

City Auditor's Office Housing Programs Audit

June 2020



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City Auditor's Office

June 18, 2020

Honorable Mayor and Members of the City Council:

The City Auditor's Office has completed the Housing Programs Audit. The purpose of the audit was to review compliance with relevant policies and evaluate processes and procedures related to the provision of Housing Programs.

Management's response to our audit finding and recommendation, as well as the target implementation date and responsibility, is included following the report.

We would like to thank staff from the Arlington Housing Authority for their full cooperation and assistance during the audit.

Lori Brooks Jaquess

Lori Brooks Jaquess, CPA, CIA, CGAP, CRMA
City Auditor

Attachment

cc: Trey Yelverton, City Manager
Jim Parajon, Deputy City Manager
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Mindy Cochran, Executive Director of the Arlington Housing Authority

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Executive Summary

The City Auditor's Office has completed the Housing Programs Audit. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, 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. The audit objective was to review compliance with relevant policies and evaluate processes and procedures related to the provision of Housing Programs.

The City Auditor's Office noted strengths in the Arlington Housing Authority (AHA) related to the following areas:

- Supervisory personnel conduct an annual internal review of operations (SEMAP study) to ensure compliance with HUD (Housing and Urban Development) regulations
- For FY2019, HUD awarded a score of 103% (150 out of 145 points - full compliance) upon review of the SEMAP study (Section Eight Management Assessment Program)
- Staff members are experienced and well qualified to perform the duties assigned

We noted potential opportunities for improvement in the following area:

- Documentation related to the Housing Rehabilitation Program

Details of the audit results are included in the following report.

Audit Scope and Methodology

The scope of the audit included reviewing relevant documentation and evaluating compliance with HUD regulations and internal program policies and procedures. Primarily, the period under review included FY19 and the AHA participants as of October 1, 2019. The audit included an evaluation of selected aspects of AHA's SEMAP Report, a review of processes related to the investigation of reports received on the fraud hotline, and a limited review of the Housing Rehabilitation Program. To adequately address the audit objectives and to describe the scope of work on internal controls, the following methodology was used in completing the audit:

- Obtained a copy of the AHA's FY19 SEMAP Indicator Summary report
- Selected specific indicators from the SEMAP report and reviewed supporting documentation
- Reviewed Fraud Hotline reports related to the Housing Choice Vouchers (HCV) program
- Surveyed homeowners that utilized the Housing Rehabilitation Program

The audit was conducted in accordance with generally accepted government auditing standards. These standards require that we determine whether internal controls are significant to the audit objective. If internal controls are significant to the audit objective, the standards require that the auditor obtain an understanding of the controls. In understanding and evaluating internal controls the City Auditor's Office adheres to the Committee of Sponsoring Organizations of the Treadway Commission's Internal Control – Integrated Framework (COSO Framework) as included in Standards for Internal Control in the Federal Government (Green Book).

According to the COSO Framework, internal control is a process effected by an entity's oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved. These objectives and related risks can be broadly classified into one or more of the following three categories: (1) Operations - effectiveness and efficiency of operations; (2) Reporting - reliability of reporting for internal and external use; and (3) Compliance - compliance with applicable laws and regulations.

In planning and performing the audit, we obtained an understanding of the Arlington Housing Authority's internal controls and assessed the internal control risks significant to our audit objective. We determined the following internal control components were significant to our audit objective:

- Control Environment
- Control Activities
- Monitoring
- Information and Communication

The deficiencies in internal control that are significant within the context of the audit objective and based upon the audit work performed are stated in the Detailed Audit Findings section starting on page ten.

