District of Columbia Housing Authority

Response to the U.S. Department of Housing and Urban Development’s March 2022 On-Site Assessment Report

November 29, 2022
Executive Summary
The D.C. Housing Authority’s mission is to provide quality affordable housing to extremely low- to moderate-income households, foster sustainable communities, and cultivate opportunities for residents to improve their lives.

To meet its mission, DCHA provides affordable, decent, safe, and sanitary housing opportunities for residents, ensures 8,000+ public housing units are occupied and administers its programs consistent with local and federal laws. The Authority centers the needs of its residents and voucher participants, as plans for massive redevelopment across the portfolio, which can take years, begin to take shape. DCHA is committed to effectuating change now to ensure that residents who live on our properties today have safe, affordable, sanitary, and decent housing.

The U.S. Department of Housing and Urban Development’s on-site assessment report was thorough, and its findings were unsurprising. The report details the cumulative effect of problems from years of management neglect across many departments within the agency. The numerous problems didn’t materialize and cannot be fixed overnight. Most notably, the HUD report noted that too many units sat vacant that could be occupied and practices for preventative maintenance, unit turnover and work order controls were insufficient. Despite the headlines, the HUD on-site assessment report was not a wake-up call for anyone. With leadership from the Board of Commissioners and Executive Director Donald, the DCHA team recognizes that urgent transformation is needed and the people served are the top priority.

With unprecedented local investment, the Authority is in the process of an entire transformation – of people, properties, and programs. Executive Director Brenda Donald, along with a strong and rebuilt Executive Leadership Team and the Board of Commissioners, is taking on the challenge of fixing a multitude of inherited problems that began long before the start of HUD’s review period for this routine assessment which covers 2019-2021. Executive Director Donald has a proven track record of bringing people and systems together to solve complex problems perceived as intractable. In just the eight years preceding her time at DCHA, she led the transformation of the Child and Family Services Agency ending three decades of court oversight, created the District’s “Safer, Stronger DC Program,” a comprehensive public safety agenda, and stood up ten Family Success Centers, five of which are on public housing properties.

The Authority is well on its way towards completing many of the identified corrective actions from the assessment report. For example, the Authority had already submitted a corrective action plan to HUD in September 2022 to increase the number of residents it houses and has reversed the previous administration’s policy to let sit vacant units that wouldn’t be redeveloped for many years, doubling the number of units offered to applicants. In addition, the Authority is putting into place a major initiative to inspect every single public housing unit, document what needs to be repaired, and follow through with a large team of contractors and maintenance workers that will bring all units into the safe, decent and sanitary living conditions our residents deserve.

The Authority has been hard at work to undertake the urgent transformation of an entire organization that was not meeting its commitment to residents. This transformation will not be quick or easy and this response outlines the immediate, short- and long-term work the DC Housing Authority will undertake to complete it.
Accomplishments To-Date
As described above, Executive Director Donald and her team have been working hard to remedy the very problems identified by HUD. Below is a summary of some of the progress that has been made to date. This information is provided not to minimize the extensive work that remains, but to underscore that DCHA’s leadership team takes these historic failures seriously and is prepared to continue this work until each of the items identified by HUD has been fully addressed.

Property Management
The Executive Director hosts regular meetings with resident leaders and frequently tours properties to ensure she has first-person knowledge of living conditions and any necessary repairs. She created a Resident Engagement Office, hired an Ombudsman and increased staffing at the agency’s call center to improve communications with residents and support increased transparency and accountability.

During 2022, the Property Management Operations (PMO) division cleared more than 10,000 outstanding work orders and, working with the District’s Department of General Services, is developing a major maintenance and repairs program focused on ensuring that occupied units are safe and sanitary. This will involve inspection of every public housing unit to document what work is needed and then ensure the necessary repairs are completed. Additionally, in partnership with the Department of Employment Services, PMO reactivated the Apprenticeship Training and Property Management Programs to provide opportunities for residents to gain valuable work experience in high-demand maintenance and property management professions. Through these programs, DCHA is creating a pathway to employment for its residents.

The newly implemented strategic occupancy plan is starting to show results: DCHA doubled unit offers from July to September 2022 when compared to the first six months of this calendar year and is beginning to fill the unacceptably high number of unit vacancies left by the prior administration.

Housing Choice Voucher Program
In FY 2022, the Housing Choice Voucher Program (HCVP) processed eligibility for nearly 2,000 customers and supported approximately 1,100 applicants to sign leases for the Local Rent Supplement (LRSP) and the Emergency Housing Vouchers (EHV) programs alone after the Federal and the District governments made historic investments in housing solutions that included more than 3,400 new housing resources.

The HCVP staff have also focused on waitlist management by scrubbing stale information and ensuring the agency captured updated applicant contact information. Through a public outreach campaign, DCHA was able to update more than 2,500 records. With recognition that additional work was necessary, DCHA contracted with a vendor to access public databases to update contact information and identify deceased clients on the waiting list. DCHA expects to complete these updates to the waitlist by December 31. Through an extensive stakeholder engagement process and using industry consultants, DCHA conducted a fair rent market study and impact analysis for the first time in five years. As a result, the agency’s rent payment standard was updated and approved by the Board of Commissioners in the September 2022 meeting.

