



# **CHICAGO HOUSING AUTHORITY OFFICE OF INSPECTOR GENERAL CHICAGO, IL**

OIG Draft Report, OIG case #2017-07-001

Audit of CHA PBV Wait List

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## A. Executive Summary

### I. Background:

The authority to perform this audit is pursuant to the Board approved *Inspector General Charter*, which states that the OIG has the power and duty to audit the administrative programs of the Chicago Housing Authority (CHA). The OIG is tasked to identify inefficiencies, waste, fraud, abuse, misconduct and mismanagement, as well as to promote economy, efficiency, effectiveness, and integrity in the administration of CHA programs and operations. The role of the OIG is to audit CHA operations and make recommendations for improvement when appropriate. CHA management is responsible for establishing and maintaining measurable processes to ensure that CHA programs operate economically, efficiently, effectively, and with integrity.

#### ➤ Standards:

The OIG conducts audits of programs in accordance with Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States and *The Principles and Standards for Offices of the Inspector General*. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives to identify conditions and/or an environment that results in and/or could result in waste, fraud, abuse, misconduct or mismanagement.

#### ➤ PRA Program at a Glance:

As a part of the Plan for Transformation, CHA designed a program named Property Rental Assistance (PRA) as another option to provide long term quality housing to low-income families, using funds from the Housing Choice Voucher (HCV or Section 8) Program. Initially, the PRA program was managed by the HCV Department. In October of 2010, the PRA program was moved to the Asset Management Department, otherwise known as the Property Office (P.O.), as a pilot initiative of the Mixed Income portfolio. The P.O. still manages the program today.

Unlike HCV, the housing subsidy is attached to a specific unit or building owned by a private developer, whom CHA has a PRA contract with, or is attached to a building owned by CHA. CHA issues a Housing Assistance Payment (HAP) to the owner on behalf of the tenant. This assistance program is called Project Based Voucher (PBV). CHA commits PBV's to privately developed and owned housing units. CHA sends a list of applicants (from CHA waitlists) to owners for screening and selection based on the Tenant Selection Plan (TSP) included in the contract with CHA.

Based on observations and concerns from the Chief Property Officer, the OIG conducted a performance audit of CHA's PBV Program waitlist for the PRA Program. The OIG did not audit the complete PRA Program.

## II. Research

1. CHA Housing Choice Voucher Program Administrative Plan.
2. Owner Tenant Selection Plans (TSP).

## III. Objective:

1. The review is to determine whether CHA is adequately controlling and managing the PBV waitlist in compliance with Chapter 17 of the CHA Housing Choice Voucher Program Administrative Plan.
2. Assess the risk environment and determine whether the current internal controls are sufficient to minimize fraud, waste and abuse in the administration of the PBV waitlist for PRA program.

## IV. Scope:

The audit scope is for PBV's issued from January 1, 2014 through December 31, 2016.

## V. Approach and Methodology

The audit was performed by conducting interviews, reviewing documentation, inspections, testing and other measures deemed necessary. Other measures include, but are not limited to, utilizing investigative techniques to collect, analyze, evaluate and interpret relevant data. The OIG met with the Chief Property Officer and key personnel and discussed OIG's findings and recommendations. The OIG will present the final report to the Audit Committee, including management responses. The P.O. submit written responses which are incorporated in the report. The OIG is presenting the Audit Committee this final report.

Interviews were conducted with:

1. Property Office Department (P.O.)
2. PRA Owner's personnel
3. Nan McKay (NMA) personnel
4. PRA Property Managers
5. HCV staff member

## VI. Data Overview

As of July 2017, there are 97 PRA properties, not owned by CHA, participating in the PRA program. The CHA has 3,195 PRA units. For the audit period, 1,347 PRA units were added to the existing housing unit inventory including the Veterans Affairs Supporting Housing (VASH) and Reginal Housing Initiative (RHI). Every PRA unit is attached to a PBV. Every PBV tenant, past or current, has a tenant ID number. An ID can start with the letter "c", "l", "n", "s", "t", or "z". (see page 14 for client number letter designations). For PBV tenant with "t", a waiting list code "vpbv" indicates that the tenant come from owner's waitlist. A total of 632 PBV tenants come from owner's waitlist.

