor, Immediate System Resources, Inc. (ISRI), to conduct phase two, during which applicants who did not respond to the first set of letters mailed in 2008 received letters to update their applications (the cost of this contract was \$199,337). As part of this effort, ISRI used mailing addresses obtained from the TANF program,⁶⁹ the U.S. Postal Service, and addresses on file in VisualHOMES. The total cost for the two contractors was \$739,337. In 2012, DCHA changed the waiting list status of individuals who did not respond either phase of letters to “withdrawn” (but no applicants were purged). As part of this update, 27,641 applicants’ statuses were changed to “withdrawn.”

DCHA management stated that they used contractors to complete the waiting list update because using CPD FTEs would have adversely impacted the “normal operation of client placement by redirecting staff working with clients to addressing administrative issues not directly related to providing assistance to applicants. Further, those commercial entities had a readily available infrastructure in place to handle the issues regarding waiting list concerns.”⁷⁰

Cause: Title 14 DCMR § 6102.5 requires applicants to update applications annually,⁷¹ but 14 DCMR § 6103.7 only requires CPD to update its waiting lists “periodically.” As such, the DCMR does not clearly define the frequency for updating the waiting lists and may prevent updates from occurring. Moreover, the DCMR precludes DCHA from completely removing applicants from the waiting lists who applied after October 1, 2006, because these applicants can be reinstated on the waiting lists (only applicants who have been inactive on the waiting lists since October 1, 2003, need to “reapply”).⁷² However, this may be a disincentive for applicants

⁶⁸ DCHA also placed applications and drop-off boxes at several D.C. shelters so that homeless families and others who did not receive a letter could update their information.

⁶⁹ According to a DCHA employee, applicants are more likely to keep their addresses current with TANF than CPD because TANF provides money and, therefore, individuals have an added incentive to keep addresses current with the program.

⁷⁰ In FY 2013, the team asked a CPD manager whether CPD had conducted a cost-benefit analysis to assess the continued use of a contractor for mailing eligibility interview letters to applicants. This individual reported that:

There has not been a formal cost-benefit analysis done on this subject matter. However, a managerial decision was made to have future eligibility mail outs conducted by in-house staff. It was concluded that current staff now had the capability to complete the process efficiently and effectively using DCHA’s new robust computer system capable of electronically merging the information from various data bases into one repository.

⁷¹ DCHA does not annually mail an update form to waiting list applicants but encourages applicants to update their information.

⁷² According to a DCHA manager, the 2003 cut-off was established because CPD does not have data on people who have not made updates/changes to applications since 2003.

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to update their information. In fact, these applicants maintain the perpetual ability to be reinstated to their place on the waiting lists once they provide updated information. The team asked a DCHA manager whether any assessments were conducted to determine whether reinstating individuals on the waiting lists would impact CPD's management of the lists. CPD reported that:

No formal assessments have been conducted. But DCHA views re-instatement only as one criterion that will impact the number of applicants on the list and the applicants' position on the list. DCHA is cognizant of the many social issues that may impact decisions regarding re-instatement. Again, reinstatement is treated as only one of several items of information that applicants provide; and it does not create a significant waiting list management burden.

The ED/DCHA noted this regulation was implemented, in part, due to the transient nature of DCHA's clients and the fact that applicants most in need of housing may be difficult to reach. CPD employees also informed the team that applicants are never removed from the waiting list so that there is a record of DCHA's interaction with applicants.

Effect: By not defining how often DCHA updates must occur and not purging the waiting lists, CPD is left to manage large and questionably accurate lists of individuals. For example, the team confirmed at least 10 deceased applicants on the waiting lists.⁷³ HUD's waiting list guidelines provide that a PHA waiting list "should be kept as up-to-date as possible in order to minimize the number of 'no-shows' and ineligible determinations . . ."⁷⁴ HUD further states that "[u]sing an updated waiting list makes it easier for . . . staff to contact applicants, and productivity typically increases."⁷⁵ In addition, purging the waiting list frequently prevents delays in leasing activities. HUD guidelines also provide that "purging the waiting list to maintain a list of active applicants is more cost-effective than risking decreased leasing rates because of an outdated list."⁷⁶ The HCVP Guidebook states:

When a waiting list is out of date, it can be very difficult, if not impossible, to reach applicants selected from the waiting list. Once they are contacted, their applicant status has often changed such that they no longer meet the PHA's eligibility or selection

⁷³ The team reviewed a sample of names through a third-party database to determine whether there were deceased individuals on DCHA's waiting lists. From DCHA's 2011 waiting lists, the team isolated individuals who were over 80 years of age to determine whether these individuals were deceased. The team determined that it would use 80 years of age as a cut-off because according to the Centers for Disease Control and Prevention, the life expectancy of Americans is 78.5 years. See <http://www.cdc.gov/nchs/fastats/lifexp.htm> (last visited June 6, 2012). Approximately 300 entries were identified as being over 80. The team used a random sample generator to create a random sample of 180 files to review.

