



U.S. Department of Housing and
Urban Development
Office of Multifamily Housing
Programs
Washington, DC

Multifamily Health and Safety Complaint Process

**Office of Audit
Kansas City, KS**

**Audit Report Number: 2021-KC-0004
July 28, 2021**





OFFICE OF INSPECTOR GENERAL
U.S. Department of Housing and Urban Development

To: Ethan D. Handelman
Deputy Assistant Secretary, Office of Multifamily Housing Programs, HT

//signed//

From: Kilah S. White
Assistant Inspector General for Audit, GA

Subject: HUD's Office of Multifamily Housing Programs' Complaint Process Did Not Ensure That Health and Safety Complaints Were Resolved in a Timely Manner

Attached is the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) final results of our review of HUD's Office of Multifamily Housing Programs' health and safety complaint process.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. Please furnish us copies of any correspondence or directives issued because of the audit.

The Inspector General Act, Title 5 United States Code, appendix 8M, requires that OIG post its reports on the OIG website. Accordingly, this report will be posted at <https://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call Ronald Hosking, Audit Director, at (913) 551-5870.

Highlights

What We Audited and Why

We audited the U.S. Department of Housing and Urban Development (HUD), Office of Multifamily Housing Programs' health and safety complaint process. We conducted this audit due to a July 2019 explosion that occurred at the Calloway Cove Apartments, a Multifamily housing property in Jacksonville, FL, which resulted in a fire that injured several people. HUD's Real Estate Assessment Center had identified life-threatening health and safety deficiencies at the property for several years, and there had been separate concerns related to health and safety issues at this complex, which appear to have gone unaddressed and may have led to the fire. Our audit objective was to determine whether HUD ensured that health and safety complaints associated with Multifamily Section 8-assisted housing were resolved in a timely manner.

HUD's Office of Multifamily Housing Programs' Complaint Process Did Not Ensure That Health and Safety Complaints Were Resolved in a Timely Manner

What We Found

HUD's complaint process did not ensure that health and safety complaints were resolved in a timely manner. On average, it took 2.5 days to resolve the life-threatening health and safety issues reviewed, including 3 days to resolve a gas leak issue. It took an average of 17 days to resolve the non-life-threatening health and safety issues, including 175 days to resolve an infestation problem. For the purpose of this audit, we determined reasonable benchmark resolution times to be 24 hours for resolving life-threatening health and safety issues and 72 hours for non-life-threatening health and safety issues. This condition occurred because HUD did not have a standardized, effective process for monitoring, tracking, and resolving complaints in a timely manner. As a result, Multifamily housing tenants were, in some instances, faced with unhealthy and dangerous living environments for extended periods.

What We Recommend

We recommend that the Deputy Assistant Secretary for the Office of Multifamily Housing Programs (1) develop a comprehensive process to ensure that complaints received by the Multifamily Housing Clearinghouse are resolved in a timely manner; (2) develop agencywide policies and procedures for the intake, monitoring, and tracking of health and safety complaints; (3) develop an automated real-time system for receiving, tracking, and resolving health and safety issues; and (4) revise the annual contributions contract to more clearly define contractor and property management responsibilities and deadlines for resolving health and safety issues.

Table of Contents

Background and Objectives	3
Results of Audit	5
Finding: HUD's Office of Multifamily Housing Programs' Complaint Process Did Not Ensure That Health and Safety Complaints Were Resolved in a Timely Manner:	5
Scope and Methodology	16
Internal Controls	18
Appendixes	19
A. Auditee Comments	19

Background and Objectives

The U.S. Department of Housing and Urban Development’s (HUD) Federal Housing Administration (FHA) Office of Multifamily Housing Programs is responsible for the overall management, development, direction, and administration of HUD’s multifamily housing programs. The Office of Multifamily Housing Programs consists of five regional offices and seven satellite offices (see figure 1) that support the development, rehabilitation, preservation, and management of multiple-unit housing through FHA mortgage insurance programs, Project-Based Rental Assistance (PBRA) program, and other programs. Account executives and resolution specialists at these offices oversee the PBRA program.

Congress authorized the Section 8 PBRA program in 1974, and HUD developed the program to provide rental subsidies to eligible tenants.

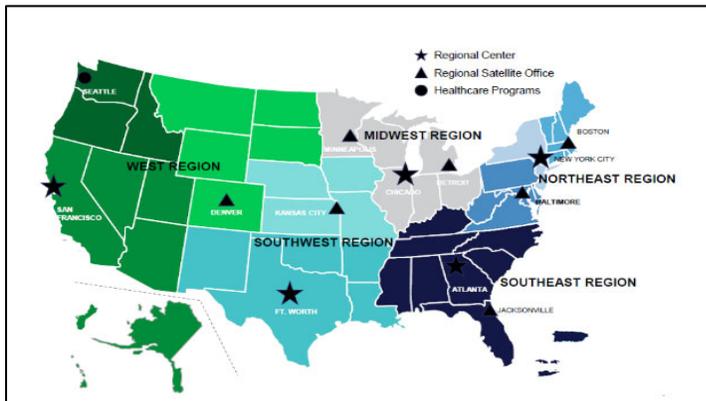


Figure 1: Multifamily regional and satellite offices

Under the PBRA program, HUD helps low- and very low-income households obtain decent, safe, and sanitary housing by providing rental assistance at properties owned by private owners. During fiscal years 2014-2019, Congress appropriated nearly \$64 billion to the program (see figure 2), which currently provides safe, stable, and affordable housing to approximately 1.4 million households each year.