### Sample Selection

The OIG tested 55 PBV tenants with an ID starting with the letter "t" that resided across 11 PRA properties or 11% of the total population of PRA properties (97). The testing was based on the following criteria:

1. Written tenant selection procedures (TSP)
2. Number of applicants referred by CHA for vacant units
3. Number of applicants referred by CHA PRA Program (Owners)
4. Property Manager Outreach documents
5. Rejection documents
6. Evidence of CHA's approval of using the owner's waitlist.
7. Dates of when a tenant was put on a site-based waitlist
8. Screening documents

## VII. Summary of Results

The following summary table provides an overview of the findings and recommendations included in this report. Details of each finding and the associated risk(s) and recommendation(s) can be found in their respective sections to follow. It should be noted that site visits consisted of interviewing Property Managers at PRA Developments, reviewing PRA waitlists, and tracking and evaluating outreach efforts.

➤ **Notable Risks Observed:**

1. Inefficient administration of the program.
2. Owner / Property Managers' ability to circumvent the CHA waitlist and potentially discriminate against individuals during the selection process causing the CHA to be in violation of the Federal Fair Housing Act (42 U.S. Code § 3601-3619)<sup>1</sup>
3. Potential waste due to CHA's inability to house applicants from its own waitlist.
4. Lack of substantive oversight over NMA's administration of the program.

The OIG recommends that CHA reevaluate the efficacy of keeping the PRA/PBV program separate from the HCV Department.

The draft report was presented to Property Office Department. Exit conference was held with P.O. and the report was review each finding discussed. Written response was received from P.O. and it is presented in Management Response section of each finding.

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<sup>1</sup> The Fair Housing Act, which is Title VIII of the Civil Rights Act of 1968, prohibits discrimination against certain protected classes in residential dwellings, including discrimination because of race, color, national origin, religion, sex, disability and the presence of children. The Act was amended by Congress in 1988, and in 2013, HUD published a proposed rule that implements the affirmative duty to further fair housing (78 Fed. Reg. 43710).

**Table 1: Audit Findings and Recommendations**

	<b>Findings</b>	<b>Potential/ Actual Result</b>	<b>Risk Level<sup>2</sup></b>	<b>Recommendations</b>
<b>I.</b>	<p>CHA P.O. lacks managerial control and oversight of the PBV waitlist of PRA Program administered by contractor NMA. The following sub-findings exemplify this conclusion.</p> <p><b>A.</b> 54% of PBV participants were not selected from CHA’s waitlist.</p> <p><b>B.</b> CHA was unable to provide records authorizing Owners or Property Managers to use their own waitlists to fill PRA vacant units.</p> <p><b>C.</b> CHA does not conduct a quality control review of owners’ tenant selection process, which violates CHA’s HCV ADM Plan.</p>	Potential Abuse, Waste and Mismanagement	High	<p><b>A.</b> (1) CHA P.O. should perform quality control of contractor NMA’s performance in the administration of PBV waitlist of the PRA program.                      (2) CHA should scrub applicant waitlists before forwarding contact information to PRA Owners/ Property Managers.                      (3) Review internal process to ensure the program’s integrity.                      (4) Establish a process to ensure consistent application of the HCV ADM Plan, as it relates to PRA, to prevent abuse by Property Managers.</p> <p><b>B.</b> (1) CHA P.O should keep a record of approvals given to an owner to use their own waitlist for each unit.                      (2) Applicants should be selected as described in the above section.                      (3) Property Managers should schedule unit inspections as soon as the units become available.</p> <p><b>C.</b> (1) CHA P.O should conduct a periodic review of owners’ tenant selection process and eligibility determination. The review should be documented and supporting records should be kept on file for transparency and compliance with the HCV ADM Plan and for audit purposes.</p>
<b>II.</b>	<p>PRA applicants, from CHA’s waitlist, that are referred to owners have inaccurate contact information. As a consequence, PRA Owners / Property Managers are unable to perform outreach efforts to the applicants for proper screening and placement.</p>	Potential Abuse, Waste and Mismanagement	Medium	<p>1. See Recommendation A (1) above.                      2. Prior to referring applicants to Owners, CHA should use reasonable efforts to poll or screen the applicants to ascertain whether or not they are interested in the area and/or the project.</p>
<b>III.</b>	<p>CHA has experienced a PBV vacancy loss exposure totaling \$1,571,931. However, CHA disbursed only \$137,298.58 for PBV vacancy loss or 8.73% of the total.</p>	Waste and Mismanagement	High	<p>1. Train Owners and/or the Property Managers on vacancy payments and claim submission procedures.</p>