⁷⁴ [Http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_11748.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_11748.pdf) (last visited Aug. 30, 2012).

⁷⁵ *Id.*

⁷⁶ [Http://www.hud.gov/offices/adm/hudclips/guidebooks/7420.10G/7420g04GUID.pdf](http://www.hud.gov/offices/adm/hudclips/guidebooks/7420.10G/7420g04GUID.pdf) (last visited Aug. 30, 2012).

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criteria. If these delays occur regularly, they can result in a declining leasing rate.^[77]

Accountability: The ED/DCHA is responsible for the administration and management of the waiting list.

Recommendations:

- (1) That the ED/DCHA: a) submit proposed rulemaking to amend 14 DCMR § 6103.7 so that CPD must conduct waiting list updates annually rather than periodically; and b) collaborate with homeless advocacy organizations to improve processes that encourage applicants to submit updates to CPD when information on their application changes.

Agree _____ Disagree X

- (2) That the ED/DCHA and BOC analyze the impact of the DCMR provisions allowing reinstatement of applicants to formally determine whether it does or does not create a significant waiting list management burden. If it is determined that management of the waiting list is negatively impacted by these provisions, then the ED/DCHA and BOC should submit proposed rulemaking to amend the DCMR.

Agree X Disagree _____

- (3) If the DCMR is amended to allow removal of nonresponsive applicants, then the ED/DCHA shall: a) establish policies and procedures outlining comprehensive efforts for contacting applicants before removal (e.g., conducting site and home visits and implementing extended business hours); and b) thoroughly document removal to prevent disputes.

Agree X Disagree _____

- (4) That the ED/DCHA formulate and implement policies and procedures outlining when applicant updates and purges should occur so that waiting lists are accurate and up-to-date.

Agree X Disagree _____

DCHA's February 2013 Response, as Received:

As reported in this Draft Report of Special Evaluation, 14 DCMR Section 6103.8 provides that each applicant shall ensure that DCHA maintains his or her current mailing address at all times. DCHA also requires that each applicant reports any changes in family composition, and income

⁷⁷ *Id.*

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amounts and sources, preferences requested. This requirement is provided to the applicant upon application.

After the suspension of the waitlist and the reengineering of the Client Placement Division and the Low Income Recertification Department DCHA will conduct a thorough examination of the waiting list and implement policy changes and processes to insure that the wait list remains up to date.

HUD's guidelines on the purge process include four factors to consider in deciding when to conduct a purge. Firstly, DCHA should decide how quickly we will traverse through the wait list. Second, how many families will be considered to achieve one positive eligibility determination. Next, how many families are on the waiting list. Lastly, what staff and funds are available for a purging effort? DCHA will apply the four factors in making its decisions on when to purge the waitlist along with the reengineering of the two departments. In the most recent comprehensive update/purge of the entire waiting list, DCHA made every effort to reach all applicants and to give applicants sufficient time to provide updated information.

Recommendations (1) and (4) of the Special Evaluation are closely related. DCHA agrees that the Authority needs to complete a comprehensive and careful review of the existing regulations in the DCMR as part of its waiting list reengineering initiative currently underway. This review includes input from many stakeholders including the homeless advocacy organizations suggested by the DC OIG. The review is being conducted using the HUD guidelines referenced by the DC OIG and will weigh all the factors suggested by HUD in determining the final results. As a result of this review, DCHA expects to consider a variety of regulatory changes including, but not expected to be limited to, provisions for reopening portions of the waiting list according to availability of housing resources and for establishing site-based waiting lists for public housing applicants.

Recommendations (2) and (3) of the Special Evaluation are closely related. The implications and consequences of the provision that allow applicants to be returned to active status on the waiting list, if they have been previously non responsive or unreachable and thus removed from the active waiting list, was thoroughly examined by the Board of Commissioners and DCHA staff at the time of its adoption. It was determined to be an equitable response to the difficult conditions under which many of our applicants are forced to live because of the shortage of affordable housing resources—especially those applicants most in need and most vulnerable. It was also determined to have no adverse impact on the efficiency and effectiveness of the management of the Waiting Lists. DCHA agrees that all of the regulations governing the intake of applicants and the management of the waiting list require review. The provisions regarding reinstatement of applicants to the waiting list will be included in this review. Any changes to regulations will be implemented with documented procedures and training.