Traditional contract administrators and HUD field office personnel administer approximately 8 percent of PBRA contracts; performance-based contract administrators (PBCA) administer the other 92 percent. All PBCAs are State public housing agencies or agency affiliates established in 1999 through a cooperative agreement. PBCAs work directly with property owners on complaint intake and resolution and perform core tasks for Section 8 PBRA contracts, ensure tenant safety, address

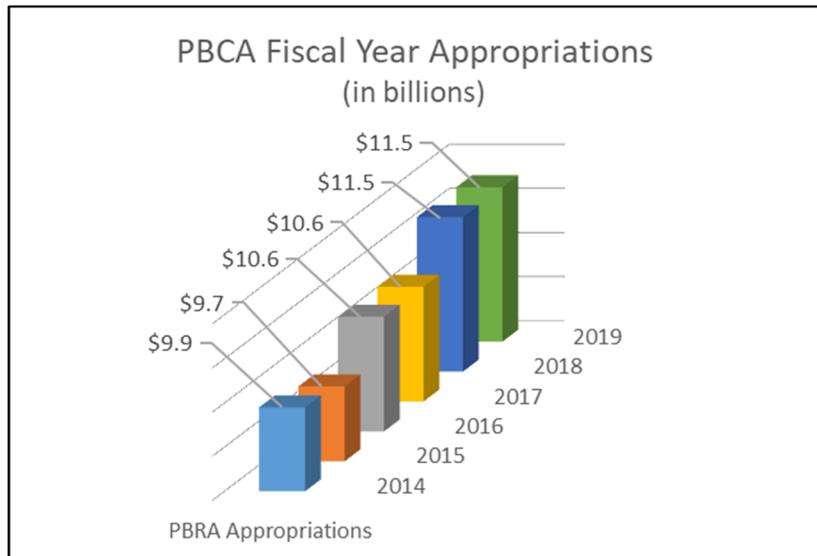


Figure 2: PBCA fiscal year appropriations

tenant concerns and complaints, conduct onsite visits, perform management reviews, and ensure that they administer contracts according to HUD requirements. According to HUD officials, PBCAs handle nearly 97 percent of all Multifamily health and safety complaints, and HUD personnel field the other 3 percent. PBCA authority is limited to annual contributions contracts with HUD, and at the end of every month, PBCAs send their complaint call logs to their respective regional HUD office.

HUD Multifamily also receives PBRA complaints via a complaint line. The Multifamily Housing Clearinghouse manages the Multifamily housing complaint line at HUD headquarters. The complaint line enables stakeholders of HUD-insured and -assisted properties to report complaints with a property’s management concerning such matters as poor maintenance, dangers to health and safety, mismanagement, and fraud. When the complaint line receives a complaint, it triages the complaint to the appropriate HUD Multifamily regional office. After the HUD Multifamily regional office receives the complaint, it directs it to the appropriate PBCA, property management company, or property owner, whichever is most appropriate for the situation, for resolution. (See figure 3.)