<sup>2</sup> We ranked findings as High, Medium, or Low Risk to indicate urgency of recommended actions.

**High Risk:** Lack of prompt action by Management may severely impact the agency mission/operation in the short run and/or may expose the agency to violation of laws and regulations.

**Medium Risk:** Lack of corrective action by Management will materially and adversely impact operation in the long run. Action is needed to prevent or mitigate loss.

**Low Risk:** Action by Management is necessary to improve operations and/or to correct minor control weakness.

## **B. Finding and Recommendations**

### **I. Finding: Lack of Managerial Control and Oversight of PBV Waitlist**

**Risk Level: High**

During the audit, the OIG interviewed the Chief Property Officer, Deputy Chief Property Officer, Occupancy Staff and staff from NMA, whom perform the day-to-day operations of the PRA program. Based on these interviews, the OIG noted that the (Property Officer) P.O. lacks managerial control and oversight of PBV waitlist of the PRA program administered by contractor NMA. Each of the following sub-findings led the OIG to reach this conclusion.

#### ***A. Significant Number of Applicants were not Selected from CHA's Waitlist***

During the audit period, 54% of the PBV participants were not selected from CHA's waitlist. This situation has precluded the CHA from reducing the number of applicants on its own waitlist for more than a decade. The utilization of the owner's waitlist applicants should only be used when there are no eligible CHA waitlist applicants.

Pursuant to CHA Housing Choice Voucher Program Administrative Plan, (HCV ADM Plan) Section 17-VI.C:

*Selection from the Waitlist:*

*Applicants who will occupy units with PRA assistance will be selected from the CHA's PRA waitlist. The CHA may establish selection criteria or preferences for occupancy of particular PRA units. The CHA will place families referred by the PRA owner on the PRA waitlist.*

*Owner Referrals:*

*The CHA may allow direct owner referrals of applicants after 30 to 60 days of unsuccessful attempts by the owner to process referrals from the CHA's waitlists.*

Specifically, the OIG noted that the PRA Property Managers were housing more applicants from their own waitlist than from applicants referred from the CHA's waitlist. The total number of PBV's issued during the audit period is 1,347. This number is reduced to 1,171 when excluding the VASH and RHI population. From this, the number of ID's starting with a "t," or who purportedly did not come from CHA's waitlist, is 821. Generally, a separate waitlist code is attached to each tenant's record, and those noted as "vpbv" will further identify those participants who came from an owner's waitlist. In absence of this code, the OIG searched the Yardi database to identify whether a participant has been on any CHA waitlist or was a previous CHA participant.

When excluding vouchers that target the veteran family population, participants that were transferred from CHA public housing and applicants that had been on a previous CHA waitlist, the number of tenants selected outside of the CHA's waitlist is 632 or 54 % of the 1,171 applicable PBV's issued during the audit period (See appendix A & B).

When conducting the field work, PRA Property Managers informed the OIG that their outreach efforts were unsuccessful at locating CHA's applicants because of outdated applicants' contact information (See Finding II).

During the field work, the OIG documented cases where PRA Property Managers could not provide their own historical waitlist documents were supposedly a participant where selected from. The OIG also noticed that some PRA Property Managers selected participants from exclusively from the CHA waitlist. The *Section 6. (d). Owner Responsibility* of PRA HAP contract stated that the owner

is responsible for maintaining sufficient record, and take necessary actions, to assure compliance with all obligations relating to contract units.