*For further information regarding internal control components and the related principles of internal control, please see **Appendix A**.*

Background

SEMAP Indicator Report

At the end of each fiscal year, the AHA is required to perform a study of its operations (SEMAP) to ensure compliance with HUD regulations. The study includes 15 ‘indicators’ that must be reviewed and evaluated. The result of the review is contained within the SEMAP Indicator Summary report, which is reported to HUD. For each indicator, the AHA is awarded points for various degrees of compliance, including full compliance. The total points available across all indicators is 145, along with a bonus indicator that may result in an additional 5 points. For FY2019, the AHA received a total score of 103% (150/145 points). They were awarded all 145 possible points plus the 5 bonus points. For a full description of all indicators included in the SEMAP testing, please see *Appendix B*.

Upon review of the annual study, it was determined some of the objectives of the annual SEMAP testing were similar to objectives identified for this audit. As such, audit testing focused mainly on reperformance, recalculation and evaluation of supporting documentation for the SEMAP Indicator report. The indicators selected for review included:

- Rent Reasonableness
- Determination of Adjusted Income
- HQS (Housing Quality Standards) Quality Control
- HQS (Housing Quality Standards) Enforcement
- Expanding Housing Opportunities
- Family Self-Sufficiency (FSS) Program and Escrow Accounts

Fraud, Waste and Abuse Reports

Through Internal Audit’s Fraud, Waste and Abuse Hotline, citizens can file reports about individuals they believe are falsifying information or taking advantage of the HCV program. When HCV reports are received via the fraud hotline, they are forwarded to the AHA for investigation. A sample of these reports was reviewed during this audit, and the results are shown in the Audit Results section of this report.

Housing Rehabilitation Program

The AHA programs include a Housing Rehabilitation Program designed to assist low income homeowners with needed repairs to their homes. A limited review of this program was included in the audit.

Audit Results

Housing Choice Voucher Program

For each SEMAP Indicator, HUD requires that a sample of participants in the Housing Choice Voucher (HCV) Program be selected in an unbiased manner and be reviewed by a supervisor to ensure that work documented in the participants' files or records conforms to program requirements. The sample must be taken from the population of participants in the program. As of October 1, 2019, the total population of participants in the HCV Program was 3,489 residents. Internal Audit reviewed the work performed by the Arlington Housing Authority for the six indicators discussed below.

Reasonable Rent

HUD requires that the AHA determine that rent paid for assisted units is reasonable, as compared to rent paid for unassisted units at the time of initial leasing; again at the contract anniversary; and if there is a 5% decrease in the published fair market rents in effect 60 days before the contract anniversary. The methodology must consider the location, size, type, quality, age, amenities, housing services, as well as maintenance and utilities provided by the owners. For this indicator, samples must be selected for two tests to be performed: 1) for new admissions, transfers from other jurisdictions or other changes of unit; and 2) for participants with rent increases.

A report generated by AHA identified 459 participants who were either new admissions, transfers or had moved to a different unit. In the same manner, a report was generated that identified 1,649 participants who had a rent increase during the fiscal year. Based on HUD's selection criteria, AHA evaluated 38 participant files for each group.

Internal Audit reviewed a sample of ten participants from each of the two AHA samples. Internal Audit reviewed the AHA's supporting documentation for their testing to verify compliance with program requirements. This documentation included:

- Master list of participants
- Information related to the rent amount and the rental unit
- Information regarding comparable units

For the ten participants in each group reviewed by Internal Audit, the documentation appeared adequate to verify the reasonableness of the rent being paid by the tenant.

Determination of Adjusted Income

To ensure eligibility, HUD requires that the AHA verify and determine the adjusted annual income for each assisted family at the time of admission and at each annual reexamination. AHA evaluated 38 participant files during the SEMAP study. The file review included a review of family composition, determination and verification of family income and assets, and a computation of adjusted income.

From the sample of 38 participants evaluated by AHA, Internal Audit selected 10 for verification. Internal Audit reviewed the following to assure compliance with program requirements:

- Master list of participants
- Documentation related to household composition, the rental unit, and income and assets of participants
- HUD documentation regarding utility allowances, maximum rent allowable, and allowances for childcare and unreimbursed medical expenses

For the 10 participants reviewed by Internal Audit, the documentation appeared adequate to verify the accuracy of the income and the adjusted income was accurately calculated.