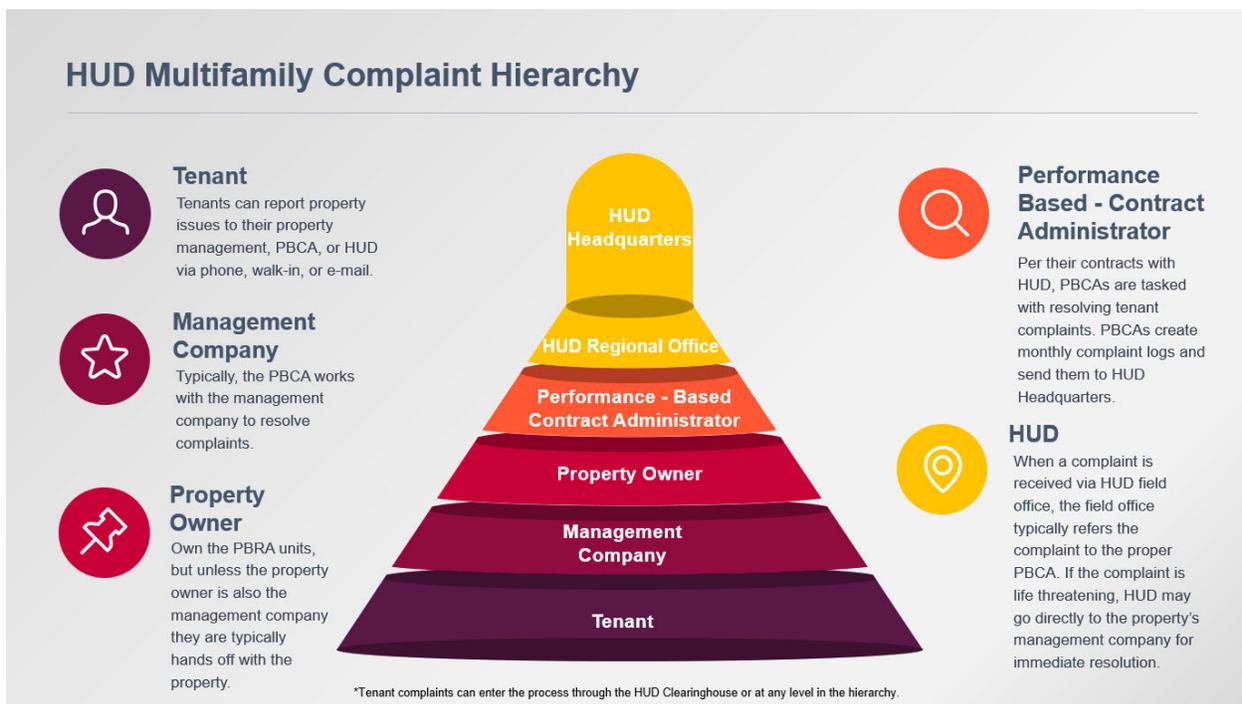


Figure 3: HUD Multifamily complaint hierarchy

We initiated this audit due to an explosion at a HUD Multifamily property in Jacksonville, FL. The resulting fire caused multiple injuries to the residents. HUD had identified life-threatening health and safety deficiencies for several years, along with separate concerns related to environmental, health, and safety issues that appeared to have gone unaddressed.

Our audit objective was to determine whether HUD ensured that health and safety complaints associated with Multifamily Section 8-assisted housing were resolved in a timely manner.

Results of Audit

Finding: HUD’s Office of Multifamily Housing Programs’ Complaint Process Did Not Ensure That Health and Safety Complaints Were Resolved in a Timely Manner

HUD’s Office of Multifamily Housing Programs’ complaint process did not ensure that health and safety complaints were resolved in a timely manner. This condition occurred because HUD did not have a standardized, effective process for monitoring, tracking, and resolving complaints in a timely manner. As a result, Multifamily housing tenants were, in some instances, faced with unhealthy and dangerous living environments for extended periods.

HUD’s Office of Multifamily Housing Programs’ Complaint Process Did Not Ensure That Health and Safety Complaints Were Resolved in a Timely Manner

HUD’s Office of Multifamily Housing Programs’ complaint process did not ensure that health and safety complaints were resolved in a timely manner. Generally, the PBCAs responded to the complaints in a timely manner but did not resolve them in a timely manner. It took an average of 2.5 days to resolve life-threatening health and safety issues and 17 days to resolve non-life-threatening health and safety issues.

HUD has timeliness requirements for responding to health and safety issues but no timeliness requirements for resolving those issues. HUD’s annual contributions contract with the PBCAs requires that they respond immediately to life-threatening and within two business days for non-life-threatening health and safety issues (HUD does not establish a specific number of hours to respond to life-threatening issues). However, HUD had not established specific timeframes for resolving either of those issues for Multifamily housing programs. For the purposes of this audit, we established an audit benchmark of 24 hours to resolve life-threatening health and safety issues and 72 hours to resolve non-life-threatening health and safety issues. These audit benchmarks were used to evaluate how timely the issues were resolved and are consistent with HUD resolution requirements for other program areas, as described in the chart below.

Required timeframes and audit benchmark determinations		
	Required response time	Audit benchmarks for resolution time
Life threatening	Immediately. Required by annual contributions contract: Respond immediately to all life-threatening health and safety issues.	24 Hours. Consistent with the Uniform Physical Condition Standards for Vouchers Protocol, which states that life-threatening deficiencies must be corrected within 24 hours.

		HUD program area: public and Indian housing
Non-life threatening	Two business days. Required by annual contributions contract: Respond to all non-life-threatening health and safety issues within 2 business days of notification during normal business hours.	72 Hours. Consistent with HUD Handbook 4350.5, CHG-4, Subsidy Contract Administration and Field Monitoring, chapter 15, states that for resolving immediate action required items, 72 hours is the generally accepted practice. <i>(This is a general practice and not a requirement.)</i> The Handbook goes on to state that examples of such deficiencies include electrical, tripping, or falling hazards; unit not secure, etc. These are consistent with non-life-threatening health and safety issues. HUD program area: public and Indian housing, multifamily housing, and other subsidized programs

A few examples of life-threatening health and safety conditions are gas detected, exposed wires, security bars preventing egress, missing breaker fuses, and smoke detector missing or inoperable. Examples of non-life-threatening health and safety conditions are leaking faucets and pipes, sewer odors, cracked or missing windows, missing doors, mold and mildew, rats or mice infestation, and inoperable water supply.

We selected 10 properties for review based on media reports and tips from HUD’s Office of Multifamily Housing program staff. During the review of these properties, we identified 66 total health and safety-related complaints between 2017 and 2020. Of these complaints, 3 were life threatening, and 63 were non-life threatening.