**Risk:**

1. Inefficient administration of the Program.
  - The OIG was not able to review and inspect documents and or historical data that would provide insight as to the root cause of why more applicants were selected from the owner's waitlist over the CHA's waitlist.
2. Owner / Property Managers' ability to circumvent the CHA waitlist and potentially discriminate against individuals during the selection process causing the CHA to be in violation of the Federal Fair Housing Act (42 U.S. Code § 3601-3619)<sup>3</sup>
3. Potential waste due to CHA's inability to house applicants from its own waitlist.
4. Possibility exists that the participants were not selected from any waitlist.
5. CHA reputational risk

**Recommendation:**

1. CHA P.O. should perform quality control of contractor NMA's performance in the administration of PBV waitlist of the PRA program.
2. CHA should review the accuracy of applicant contact information before forwarding them to PRA Owners / Property Managers.
3. Review internal process to ensure the program's integrity.
4. Establish a process to ensure consistent application of the HCV ADM Plan, as it relates to PRA, to prevent abuse by Property Managers.

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<sup>3</sup> The Fair Housing Act, which is Title VIII of the Civil Rights Act of 1968, prohibits discrimination against certain protected classes in residential dwellings, including discrimination because of race, color, national origin, religion, sex, disability and the presence of children. The Act was amended by Congress in 1988, and in 2013, HUD published a proposed rule that implements the affirmative duty to further fair housing (78 Fed. Reg. 43710).



<b>Management Response:</b>		
X Concur with observation and recommendation	<input type="checkbox"/> Do not concur with observation and recommendation	<input type="checkbox"/> Concur with part of the observation and recommendation
<p><b>Response:</b> Property Office received two recent approvals for the following:</p> <ol style="list-style-type: none"> <li>1) Refer to the attached Approved Property Office Site-Based Waitlist Initiative: Property Office has received approval to transition to its own online site-based waitlist; thus allowing CHA to continuously track and record each selected PBV participant for PBV units directly from the CHA online site based waitlist portal.</li> <li>2) Refer to the attached CHA Board authorization for the 2018 Proposed HCV Administrative Plan (Admin Plan). Changes to Chapter 17 of the Admin Plan: Selection of PRA Program Participants will assist CHA in ensuring the quality control of the PRA program is adhered to per OIG's recommendations:</li> </ol> <p><u>Changes to Selection of PRA Program Participants</u>  Changes to the former waitlist process will reduce the timeframe in leasing a PBV unit, allow CHA to have more waitlist control and enforced monitoring for PBV program participants. Property Office is implementing an online site based waitlist portal for PBV developments. This new system will be monitored by Property Office's Occupancy Department.</p> <p>The former Admin Plan Chapter 17 required CHA to fill PBV units through the use of a 50%/50% split from both the public housing general waitlist and PRA waitlist. Unfortunately, this selection process prohibited PBV participants from directly selecting a PBV property in which they were interested in residing at, contributed to the delay in unit leasing and discouraged PBV owners from participating in the program.</p> <p>Refer to the attached Property Office Site-Based Waitlist Initiative-Received court approval of site based waitlist plan. Implementation FY2018 Qtr. 2.  Refer to Nov 27, 2017 Board Authorized HCV Admin Plan FY2018 Chapter 17: Selection of PRA Program Participants</p>		
<b>Custodian:</b>	Ketsia Colinet, Director of Housing Policy & Occupancy	
<b>Implementation Timeline:</b>	FY2018 Qtr. 2	

***B. Inability to Provide a Record of CHA's Approval for Owner Referrals***

CHA's P.O. was unable to provide records authorizing Owners or Property Managers to use their own waitlists to fill PRA vacant units. Likewise, contractor NMA failed to keep supporting documentation. As a consequence, the OIG could not determine whether tenants that are occupying PRA units complied with the CHA selection criteria, or have been selected from any waitlist.

Pursuant to HCV ADM Plan Section 17-VI.C:

Selection from the Waitlist.