HQS Quality Control

The AHA Inspectors perform an average of 5,400 housing unit inspections each year to ensure housing quality standards are met. Inspectors perform the following types of inspections:

- Move-in – Initial inspection performed within five days of the tenant move-in date to observe current conditions and to ensure standards are met
- Emergency – Life-threatening or safety deficiencies reported
- Complaint – Reported by the tenant or a third-party regarding deficiencies
- Housekeeping – Unsanitary conditions reported
- Pre-Move-out – Compare current conditions to the move-in conditions to identify unnecessary damages caused by the tenant
- Biennial – required inspection every two years (30 days prior to the anniversary date) for tenants who remain in the same unit for an extended period of time

HUD requires that an AHA supervisor or other qualified person perform quality control inspections to ensure that inspections are completed accurately. A sample must be taken from recently completed housing unit inspections (within the preceding 3 months) and must represent a cross section of neighborhoods and inspectors. During FY2019, there were 3,832 families under contract with the AHA. In addition to ensuring that inspections are being performed accurately and completely, this quality control process could identify possible training issues for inspectors.

Based on HUD's criteria, the number of inspections required to be evaluated for this indicator was 40. The supervisor over the Inspectors, the Housing Coordinator, normally performs 4 random quality control inspections per month; therefore, a total of 48 quality control inspections were performed during this fiscal year. Internal Audit selected 12 of the 48 quality control inspections for additional review. Internal Audit reviewed the following to verify compliance with program requirements:

- Initial inspection documenting any deficiencies noted
 - The Quality Control Inspection that corresponds with the initial inspection
 - Documentation identifying the location of the inspection and who performed the inspection
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The sample of 12 initial inspections and 12 supervisory inspections were reviewed to determine consistency and accuracy. In each instance, both inspections were very similar, with no significant differences. It was noted that the supervisory inspections covered a cross section of all neighborhoods and inspectors. No issues were identified in Internal Audit's review.

HQS Enforcement

HUD requires that the AHA verify that deficiencies noted as a result of the HQS inspections are corrected in a timely manner. If corrections are not made, the AHA will not pay their portion of the rent to the owner beginning on the first day of the following month after the specified correction period. Life threatening deficiencies must be corrected within 24 hours and other deficiencies must be corrected within 30 calendar days, or within an approved extension.

Based on HUD's required criteria, AHA selected 34 inspections with deficiencies for the quality control review - 17 with life-threatening deficiencies and 17 with other deficiencies. From AHA's sample of 34 participants, Internal Audit selected ten for review. Internal Audit reviewed the following documentation to verify compliance with program requirements:

- Initial inspection documenting deficiencies noted
- Letter sent to owner and the tenant itemizing the deficiencies with a deadline for correction
- Re-inspection documentation

Of the inspections reviewed by Internal Audit, five included life-threatening deficiencies, while the other five had other type deficiencies. All life-threatening deficiencies were corrected within the 24-hour time limit. Of the five inspections with other type deficiencies, four were corrected within the 30-day time limit, while the other one was not corrected, and the rent was abated beginning on the first of the subsequent month. No issues were identified by Internal Audit in the review.

Expanding Housing Opportunities

The purpose of this indicator is to demonstrate that AHA has taken action to encourage the participation of owners of units located in areas outside of areas of poverty or minority concentration. Also, the AHA must clearly delineate areas in its jurisdiction that are considered areas of poverty or minority concentration. The AHA has accomplished its goals as shown below.