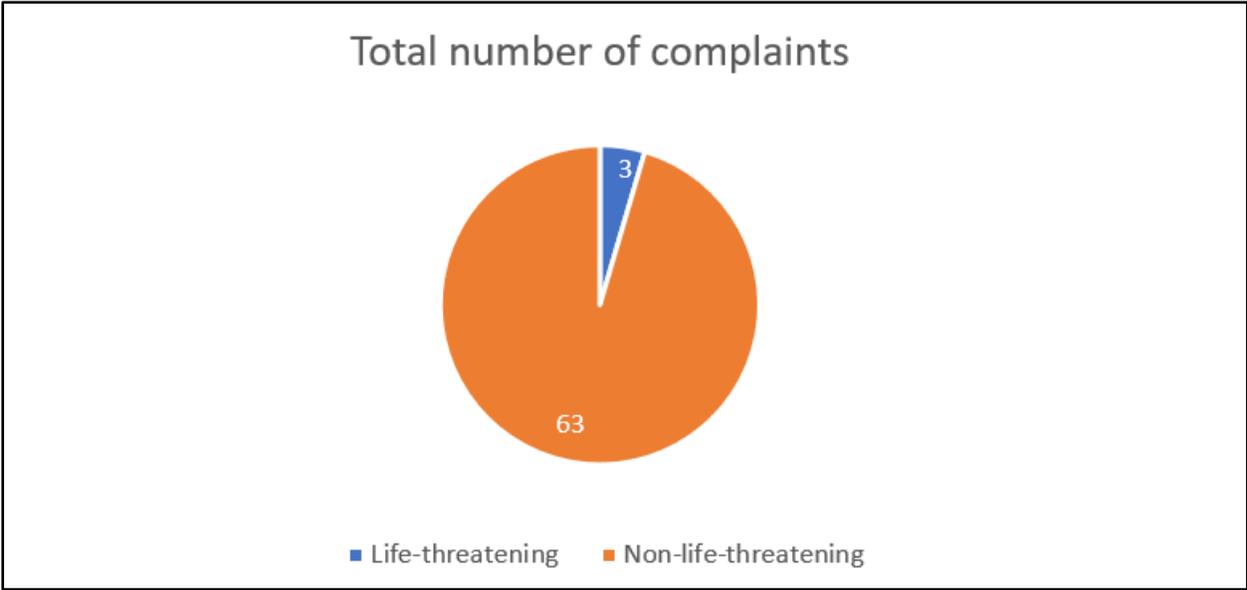


Figure 4: The total number of complaints: life-threatening and non-life-threatening

The three life-threatening complaints were at two properties: Calloway Cove had two, and Valencia had one. The PBCA responded to all three within 1 day; however, two of the three complaints (67 percent) were not resolved within 24 hours. (See figure 5.) Incidentally, the one that was resolved within 24 hours occurred at a property that had recently received media attention after a fire broke out, hospitalizing seven tenants. Neither the PBCA nor HUD received complaints before that fire, but both received gas leak complaints after the fire.

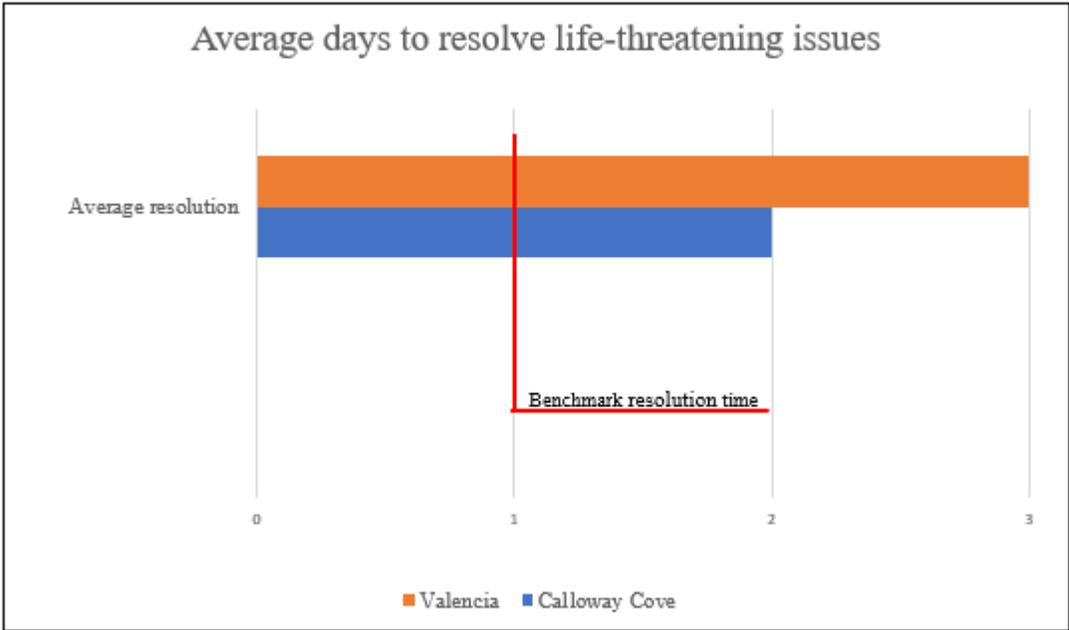


Figure 5: Average days to resolve a life-threatening issue

The 63 non-life-threatening complaints were at 7 properties: Calloway Cove (16), Valencia (26), CARA (10), Peacelake (6), Coppertree (3), Hilltop (1), and REN88 (1). The overall sample average for a PBCA to respond to an issue was 1.4 days; however, the average resolution time was 17 days, with the longest being an infestation taking 175 days to resolve. (See figure 6.)