*Applicants who will occupy units with PRA assistance will be selected from the CHA's PRA waiting list. The CHA may establish selection criteria or preferences for occupancy of particular PRA units. The CHA will place families referred by the PRA owner on the PRA waitlist.*

Owner Referrals:

*Beginning 180 days from initial occupancy of new construction and substantial rehabilitation developments, the CHA may begin referring applicants from the existing PRA waiting list for screening by the owner. Within 90 days of initial occupancy, the owner may refer applicants from the development's waitlist for certification of eligibility if*

*all units have not been leased to families on the waitlist. Once the proposed family's eligibility and preference status is determined by the CHA, the CHA will place the family on the PRA waitlist and process their application. For existing housing, the CHA will refer applicants for vacant contract units for the first 30 to 60 days after HAP contract execution. The CHA may allow direct owner referrals of applicants after 30 to 60 days of unsuccessful attempts by the owner to process referrals from the CHA's waiting lists.*

During the audit, the OIG interviewed the Deputy Chief Property Officer to confirm the number of applicants, referred by Owners or Property Managers, that CHA has approved during the period audited. The Deputy P.O. informed the OIG that the department does not maintain records or documentation of CHA approvals. The P.O. did not document authorization given to owners to fill vacant PRA units with applicants from their waitlists. NMA also provided the OIG with the same explanation and added that from this point on, they will document and keep record of any and all approvals.

The OIG also noted that Owners or Property Managers have to wait for a tenant to be approved for a unit before scheduling a unit inspection. This process further lengthens the vacancy period.

**Risk:**

1. Inefficient administration of the Program.

**Recommendation:**

1. CHA P.O should keep a record of approvals given to an owner to use their own waitlist for each unit.
2. Applicants should be selected as described is in the above section.
3. Property Managers should schedule unit inspections as soon as the units become available.

<b>Management Response:</b>		
<input checked="" type="checkbox"/> Concur with observation and recommendation	<input type="checkbox"/> Do not concur with observation and recommendation	<input type="checkbox"/> Concur with part of the observation and recommendation
<p><b>Response One:</b> Refer to the attached <u>Approved Property Office Site-Based Waitlist Initiative</u> Property Office has received approval to transition to its own online site based waitlist; thus allowing CHA to continuously track and record each selected PBV participant for PBV units directly from the CHA online site based waitlist portal.</p> <p><b>Response Two:</b> PBV Property Owners/Managers are currently required to notify CHA/NMA immediately of all upcoming or recently vacated PBV unit(s). As part of the existing inspection process, Property Management/Owners must place a request to the 3<sup>rd</sup> party inspection vendor, CVR to conduct a unit inspection. This process is aligned to the HCV Housing Quality Standards (HQS) process.</p> <p><b>Response Three:</b> Property Office will continue to conduct onboard trainings of the PBV process for any new PBV Owners/Property Management team. However, Property Office has identified that the original PBV Owner/Property management firm does not conduct a transfer of knowledge of the PBV program to its new employees. Therefore, Property Office has taken appropriate compliance measures and currently conducts training via live webinar. Property Office will commence to recording and distributing these live webinar trainings on a quarterly basis to PBV owners/property managers for compliance assurance.</p>		
<b>Custodian:</b>	Jewell Walton, Sr. Director RAD & PBV Programming	
<b>Implementation Timeline:</b>	FY2018 Qtr. 2	

### ***C. No Quality Control Review of Owners' Tenant Selection Process***

Pursuant to HCV ADM Plan Section 17-VII.A:

#### Overview

*After an applicant has been selected from the waitlist and met CHA and owner eligibility requirements, the family will sign the lease and occupancy of the unit will begin.*

*Under its MTW authorization, \* the CHA may choose to approve qualified owners' /property managers to conduct initial eligibility determination, regular re-examinations, and interim re-examinations. In such instances **the CHA will conduct a quality control review of the property manager's determinations of eligibility** and re-examinations to assure that they are performed in accordance with the applicable provisions of the administrative plan.*

Neither CHA, nor NMA conducted a quality control review of the Owner's determination of applicants' eligibility and/or owners' tenant selection process.