- The AHA has a written policy in its Administrative Plan, which documents the actions that should be taken to comply with this requirement.
 - The AHA has taken several actions to encourage owners to participate. These include contacting landlords to explain the program and encourage participation when a "For Rent" sign is noticed by AHA personnel, presenting on the HCV program at Code Enforcement and the Dallas Real Estate Investment Group meetings, and placing a video on the AHA website to encourage landlord participation.
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- The AHA has assembled information and prepared maps including housing opportunities outside of areas of poverty or minority concentration and prepared information about community characteristics.
- The AHA maintains a list of owners (apartment complexes) that are willing to accept housing vouchers. Also, there is a list of organizations that will help a family find a housing unit.
- The AHA provides information about how Portability works (for participants who move from one housing authority to another). A listing of neighboring housing agencies is provided, which includes the agency name, address, phone number and contact person.
- The AHA has analyzed whether voucher holders are having difficulties finding housing outside of poverty or minority concentration areas and has analyzed whether it is appropriate to seek approval of exception payment standard amounts within its jurisdiction, and sought HUD approval, if necessary.
 - a. The Board of Commissioners of the AHA adopted new Payment Standards between 90-110% of the HUD's published Fair Market Rents for HCV Programs. Payment Standards are required to be reviewed and adopted on an annual basis.
 - b. The AHA prepares a schedule of Key Management Indicators, which includes information such as where participants choose to live and the percentage of gross rent participants are paying.

Based on the documentation provided to participants, the AHA has fulfilled their requirements for this indicator. Internal Audit did not identify any issues.

Family Self-Sufficiency

The purpose of the FSS Program is to coordinate housing assistance with public and private resources to enable families, eligible to receive assistance, to achieve economic self-sufficiency. Economic self-sufficiency can be described as having the skills necessary to maintain employment with sufficient wages to pay for the family's basic needs without the need for TANF (Temporary Assistance for Needy Families) assistance. Under the program, participants are provided opportunities for education, job training, counseling and other forms of social service assistance while receiving rental assistance. The family must first be a participant in the Housing Choice Voucher (HCV) Program to participate in the FSS Program. This is a 5-year program, and if the participant graduates (long-term goals are met, they are no longer receiving TANF, and the participant is full time employed) the Contract of Participation is complete and he/she is eligible for a possible escrow account pay-out.

The escrow account is an incentive for participation. The tenant's monthly rent is calculated based on the family's adjusted gross income from all sources (i.e. wages, child support, social security, etc.) upon initial acceptance into the program. The initial tenant rent can be no more than 30% (potentially up to 40% in the future) of their adjusted gross income. Over the contract period, if the family's

income increases resulting in an increase in their tenant payment, it also results in a decrease in the AHA's rent payment to the owner. In general, the amount that the household rent increases is credited to the participant's escrow balance, which will be paid out upon graduation. The AHA must perform an annual re-certification of the family's adjusted gross income and in the interim if income levels change. In addition, they must document the progress of families in the program, which is measured by increases in earned income that results in escrow balances.

In FY19, HUD required that the AHA enroll 81 participants in the Family Self-Sufficiency (FSS) Program. However, the AHA elected to enroll 109 participants in the FSS Program. Out of the 109 participants, 72 maintained an escrow balance.

The Housing Coordinator responsible for the FSS program selected 15 participants who had graduated from the program, to review their records to ensure that proper documentation was retained; and to ensure the accuracy of the final escrow pay-out. Some of the documents reviewed included the following:

- Annual or Interim Re-examination form
- Authorization for the Release of Information form (Criminal background check, EIV report and Debts owed to Public Housing Authorities)
- HUD Form 50058 (Family Information)
- Income and Asset Verification forms (including copies of pay stubs or 3rd party verification from the employer or financial institution)
- Copy of the EIV (Enterprise Income Verification) report that shows all reported income
- HUD Form 52652 – FSS Escrow Account Credit Worksheet, which is used to re-calculate the family's current monthly escrow credit
- Other various information to verify the family's current status

For annual re-examinations, each of the items noted above is obtained to verify the current status of the family. For interim re-examinations (when there is a change in income) not all documents are required. In these instances, only the HUD Form 50058 is completed, along with an EIV report and pay stubs or 3rd party verification of income.