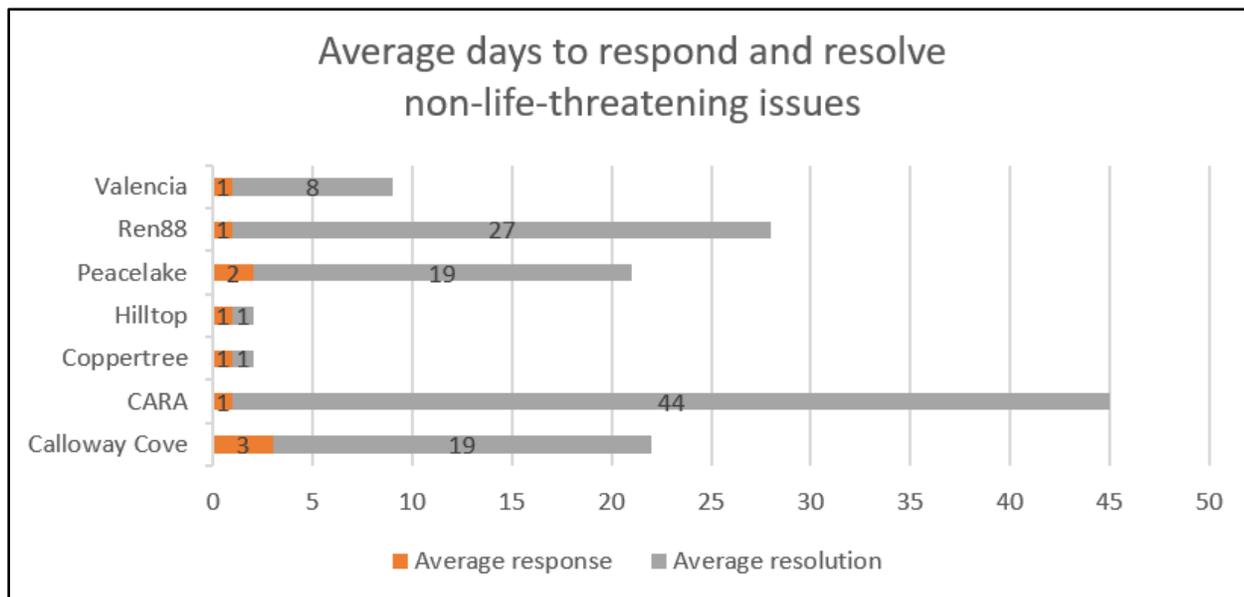


Figure 6: Average days to respond and resolve non-life-threatening issues

The chart below illustrates the property name; complaint issues; issue, response, and resolution dates; number of days to respond and resolve; and whether it met the required response and audit benchmark resolution times. This table does not include non-life-threatening issues. (See the second table below.)

Property	Issue	Issue date	Response date	Response time	Met required response time	Resolution date	Resolution time	Met audit benchmark resolution time
Calloway	Gas leak	8/7/2019	08/7/2019	0	Yes	8/7/2019	0	Yes
Calloway	Gas leak	12/5/2019	12/5/2019	0	Yes	12/7/2019	2	No
Valencia	Gas leak-gas shutoff	8/30/2018	08/30/2018	0	Yes	9/2/2018	3	No

The chart below illustrates only non-life-threatening issues. Like the table above, it contains the property name; complaint issues; issue, response, and resolution dates; number of days to respond and resolve; and whether it met the benchmark response and resolution times.

Property	Issue	Issue date	Response date	Response time	Met required response time	Resolution date	Resolution time	Met audit benchmark resolution time
Calloway	Bathtub does not drain	1/10/20	1/10/20	0	Yes	1/10/20	0	Yes
Calloway	Black sludge flowing into apt	11/7/19	11/12/19	5	No	11/12/19	5	No
Calloway	Brkn wndw	12/5/19	12/5/19	0	Yes	12/19/19	14	No
Calloway	Elec issues	1/27/20	1/27/20	0	Yes	4/23/20	87	No
Calloway	Mold-mildew	9/26/17	9/26/17	0	Yes	9/27/17	1	Yes
Calloway	No gas	8/12/19	8/12/19	0	Yes	8/21/19	9	No
Calloway	No heat	12/5/19	12/5/19	0	Yes	12/26/19	21	No
Calloway	No heat	12/1/19	12/18/19	17	No	2/3/20	64	No
Calloway	No heat	1/27/20	1/27/20	0	Yes	3/12/20	45	No
Calloway	Rat infest	1/10/20	1/10/20	0	Yes	1/15/20	5	No
Calloway	Roach/rodent/termite infest	7/25/18	7/25/18	0	Yes	7/26/18	1	Yes
Calloway	Rodent infest	12/19/17	12/19/17	0	Yes	12/19/17	0	Yes
Calloway	Brkn wndw	11/4/17	11/6/17	2	Yes	11/10/17	6	No
Calloway	Pipes Leak	11/6/17	11/6/17	0	Yes	11/28/17	22	No
Calloway	Brkn wndw	11/6/17	12/4/17	28	No	12/4/17	28	No
Calloway	Termites	2/20/18	2/21/18	1	Yes	2/21/18	1	Yes
CARA	Bathroom leak	12/27/17	1/3/18	7	No	1/3/18	7	No
CARA	Faulty wndw	1/9/18	1/10/18	1	Yes	1/10/18	1	Yes
CARA	Inop wndw	7/12/17	7/12/17	0	Yes	7/18/17	6	No
CARA	Mice infest	7/12/17	7/12/17	0	Yes	11/13/17	124	No