In addition, as shown in Appendix A and B, there are numerous instances where the effective date of the Housing Assistance Payment (HAP 50058) preceded the date applicants applied for the waitlist. In some cases, the application date and/or selection date were not recorded in Yardi. These irregularities give indications that the selection of the participant did not follow the normal

procedure as described in the ADM Plan. If the P.O was conducting periodic reviews of this section of the program, these irregularities would have been questioned and corrected.

**Risk:**

1. Inefficient administration of the Program.
2. Owner / Property Manager ignoring or circumventing CHA’s policies.

**Recommendation:**

1. CHA P.O. should conduct a periodic review of owners’ tenant selection process and eligibility determination. The review should be documented and supporting records should be kept on file for transparency and compliance with the HCV ADM Plan and for audit purposes.

<b>Management Response:</b>		
<input checked="" type="checkbox"/> X Concur with observation and recommendation	<input type="checkbox"/> Do not concur with observation and recommendation	<input type="checkbox"/> Concur with part of the observation and recommendation
<p><b>Response:</b> Property Office intends to re-instate quality control of the PBV program and place the required information into the designated SharePoint site.  <a href="http://chaportal/housing/assetmanagement/PRACompliance/SitePages/Home.aspx">http://chaportal/housing/assetmanagement/PRACompliance/SitePages/Home.aspx</a></p> <p>Staff will be hired or trained on conducting periodic review of program eligibility determination. The owners’ selection process will become an internal function as Property Office has received approval to transition to its own online site based waitlist; thus allowing CHA to continuously track and record each selected PBV participant for PBV units directly from the CHA online site based waitlist portal. <u>Refer to the attached Approved Property Office Site-Based Waitlist Initiative</u></p> <p>The quality control review will be documented and supporting records should be kept on file for transparency and compliance with the HCV Admin Plan and for future audit purposes.</p>		
<b>Custodian:</b>	Eric Garrett, Deputy Chief Portfolio Management	
<b>Implementation Timeline:</b>	FY2018 Qtr. 2	

**II. Finding: Inaccurate PBV Waitlist Information**

**Risk Level: Medium**

The PBV applicants from CHA’s waitlist referred to Owners or Property Managers have inaccurate and/or outdated contact information. As a consequence, PRA Owners/Property Managers are unable to perform outreach efforts to CHA applicants for proper screening and placement.

Pursuant to HCV ADM Plan Section, 17-VI. E:

Leasing

*During the term of the HAP contract, the owner must lease contract units to eligible families that are selected from the CHA’s waiting list. The contract unit leased to the family must match the voucher size of the family.*

During the field work, owners expressed frustration with the CHA referral process. The main issues raised included incorrect applicant addresses, and/or phone numbers, family size unmatched vacant unit size, and referring the same applicants. They stated that they were provided contact information along with applicant names that were not current, and as a result, they were unsuccessful in their outreach efforts to CHA applicants.

**Risk:**

1. Inefficient administration of the Program.
2. Owner inability to minimize the length of vacancy.
3. Incentive for Owners to circumvent the CHA waitlist.

**Recommendation:**

1. See Recommendation A (1) above.
2. Prior to referring applicants to Owners, CHA should use reasonable efforts to poll or screen the applicants to ascertain whether or not they are interested in the area and/or the project.

<b>Management Response:</b>		
<input checked="" type="checkbox"/> Concur with observation and recommendation	<input type="checkbox"/> Do not concur with observation and recommendation	<input type="checkbox"/> Concur with part of the observation and recommendation
<p><b>Response:</b> <u>Refer to the attached Approved Property Office Site-Based Waitlist Initiative</u>          Property Office has received approval to transition to its own online site based waitlist. This new initiative will allow PBV owners/property managers to receive applicants who are interested in their specific development; thus enabling those to reduce the time of PBV unit vacancy and perform expedited outreach efforts to applicants for proper screening and placement.</p> <p>The new site-based waitlist initiative will allow CHA to submit to owners, only PBV participants that are interested in their specific property. The Property Office anticipates much of the inaccurate and outdated information will be refreshed. Additionally, applicants will be required to update their contact information annually and may update their status at any time electronically.</p>		
<b>Custodian:</b>	Ketsia Colinet, Director of Housing Policy & Occupancy	
<b>Implementation Timeline:</b>	FY2018 Qtr. 2	

### III. Finding: Vacancy Loss Payment

Risk Level: High

CHA was exposed to substantial vacancy loss.