Internal Audit reviewed 4 of the 15 graduating participants to determine the sufficiency and completeness of documentation and the accuracy of final escrow pay-outs. For each of the participant files reviewed, it appeared that documentation was complete, and the escrow pay-outs were calculated accurately.

Fraud, Waste and Abuse Hotline Reports

Between June 2019 and February 2020, thirteen reports related to the Housing Choice Vouchers program were received via the City Auditor's Office Fraud, Waste and Abuse hotline. When these reports are received, they are forwarded to the Executive Director of the Arlington Housing Authority. The AHA Compliance Officer is responsible for reviewing, investigating, and resolving the issues. As a result of AHA investigations, three of the individuals were determined not to be participants in the

housing program. Eight of the complaints are currently being investigated, while two have been cleared.

The steps taken when investigating a complaint include:

1. For an unauthorized occupant (if the unauthorized person's name is known) - A 10-day allegation letter is sent to the participant requesting proof of residency for the person in question.
2. For an unauthorized occupant (the unauthorized person's name is not known) - The participant will be called to come in to the AHA office for an investigative interview.
3. For a crime or violence - A 10-day allegation letter will be sent requesting a copy of police reports from the Arlington Police Department regarding the address in question. Based on documentation received, a decision will be made to clear the allegation or move forward with an informal hearing.
4. For unreported income - A 10-day allegation letter will be sent requesting copies of the family's Federal Income Tax returns for the past two years. A HUD Enterprise Income Verification System report will be obtained to see if any income for the family was unreported.

Based on review, the investigations were performed in a timely manner and the Executive Director of the AHA was updated on the progress of the investigations. Internal Audit did not identify any issues with this process.

Housing Rehabilitation Program

The AHA's Housing Rehabilitation Program helps low-income homeowners to repair and/or rehabilitate their homes. The program provides a way for homeowners to bring their properties into compliance with local codes and provide safe, decent housing for lower income individuals or families. Priority is given to structural components such as code violations, electrical, plumbing, air-conditioning, heating, leaky roofs, foundations and peeling paint. Also, the program helps disabled and elderly people who need assistance due to physical limitations. Rehabilitation may include removal of architectural barriers by installing ramps or widening doorways. The loan is zero interest and forgivable after five years if the homeowner retains the property as his/her primary residence and does not default on property payments. For eligible low-income homeowners, the City will pay 100% of the eligible repairs up to \$24,500.

A sample of recipients participating in the program during the past few years was selected for review. The types of work performed, repair costs, documentation maintained, as well as communication with homeowners was reviewed. Homeowners were contacted to gain an understanding of their satisfaction with the program. Additional details are included below in the Detailed Audit Findings Section of the report.

Detailed Audit Findings

Housing Rehabilitation Program Documentation Could be Enhanced

The Housing Rehabilitation Program provides funding (up to \$24,500) to repair or rehabilitate homes owned and occupied by low income persons. A sample of participants was selected to review compliance with policy and evaluate efficiency and effectiveness of the program. No issues were noted related to policy compliance; however, there may be an opportunity to improve documentation, particularly as it relates to communication with the homeowner and their satisfaction with the program.

To ensure quality control related to monitoring and communication, the AHA conducts an initial inspection after all work is completed. Additionally, a follow up inspection of the work is completed after eleven months. There is a one-year warranty on labor and materials and two years on roofs.

Additionally, the AHA sends out surveys to the homeowners shortly after the work is completed. The method used is Survey Monkey. As with most surveys, not all will be completed and returned. Those that were returned and completed during the past year were reviewed during the audit. The homeowners generally were satisfied with the program and noted few problems.