Property	Issue	Issue date	Response date	Response time	Met required response time	Resolution date	Resolution time	Met audit benchmark resolution time
CARA	Mice infest, child ingested mouse poison	5/22/17	5/23/17	1	Yes	11/13/17	175	No
CARA	Mold	7/12/17	7/12/17	0	Yes	7/18/17	6	No
CARA	Poor conditions	7/12/17	7/12/17	0	Yes	11/13/17	124	No
CARA	Inop drain	1/9/18	1/10/18	1	Yes	1/10/18	1	Yes
CARA	Squirrels in walls	11/13/17	11/13/17	0	Yes	11/13/17	0	Yes
CARA	Inop wndw	11/13/17	11/13/17	0	Yes	11/13/17	0	Yes
Coppertree	AC leak causing mold	4/13/20	4/13/20	0	Yes	4/13/20	0	Yes
Coppertree	Raw sewage on property	10/30/19	11/1/19	2	Yes	10/31/19	1	Yes
Coppertree	Roach infest	4/13/20	4/13/20	0	Yes	4/13/20	0	Yes
Hilltop	No hot water	7/31/19	8/1/19	1	Yes	8/1/19	1	Yes
Peacelake	Elevator outage	4/29/20	4/29/20	0	Yes	8/3/20	96	No
Peacelake	Mold	4/29/20	4/29/20	0	Yes	7/30/20	92	No
Peacelake	Mold	4/29/20	4/29/20	0	Yes	7/30/20	92	No
Peacelake	Mold in apt	8/30/17	9/13/17	14	No	9/14/17	15	No
Peacelake	Unsafe conditions, drug dealers & prostitutes take over building when staff and	4/29/20	4/29/20	0	Yes	8/4/20	97	No

Property	Issue	Issue date	Response date	Response time	Met required response time	Resolution date	Resolution time	Met audit benchmark resolution time
	security leave. Unsecured access to bldg.							
Peacelake	Inop wndw	8/23/17	8/23/17	0	Yes	9/6/17	14	No
Renaissance 88	No heat/hot water	10/10/19	10/11/19	1	Yes	11/6/19	27	No
Valencia	Brkn wndw	7/31/18	7/31/18	0	Yes	7/31/18	0	Yes
Valencia	Brkn wndw	8/21/18	8/21/18	0	Yes	9/28/18	38	No
Valencia	Clogged bathtub-sink	10/10/19	10/10/19	0	Yes	10/10/19	0	Yes
Valencia	No elec	4/29/20	4/29/20	0	Yes	4/29/20	0	Yes
Valencia	Infest	10/10/19	10/10/19	0	Yes	10/10/19	0	Yes
Valencia	Maint painted over mold	8/21/18	8/21/18	0	Yes	8/21/18	0	Yes
Valencia	Mold	1/17/20	1/17/20	0	Yes	2/12/20	26	No
Valencia	Mold in unit	7/31/18	7/31/18	0	Yes	7/31/18	0	Yes
Valencia	No elec/hot water/gas	4/11/18	4/13/18	2	Yes	4/13/18	2	Yes
Valencia	No gas/hot water	6/6/18	6/6/18	0	Yes	6/11/18	5	No
Valencia	No gas/water/air	10/3/19	10/3/19	0	Yes	12/9/19	67	No
Valencia	No heat/elec	1/24/20	1/27/20	3	No	2/4/20	11	No
Valencia	No hot water	7/15/19	7/15/19	0	Yes	7/16/19	1	Yes
Valencia	No pwr	12/4/19	12/4/19	0	Yes	12/11/19	7	No

Property	Issue	Issue date	Response date	Response time	Met required response time	Resolution date	Resolution time	Met audit benchmark resolution time
Valencia	Pest infest	10/18/17	10/18/17	0	Yes	10/18/17	0	Yes
Valencia	Roach infest	7/31/18	7/31/18	0	Yes	7/31/18	0	Yes
Valencia	Roach/bed bug infest	8/21/18	8/21/18	0	Yes	9/4/18	14	No
Valencia	Roaches	5/20/19	5/20/19	0	Yes	5/24/19	4	No
Valencia	Sewage outside	5/20/19	5/20/19	0	Yes	5/24/19	4	No
Valencia	Sewage in unit	1/17/20	1/17/20	0	Yes	2/12/20	26	No
Valencia	Sparkling ceiling fans	7/15/19	7/15/19	0	Yes	7/25/19	10	No
Valencia	Toilet inop	7/31/18	7/31/18	0	Yes	7/31/18	0	Yes
Valencia	No wtr	9/1/18	9/4/18	3	No	9/4/18	3	Yes
Valencia	No wtr	9/8/18	9/10/18	2	Yes	9/10/18	2	Yes
Valencia	No wtr	6/10/19	6/10/19	0	Yes	6/11/19	1	Yes
Valencia	No wtr	4/6/20	4/6/20	0	Yes	4/6/20	0	Yes

We did not identify life or non-life-threatening complaints in the remaining three properties in our sample: Palmetto Glen Apartments, Englewood Apartments, and The Weldon Apartments.

HUD Did Not Have a Standardized, Effective Process for Monitoring, Tracking, and Resolving Complaints in a Timely Manner

HUD did not have a standardized, effective process for monitoring, tracking, and resolving complaints in a timely manner. Policies and procedures for Multifamily staff to monitor and track complaints were regional and not standardized throughout the agency.