OIG Comment: DCHA's planned actions as noted in its response to the draft report appear to meet the intent of the recommendations. Please provide the OIG the results of the planned reinstatement review and any documented procedures.

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3. **CPD's lack of a comprehensive policies and procedures manual may result in employees' inconsistent interpretation and application of governing regulations.**

Criteria: D.C. Code § 6-203(12) (2008) grants DCHA the authority to adopt and implement administrative procedures to fulfill its purpose of providing decent, safe, and sanitary dwellings for low-and moderate-income individuals and families. D.C. Code § 6-211(v)(2) (Supp. 2011) provides that DCHA's BOC has the power to "make and implement rules, by-laws, and policies and regulations necessary or appropriate for the effective administration of the Authority [DCHA]"

The U.S. Government Accountability Office (GAO) advocates that "[a]ppropriate policies, procedures, techniques, and mechanisms exist with respect to each of [an] [agency's] activities" and that "[c]ontrol activities described in policy and procedure manuals are actually applied and applied properly."⁷⁸ Control activities should be "regularly evaluated to ensure that they are still appropriate and working as intended."⁷⁹

Condition: Interviewees reported that CPD lacks a comprehensive internal policies and procedures manual governing employees' performance and job duties and responsibilities (e.g., conducting eligibility determinations, obtaining third-party verifications, and changing an applicant's waiting list status). Rather, when employees have questions, they refer to several resources including the DCMR, Nan McKay & Associates (NMA)⁸⁰ training manuals, and CPD "desk guides."⁸¹ An employee commented that managers often revise desk guides and email them updated piecemeal versions of these guides. This process can be ineffective because it requires employees to sort through emails to ensure compliance with DCHA's most current policies. Senior managers, however, provided conflicting reports on whether desk guides existed. One stated that desk guides are issued to CPD employees, but there is not a comprehensive set of these documents. Another senior employee stated they do not exist. The team requested that DCHA provide a copy of its desk guides, and none were provided.

Cause: A CPD senior manager noted that the process of developing and editing one comprehensive desk guide may not be the most efficient use of time because the process is lengthy and the policies would be outdated by the time the guide was completed. However, the team contends that once created, policies and procedures binders could be updated as new regulations are issued. While the DCMR and NMA training manuals are helpful resources for ensuring compliance with local and federal guidelines, employees stated that a comprehensive manual would better serve them when executing their tasks and serving clients.

Effect: Because there is no set of comprehensive policies and procedures that are easily accessible and adhered to, clients may receive different levels of service because employee

⁷⁸ INTERNAL CONTROL MANAGEMENT AND EVALUATION TOOL, Control Activities at 34 (August 2001).

⁷⁹ *Id.*

⁸⁰ "Nan McKay & Associates (NMA) has been a performance improvement leader in the assisted housing industry for more than 30 years. NMA is a full-service firm that offers consulting, training, tools and technology solutions to PHAs running public housing and Section 8/HCV programs throughout the nation." [Http://www.nanmckay.com/s-274-about-us.aspx](http://www.nanmckay.com/s-274-about-us.aspx) (last visited July 20, 2012). CEPSs attend NMA training and reported to the team that this training is helpful.

⁸¹ Desk guides are CPD-issued memoranda that inform employees on policy changes and how to perform job tasks.

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knowledge of division protocols varies. For example, 14 DCMR §§ 6106.10 – 11 note that applicants who do not submit eligibility interview documentation within 10 days following the interview or do not request an extension must be removed from a waiting list. However, one CPD employee reported to the team that he/she will not remove applicants if they submit the pending documentation within 5 days after the due date, whereas another employee allowed 30 days to elapse before removal. This may result in disparate treatment of clients and may impact efficiency and effectiveness in application processing.

Accountability: The ED/DCHA is responsible for implementing policies and procedures that promote effective and efficient operations.

Recommendation:

That the ED/DCHA: 1) expeditiously create a policies and procedures manual; 2) allow employees to review and provide feedback on the manual prior to completion; 3) promulgate the policies and procedures manual and provide training as needed; and 4) formalize a policy for reviewing and updating the manual.