We attempted to contact fifteen homeowners who participated in the program within the past three years. We were able to speak with seven homeowners. Of the seven interviewed, three had issues with the work performed on their homes. Again, overall, these homeowners were appreciative of the assistance and were pleased with improvements done to their homes. However, they noted some deficiencies with certain repairs that occurred following the work completion. Examples include an improperly working shower head, siding material coming loose, flooring coming up or separating, and other miscellaneous issues. At least one homeowner did not remember having a follow up inspection of her home after eleven months. As a result, the documentation for the eleven-month inspections for these homes was reviewed. It may be important to note that Arlington Housing Authority management stated they have no record of receiving complaints from these homeowners about these issues and at least one of them had additional work performed at the home without issues noted.

Documentation maintained for the initial inspection and the follow up inspection at eleven months was reviewed, as they are included on the same form. The Rehabilitation Specialists' initials, as well as the Housing Coordinator's initials, are included on the form. Because the form is used for both the initial and follow up inspections, it is difficult to determine when initials were put on the form or for what reason. Additionally, the homeowner does not initial or sign/date the form to acknowledge acceptance or satisfaction with the work performed. The form used is not designed to effectively document each stage of the process, the parties involved, or the timing of the steps of the process.

In the absence of the homeowner's acknowledgement on the form, it is difficult to determine if a follow up inspection was completed and when, and if the homeowner was part of the process and agreed with the assessment. A well-designed form will help alleviate potential future confusion, misunderstandings, or disagreements.

Recommendation:

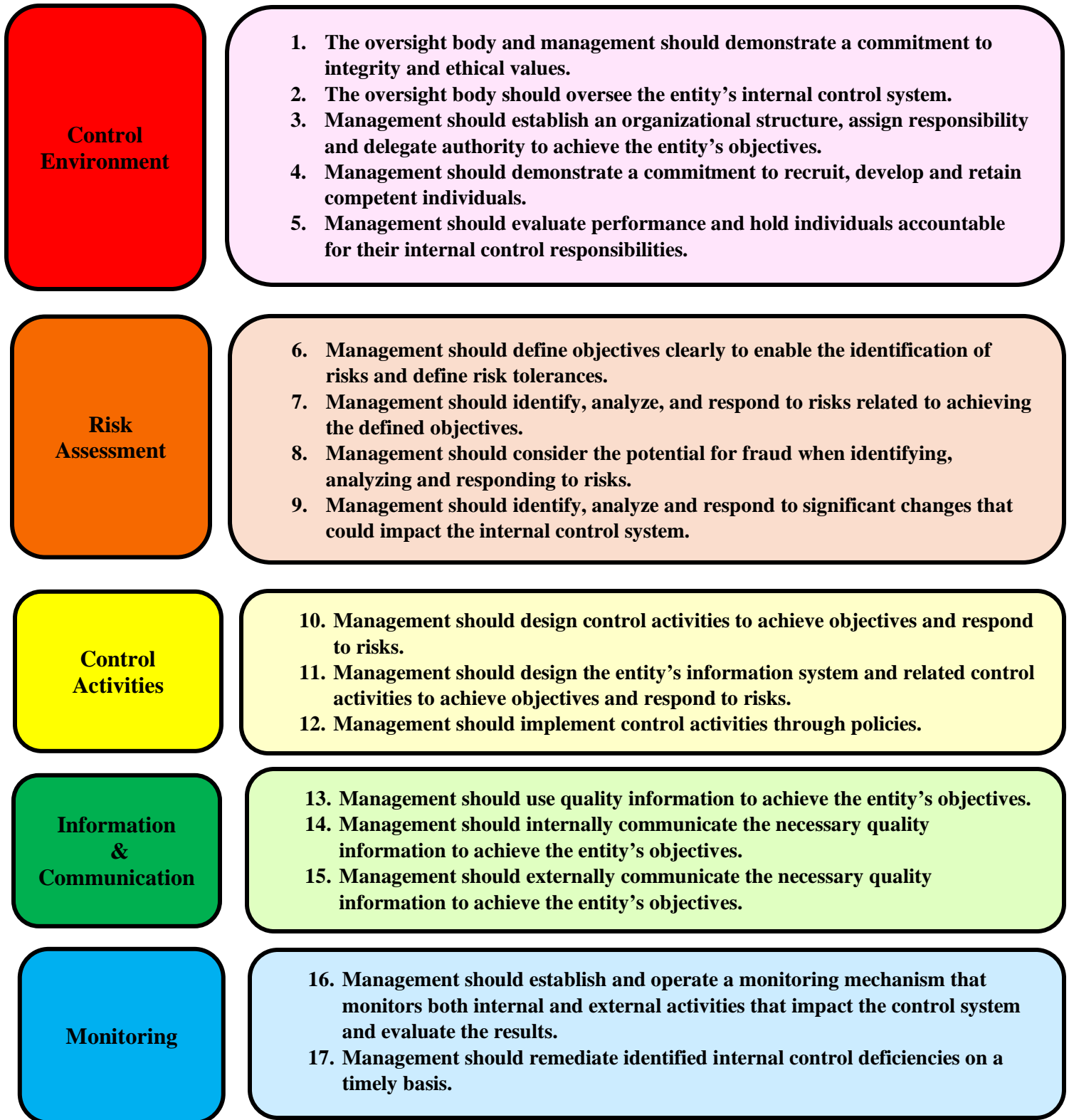
- 1. The City Auditor's Office recommends that the Executive Director of the Arlington Housing Authority consider revising the documentation for the Housing Rehabilitation Program inspections, to ensure all steps of the process(es) are included and all parties are in agreement related to completion and satisfaction with the work performed.*