HUD's process had several weaknesses, which caused it to be ineffective for resolving health and safety complaints in a timely manner:

- HUD's Multifamily Housing Clearinghouse featured a housing complaint line that forwarded all complaints to the Multifamily field offices, which forwarded 97 percent of the complaints to a PBCA to resolve without routine followup or tracking. HUD personnel fielded the other 3 percent.
- HUD did not have agencywide guidance specifically stating how its staff must receive, monitor, and track complaints. Each field office had its own processes for staff to monitor complaint resolution.

- HUD staff generally tracked property complaints individually via email correspondence with the complainant, PBCA, management agent, or owner. This method made it impossible for management to fully monitor and track health and safety issues.
- HUD did not have an automated system to reliably track complaint intake and resolution. HUD has a system, the Integrated Real Estate Management System, which could be used for entering and tracking health and safety issues, but HUD did not require staff to use it for that purpose.
- HUD did not require reporting from the PBCAs on complaint intake and resolution in a manner to ensure resolution was completed timely. Although the annual contributions contract stated the PBCA would provide timely reports, we found that monthly, quarterly, and annually was not quick enough for HUD to properly ascertain the extent of life- and non-life threatening issues. This reporting included life-threatening complaints, which should be resolved within 24 hours. As a result, HUD would not know the full extent of complaints received or their resolution status for nearly 30 days in some cases.
- HUD's contract with the PBCAs stated that HUD would not become intricately involved in the resolution of routine complaints.
- HUD had not established specific timeframes for resolving life-threatening or non-life-threatening health and safety issues in Multifamily housing, as it had for other program areas.
- HUD did not have a requirement that the projects' property management immediately contact PBCA staff if a property had a life-threatening or non-life-threatening health and safety issue and to report when the issue had been resolved.

HUD's lack of a standardized, effective process for monitoring, tracking, and resolving complaints directly contributed to the lack of timely resolution. HUD's Office of Multifamily Housing program managers and staff acknowledged that a single standardized requirement on how staff must monitor and track complaints did not exist. The processes for handling a complaint were all performed at the regional level and not standardized throughout the agency.

Multifamily Housing Tenants Were, In Some Instances, Faced With Unhealthy and Dangerous Living Environments for Extended Periods

Multifamily housing tenants were, in some instances, faced with unhealthy and dangerous living environments for extended periods. We analyzed 10 properties during this review. Overall, we found that HUD was unaware of the true extent of the living conditions in the reviewed Multifamily housing. The housing had systemic issues involving unsafe and unsanitary living conditions that included mold, gas leaks, lack of heat, infestation, sewage backups, no hot water, unsafe electrical, and falling ceilings.

The images below show a few examples of unhealthy and unsafe living conditions.



Raw sewage present on property at Texas Coppertree Village



Aftermath of the apartment fire at Calloway Cove caused by a gas leak at the property



Foam used to try to stop the mice ingress at CARA



Nonfunctioning doors and locks, causing unsecured access to the building at Peace Lake Towers

Conclusion

HUD did not ensure that health and safety complaints for 7 of 10 properties reviewed were resolved in a timely manner, thereby, in some instances, tenants faced unhealthy and dangerous living environments. HUD was unaware of the extent of the living conditions in these Multifamily housing properties. These properties had various non-life-threatening and life-threatening problems, which included mold, gas leaks, lack of heat, infestation, sewage backups, no hot water, unsafe electrical, and falling ceilings. These conditions were not corrected timely because HUD did not have adequate guidance for receiving, monitoring, and tracking complaints and an automated system to reliably track complaints. In addition, HUD did not require timely reporting from the PBCAs, and HUD's contract with the PBCAs stated that it would not become intricately involved in the resolution of routine complaints.

Recommendations

We recommend that the Deputy Assistant Secretary for the Office of Multifamily Housing Programs

- 1A. Develop a comprehensive process to ensure that complaints received by HUD's Multifamily Housing Clearinghouse are resolved in a timely manner.

- 1B. Develop agencywide policies and procedures for the intake, monitoring, and tracking of health and safety complaints.
- 1C. Develop an automated real-time system for HUD and PBCA staff to use to receive, track, and resolve health and safety issues.
- 1D. Revise the annual contributions contract to more clearly define the required treatment of health and safety issues, to include:
- Specific timeliness requirements for resolving life-threatening and non-life-threatening health and safety issues.
 - Notification that HUD will actively monitor the status of complaints and become involved in resolution if necessary.
 - Requirement that PBCAs will immediately contact HUD staff if a property has a life-threatening or non-life-threatening health and safety issue and report when the issue is resolved.
 - Requirement that the projects' property management will immediately contact PBCA staff if a property has a life-threatening or non-life-threatening health and safety issue and report when the issue is resolved.

Scope and Methodology

We performed our audit work between November 2019 and May 2020. We conducted onsite work at three locations: HUD headquarters at 451 7th Street SW, Washington, DC; HUD's San Francisco Regional Office in San Francisco, CA; and HUD's Denver Regional Office in Denver, CO.

To accomplish our objective, we

- reviewed applicable laws and regulations;
- reviewed HUD guidance, the standard Annual Contribution Contract, policies, and procedures;
- interviewed HUD headquarters staff responsible for the Multifamily housing complaint line;
- interviewed HUD Multifamily regional management and staff;
- gathered Multifamily and PBCA data;
- identified Multifamily housing properties with recent environmental, health, and safety issues noted in the media; and
- interviewed Multifamily account executives and resolution specialists responsible for the identified HUD Multifamily properties.