Agree _____ Disagree _____ **X** _____

DCHA's February 2013 Response, as Received:

***DCHA Response. Non-Concur.** Management proffers that DCHA has a complete and comprehensive set of procedures for the Client Placement Division that gives guidance to all staff in matters pertaining to: Application Intake, Waiting List Management, Final Eligibility Determination and Processing, Applicant Screening Procedures, Creating Selection Pools and Making Referrals. These procedures are exact and provide staff with specific guidance in the mentioned areas.*

DCHA will develop and implement a standardized desk guide/manual for easy reference by staff. The desk guide will be based on applicable policy, procedures and governances. Once implemented DCHA anticipates that it will lead to a more efficient and effective system of operations within the Client Placement Division while continuously promoting a consistency in the application of rules and regulations to our clients.

As DCHA moves forward with its re-engineering and re-organization processes many changes will serve to enhance its ability to respond to ever changing demands. As an aside, at the beginning of Ms. Todman's tenure as Executive Director of DCHA she initiated the development and implementation of a robust strategic plan that demanded a more comprehensive performance evaluation system. She envisioned that this system would establish work and behavioral standards of performance to meet the strategic needs of DCHA's changing environment.

The first phase of the Performance Management System implementation has been completed and the accomplishments to date for the Client Placement Division include the following:

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- *Revision of position descriptions to include job and behavioral competencies (completed)*
- *Development of performance standards for each position (completed)*
- *Revised Evaluation Performance Tools (completed)*
- *Revised Procedures for conducting the performance evaluations (completed)*
- *Trained Managers and Supervisors (completed)*
- *Impact and Effect discussions with Labor Union (completed)*

The second phase is scheduled to be completed by April 1, 2013. This phase will involve the roll out of the performance standards, updated position descriptions and a Manager's Training Guide. Individual performance conferences will be held at that time.

OIG Comment: DCHA's planned actions as noted in its response to the draft report appear to meet the intent of the recommendation because DCHA will develop and implement a standardized desk guide/manual. The team notes that it requested that DCHA provide copies of its desk guides, and none were provided. Please provide the OIG with a copy of the finalized desk guide/manual.

APPENDICES

APPENDICES

- Appendix 1: List of Findings and Recommendations
- Appendix 2: Description of DCHA public housing development projects
- Appendix 3: February 15, 2013 Letter from DCHA to OIG

APPENDIX 1

APPENDICES

1. **DCHA's maintenance of open waiting lists allows thousands of individuals to apply annually despite a limited availability of public housing units and HCVP vouchers. This practice creates lengthy waiting lists and unreasonable timeframes for housing placement.**

- (1) That the ED/DCHA: a) coordinate with the BOC and close the public housing and HCVP waiting lists in accordance with DCHA's 2013 MTW Plan and Title 14 DCMR § 6104.1(a); and b) establish and disseminate a detailed plan of action for implementation of the waiting list closure and subsequent evaluation for reopening.
- (2) If the waiting lists are closed, then the ED/DCHA should conduct a cost-benefit analysis that: 1) assesses the staffing and financial implications of immediately transitioning to site-based lists; and 2) evaluates whether CPD-related functions that have been outsourced to contractors can be performed by CPD employees.

2. **The DCMR lacks clarity regarding how often waiting list updates should occur and does not require purges, contrary to HUD guidelines.**

- (1) That the ED/DCHA: a) submit proposed rulemaking to amend 14 DCMR § 6103.7 so that CPD must conduct waiting list updates annually rather than periodically; and b) collaborate with homeless advocacy organizations to improve processes that encourage applicants to submit updates to CPD when information provided on their application changes.
- (2) That the ED/DCHA and BOC analyze the impact of the DCMR provisions allowing reinstatement of applicants to formally determine whether it does or does not create a significant waiting list management burden. If it is determined that management of the waiting list is negatively impacted by these provisions, then the ED/DCHA and BOC should submit proposed rulemaking to amend the DCMR.
- (3) If the DCMR is amended to allow removal of nonresponsive applicants, then the ED/DCHA shall: a) establish policies and procedures outlining comprehensive efforts for contacting applicants before removal (e.g., conducting site and home visits and implementing extended business hours); and b) thoroughly document removal to prevent disputes.
- (4) That the ED/DCHA formulate and implement policies and procedures outlining when applicant updates and purges should occur so that waiting lists are accurate and up-to-date.