AUDIT RECOMMENDATIONS AND MANAGEMENT RESPONSE

RECOMMENDATION	CONCUR/ DO NOT CONCUR	MANAGEMENT RESPONSE	RESPONSIBLE PARTY	DUE DATE
<p><i>1. The City Auditor’s Office recommends that the Executive Director of the Arlington Housing Authority consider revising the documentation for the Housing Rehabilitation Program inspections, to ensure all parties are in agreement related to completion and satisfaction with the work performed.</i></p>	<p>Concur</p>	<p>Management agrees that a form revision would be beneficial to document completion and acceptance of work completed.</p>	<p>J. Parry/M. Cochran</p>	<p>7/15/2020</p>

Appendix A

The Five Components and 17 Principles of Internal Control



Appendix B

SEMAP Study Indicators

The indicators required to be tested during the SEMAP study are shown below, along with a brief description of each.

Indicator #1 - Selection from Waiting List

The Housing Authority is required to:

- a. have written policies in its Administrative Plan for selecting applicants from the waiting list and,
- b. ensure that quality control samples show that at least 98% of the families in the sample were selected from the waiting list for admission in accordance with their policies and had met the selection criteria that determined their place on the waiting list and their order of selection.

Indicator #2 - Reasonable Rent

The Housing Authority is required to have and implement a written method to determine and document that the rent to owners for assisted units is reasonable compared to rents for unassisted units at the time of initial leasing, before any increase of rent to owner and at the contract anniversary. The method must consider the location, size, type, quality, age, amenities, housing services, maintenance and utilities provided by the owner. They must review a quality control sample of tenant files used to determine rent reasonableness and ensure the written policies are followed and document that rent to owners is reasonable.

Indicator #3 - Determination of Adjusted Income

The Housing Authority is required to select a quality control sample of tenant files and show at the time of admission and re-examination that:

- a. third party verification of adjusted income was obtained or show documentation of why that information was not available,
- b. the verified information was used to determine adjusted income,
- c. allowances for expenses were properly attributed, and
- d. where the family was responsible for utilities, the appropriate utility allowances were used to determine gross rent.

Indicator #4 - Utility Allowance Schedule

The Housing Authority is required to maintain an up-to-date utility schedule. The utility rate data within the last 12 months should be reviewed and adjusted if there was a change of 10% or more in the utility rate since the last time the utility allowance schedule was revised.