Using Multifamily data from January 2014 to July 2019, we identified an audit universe of nearly 1.4 million subsidized Multifamily housing units at approximately 23,000 properties nationwide. Through research of recent media reports and interviews with HUD staff, we selected a nonstatistical sample of 10 Section 8-subsidized Multifamily housing properties. (See figure 7.)

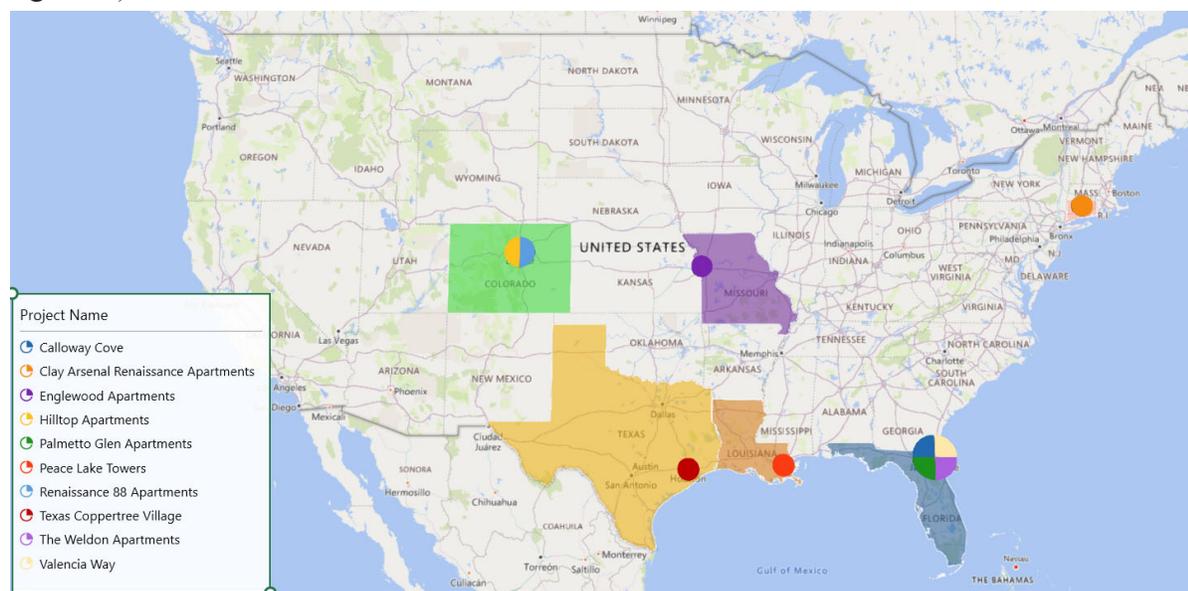


Figure 7: This map illustrates the properties we analyzed during the audit.

We selected one property that HUD staff recommended that we review, and we selected the remaining nine properties because they appeared to have the most egregious health and safety issues, based on the research we conducted. We used this method because we believed that it would provide the greatest cross-section of tenant complaints for analysis to accomplish our objective. Our results apply only to the sampled properties, and we will not project them to the larger universe.

We conducted interviews with HUD Multifamily headquarters and field staff. Our interviews included HUD Multifamily headquarters personnel to gain an understanding of the Multifamily Housing Clearinghouse phone line and general Multifamily complaint intake process. We conducted interviews with HUD Multifamily management and personnel in the San Francisco and Denver Multifamily Regional Offices to obtain an understanding of how both offices received, tracked, and resolved complaints. During our San Francisco regional fieldwork, we interviewed HUD account executives and resolution specialists to determine their methods for complaint intake, tracking, and resolution. Finally, we interviewed the HUD account executives and resolution specialists in charge of the 10 sampled properties to determine how they handled complaint intake, tracking, and resolution.

We did not rely on automated data to support our conclusions. We used Multifamily data only as background information and to determine the universe and select our sample. We did not assess the reliability of those data. We based our conclusions on inspection reports, interviews, and analysis of source material, which we believe was sufficient to meet our objectives.

We conducted the 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 objective(s). We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Internal Controls

Internal control is a process adopted by those charged with governance and management, designed to provide reasonable assurance about the achievement of the organization's mission, goals, and objectives with regard to

- effectiveness and efficiency of operations,
- reliability of financial reporting, and
- compliance with applicable laws and regulations.

Internal controls comprise the plans, policies, methods, and procedures used to meet the organization's mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations as well as the systems for measuring, reporting, and monitoring program performance.

Relevant Internal Controls

We determined that the following internal controls were relevant to our audit objectives:

- Controls to ensure that HUD effectively resolves health and safety violations in Multifamily housing in a timely manner.

We assessed the relevant controls identified above.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, the reasonable opportunity to prevent, detect, or correct (1) impairments to effectiveness or efficiency of operations, (2) misstatements in financial or performance information, or (3) violations of laws and regulations on a timely basis.

Significant Deficiencies

Based on our review, we believe that the following items are significant deficiencies:

- HUD lacked controls to ensure that Multifamily housing property owners and managers adequately resolved health and safety issues in a timely manner (finding).

Appendix

Appendix A

Auditee Comments

The auditee elected not to provide written comments.