The HAP contract provides vacancy payments to owners for two full months following the calendar month that tenants move out. For the audit period, CHA has experienced a PBV vacancy loss exposure totaling \$1,571,931. However, the Authority disbursed only \$137,298.58 for PBV vacancy loss or 8.73% of the total. As shown below, the vacancy loss increased during the 2015 fiscal year.

Fiscal Year	Vacancy Occurrences	Vacancy Loss Exposure	Vacancy Payments
2014	328	\$513,257	\$15,238
2015	373	\$590,357	\$77,028.58
2016	282	\$468,317	\$45,032

The P.O. and NMA staff explained the low disbursement rate as followed:

- Most Property Managers are not familiar with the vacancy payments and claim submission procedures.
- The Property Managers do not submit vacancy reports and claims within time allotted by the ADM Plan.

**Risk:**

1. Inefficient administration of the Program.
2. Owner inability to minimize the length of vacancy.
3. CHA is unnecessarily paying for vacancies.

**Recommendation:**

1. Train Owners and/or the Property Managers on vacancy payments and claim submission procedures.

<b>Management Response:</b>		
<input type="checkbox"/> Concur with observation and recommendation	<input type="checkbox"/> Do not concur with observation and recommendation	<input checked="" type="checkbox"/> Concur with part of the observation and recommendation
<p><b>Response One:</b> Property Office identified the incorrect use of vacancy payment claim forms that were non-compliant with HUD regulations. Property Office also determined that some historical practices demonstrated unfair PBV owner/property manager approval or denial of their vacancy payment claims.</p> <p><b>Response Two:</b> PBV Property Owners/Managers are currently required to notify CHA/NMA immediately of all upcoming or recently vacated PBV unit(s). As part of the existing inspection process, Property Management/Owners must place a request to the 3rd party inspection vendor, CVR to conduct a unit inspection. This process is aligned to the HCV Housing Quality Standards (HQS) process.</p> <p><b>Response Three:</b> All PBV Owners/Property Managers are required to be familiar with the vacancy payments and claim submission procedures within time allotted by the Admin Plan. Property Office will continue to conduct onboard trainings of the PBV process for any new PBV Owners/Property Management team. However, Property Office has identified that the original PBV Owner/Property management firm does not conduct a transfer of knowledge of the PBV process to its new employees. Therefore, Property Office has taken appropriate compliance measures and currently conducts training via live webinar. Property Office will commence to recording and distribute these live webinar trainings on a quarterly basis to PBV owner's/property managers for compliance assurance.</p>		
<b>Custodian:</b>	Jewell Walton, Sr. Director RAD & PBV Programming	
<b>Implementation Timeline:</b>	FY2018 Qtr. 2	

<u><b>Client Number Letter Designations in Yardi</b></u>	
c	CHA's Community Area waitlist approximately 2009
d	Hurricane Disaster Victims of Puerto Rico in November of 2017.
l	Applicants on the 2010 CHA family waitlist
m	Applicants on the CHA's Site Based Waiting List 2012
n	Applicants on the 2008 HCV waitlist opening.
p	Residents were living at the CHA during the year 2005
s	Applicants with the CHA 2010 family waitlist
t	o They are system generated.
t	o The can belong to past or current tenants, applicants, or future tenants
t	o This applies to both HCV and CHA applicants/residents alike.
t	o For CHA residents every time they move to another unit, , and their original number follows them to their new unit.
x	Past CHA tenants at the time of Yardi conversion.
z	Applicants on 2014 waitlist opening for PRA, HCV and Public Housing for family
	Client numbers with seven digits and <u>no letter designation</u> , i.e. 1234567 (7 characters in length), are client numbers from HCV's former ESC system for those residents that were past/current in ECS in the year 2005.