Indicator #5 - HQS Quality Control

A Housing Authority supervisor or other qualified person is required to reinspect a sample of HQS inspections for quality control. The supervisor's re-inspected sample must be drawn from recently completed HQS inspections (within the past 3 months) and must represent a cross section of neighborhoods and the work of a cross section of inspectors.

Indicator #6 - HQS Enforcement

The Housing Authority is required to review a quality control sample of case files with failed HQS inspections. Any cases cited with HQS life-threatening deficiencies should be corrected with 24 hours from the inspection and other cited HQS deficiencies should be corrected within no more than 30 calendar days from the inspection or any approved extension. If deficiencies are not corrected within the required time frame, the Housing Authority must stop housing assistance payments beginning no later than the first of the month following the correction period or take action to enforce the family obligations. When deficiencies are not corrected, if the owner is responsible, non-compliance would result in abatement of HAP payments or termination of the HAP contract. If the tenant is responsible, non-compliance would result in termination of assistance to the family.

Indicator #7 - Expanding Housing Opportunities

The Housing Authority is required to:

- a. have a written policy to encourage participation by owners of units outside of areas of poverty or minority concentration which includes actions taken to encourage owner participation;
- b. have documentation that shows that it took actions according to its policy to encourage owners of units outside of poverty or minority concentrated areas to participate;
- c. prepare maps to show the areas with housing opportunities outside of areas of poverty and minority concentration both in its jurisdiction and neighboring jurisdictions, including job opportunities, schools and services in these areas; and uses these maps when briefing voucher holders;
- d. provide an information packet for voucher holders that contains a list of owners who are willing to lease, or properties available for lease, under the voucher program, or a list of organizations that will help families find a unit which include units outside areas of poverty or minority concentration;
- e. include in the information packet an explanation of how portability works and include a list of neighboring Housing Authorities with the name, address and phone number of the contact person for each; and
- f. analyze if voucher holders have experienced difficulties in finding housing outside of areas of poverty or minority concentration and, if difficulties are found, consider the approval of exception payment standards, when necessary.

Indicator #8 - Payment Standards

The Housing Authority is required to adopt current payment standards for the voucher program by unit size for each jurisdiction which do not exceed 110% of the current applicable fair market rent and which are not less than 90% of the current fair market rent.

Indicator #9 - Timely Annual Reexaminations

The Housing Authority is required to complete a re-examination for each participating family at least every 12 months.

Indicator #10 - Correct Tenant Rent Calculations

The Housing Authority is required to correctly calculate the family rent to owner in the rental voucher program.

Indicator #11 - Pre-Contract HQS Inspections

The Housing Authority is required to ensure that every newly leased unit passes HQS inspection before the beginning date of the assisted lease and the Housing Assistance Program contract.

Indicator #12 - Continuing HQS Inspections

The Housing Authority is required to inspect each unit under contract at least annually.

Indicator #13 - Lease-Up

The Housing Authority is required to execute assistance contracts on behalf of eligible families for the number of units that has been reserved under budget for at least one year.

Indicator #14 - Family Self-Sufficiency

The Housing Authority is required to:

- a. enroll the required number of families in the program; and
- b. measure the success of the program based on participants who have reported increased income which resulted in an escrow balance.

Indicator #15 - De-concentration Bonus

The Housing Authority is required to submit data which shows that:

- a. half or more of all Section 8 families with children assisted in the program reside in low poverty census tracts at the end of the last fiscal year;
- b. the percentage of Section 8 mover families with children who moved to low poverty census tracts in the jurisdiction during the last fiscal year is at least 2% higher than at the end of the previous fiscal year; and
- c. the percentage of Section 8 mover families with children who moved to low poverty census tracts in the jurisdiction during the last two fiscal years is at least 2% higher than at the end of the second previous year.