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3. **CPD's lack of a comprehensive policies and procedures manual may result in employees' inconsistent interpretation and application of governing regulations.**

That the ED/DCHA: 1) expeditiously create a policies and procedures manual; 2) allow employees to review and provide feedback on the manual prior to completion; 3) promulgate the policies and procedures manual and provide training as needed; and 4) formalize a policy for reviewing and updating the manual.

APPENDIX 2

APPENDICES

Description of New Public Housing Units DCHA Anticipated Completing in FY 2012

Development	# of Planned Units	Bedroom Sizes	Type	New Construction\ Rehab	Description
Gibson Plaza	10	Eff = 2 2 bdrm = 8	Family	Rehab	The site's unit complement will consist of a total of 217 units, including 53 Public Housing units. More than 80% of the total project will be completed in FY11, including 43 of the 53 public housing units. In addition to the Public Housing units, the completed site will consist of 20 project-based voucher units, 122 HUD Loan Management Set-Aside (LMSA) units, 20 market-rate units and 2 non-revenue units.
Matthews Memorial Terrace	35	1 bdrm = 3 2 bdrm = 27 3bdrm = 5	Family	New	Once completed, this project will consist of a total of 99 units of new construction in a mixed finance transaction that includes ARRA funding. Thirty-five units are programmed as replacement ACC units for Barry Farm. Two of the Public Housing units being created will be UFAS compliant.
4427 Hayes Street, NE	9	2 bdrm = 6 3 bdrm = 3	Family	Rehab	The substantially rehabilitated 2-story walk-up will have a total of 26 units, of which nine are programmed as replacement ACC (operating subsidy only) units for Lincoln Heights. Two of the Public Housing units being created will be UFAS compliant.
Capper Carrollsburg	24	2 bdrm = 3 3 bdrm = 14 4 bdrm = 7	Family	New	Capper Carrollsburg is a multi-component HOPE VI redevelopment site. In this component, 163 total units will be constructed. Forty-seven of these units will be Public Housing, with 23 completed in FY2011 and 24 scheduled to be completed in FY2012. The Public Housing units will be contained within a for-sale row house community. The 47 Public Housing units will contain a mixture of 2, 3 and 4 bedrooms. When fully constructed, the Capper site will contain over 1,600 total units, of which 707 will be Public Housing units.

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Development	# of Planned Units	Bedroom Sizes	Type	New Construction\ Rehab	Description
Victory Square	35	1 bdrm = 35	Elderly	New	This new development will have a total of 98 units designated Elderly only. Low Income Housing Tax Credit (LIHTC) financing will be utilized on all the units, including the 35 Public Housing units.
Parkside Addition	42	1 bdrm = 10	Family	New	The newly constructed 125 unit development will have 42 Public Housing units and 83 Homeownership units.
		2 bdrm = 24			
		3 bdrm = 8			
The Avenue	27	1 bdrm = 21	Family	New	There will be a total of 83 newly constructed LIHTC units, of which there will be 27 ACC units.
		2 bdrm = 6			
TOTAL	182				

Source: DCHA 2012 Moving to Work Plan located at <http://portal.hud.gov/hudportal/documents/huddoc?id=dcha-fy12-plan.pdf> (last visited Dec. 7, 2012).

APPENDIX 3



District of Columbia Housing Authority

1133 North Capitol Street, NE, Washington, DC 20002-7599
202-535-1000

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Adrienne Todman, Executive Director

2013 FEB 25 PM 3 15

February 15, 2013

Charles Willoughby, Esq.
Inspector General
717 14th Street N.W.
Washington DC 2005

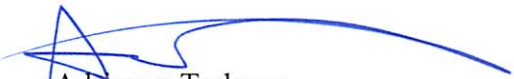
**Re: Special Evaluation of Client Placement Division
(CPD) from April 2012 through August 2012**

Dear Mr. Willoughby

Attached you will find the District of Columbia Housing Authority's (DCHA) official response to the draft findings of the Special Evaluation of our Client Placement Division (CPD) conducted by your office. As you requested our response follows each finding and recommendation and offers a realistic view as to initiatives, proposals and projections we anticipate implementing.

Let me also take this opportunity to congratulate you and your staff for the professionalism and business acumen displayed through out this engagement. It is refreshing to see meaningful and effective government cooperation in matters of this kind. I thoroughly appreciated the courteousness' extended to my staff on many occasions.

I look forward to further dialogue as we finalize this process. Should you need further clarification on any issues in our response, please contact Benjamin C. Miller, Director of Audit and Compliance @ (202) 535-1900.


Adrienne Todman
Executive Director