Capital Programs
During 2022, DCHA broke ground at Kenilworth Courts and Barry Farm to build housing for seniors in the first phases of the redevelopments. Both of these projects had been stalled for many years. DCHA also closed on the Greenleaf Gardens revitalization project in Southwest, acquired the newly renovated Arthur Capper building for seniors and collaborated to save Parkway Overlook from default. The Office
of Capital Programs (OCP) has also led the charge to renovate vacant units in public housing. In FY 2022, they have fully updated 384 units for occupancy by new and existing residents, with 800 more in the pipeline for completion in FY2023.

Finance

Since her hiring in June 2021, Executive Director Donald has focused on the agency’s budget, resulting in stabilized finances and elimination of the historical deficit. The leadership team immediately tackled the capital budget by creating the capacity to obligate and manage $50M of much-needed capital funds provided by the District that were in jeopardy of not being spent by the end of FY2021. By gaining the confidence of the District government to finally use these funds, DCHA was able to secure continued capital funding for FY2022 and FY2023, expand on plans to stabilize and make available units across the DCHA portfolio and to develop plans for massive redevelopment on long stalled projects. Today DCHA’s budget is strong and healthy, with an operating surplus and sufficient reserves that will be reinvested in improving the quality of the housing available to residents.

Executive Director Donald and her team have laid the foundation to establish the organization infrastructure to make DCHA a high-performing public housing authority. Although DCHA is an independent agency, Executive Director Donald strongly believes in leveraging the expertise and resources of District government agencies. DCHA has established strong partnerships with core agencies such as the Department of Human Services, the Department of Housing and Community Development, the Child and Family Services Agency, the Office of the Chief Technology Officer, the Office of the Chief Financial Officer, the Department of Employment Services, and the Department of General Services. These partnerships will strengthen the agency’s resources and services to better support District residents. DCHA is ready and will demonstrate its ability to rebuild and stabilize the agency, fulfilling commitments to the people we serve.

The Report

Our responses in this report outline our approach, accomplishments, immediate actions and progress to date in the following areas:

1. Board of Commissioners and Executive Leadership
2. Public Housing Property Management
3. Procurement
4. Housing Choice Voucher program
5. Finance
6. Repositioning

Approach

DCHA appreciates the time and attention invested by the HUD Northeast Network team for the comprehensive on-site assessment review as reflected in the report District of Columbia Housing Authority (DC001) Assessment dated September 30, 2022.

DCHA acknowledges the serious Findings, Observations and Recommendations in the Assessment spanning five principal issues on how the agency administers the Housing Choice Voucher and Public Housing programs consistent with Financial and Procurement management. While DCHA disagrees with some of HUD’s findings, the Authority acknowledges that most of the Assessment’s conclusions are
correct (or were correct at the time of HUD’s review), and the Authority has taken steps to address these issues over the past several months – well before we received the HUD assessment report.

Inventory of Changes
DCHA has carefully reviewed the Assessment and compared each of HUD’s findings to the internal evaluation. DCHA was already making strides toward remedying some of these items and is pleased to report that 14 of the findings have either already been fully corrected or DCHA is fully disputing and providing evidence in support of DCHA’s position. Many of the Assessment’s most significant findings, however, highlight the need for comprehensive changes that require significant planning and coordination to be implemented effectively.

Implementation
The Authority’s close relationship with the District Government will be a tremendous asset for a successful implementation of the corrective action plan. As noted in examples throughout this response, the District has pledged both direct and indirect resources to ensure DCHA has the tools it needs to effectuate sustainable and long-term improvements. On behalf of DCHA, for example, the District has secured the assistance of a consulting team comprised of public housing authority experts that will provide the additional expertise and capacity needed for DCHA to successfully implement this plan.

DCHA’s implementation plan will not only include the corrective actions identified in the Assessment (except where noted in the response), but DCHA will ensure that quality control systems are in place so that these types of issues are not repeated.

Implementation Approach
DCHA will continue to implement revamped policies, procedures and operations that will position the housing authority to better achieve its mission. Spearheading the implementation will be Executive Director Donald, a longstanding government agency leader who offers both strong executive management experience and a track record in turning around public agencies. Director Donald will be advised by a Leadership Team that includes seasoned housing authority professionals and government change agents who will play a significant role in implementing the changes noted in the Work Plan. DCHA will coordinate with and provide regular updates to the Board of Commissioners.

The broader Implementation Team will also include key staff from each DCHA department as well as a robust team of external public housing authority consultants, including CSG Advisors, CVR Associates, Edgemere Development, Inc., Nan McKay Associates, and Quadel Consulting. Each of these firms has significant experience working with public housing authorities generally, and with Moving to Work agencies specifically, on the types of programmatic changes required. The team will also include Novogradac and PMCS to assist with specific projects.

Tenets of Implementation Plan
DCHA’s approach to addressing both the findings of the HUD Assessment and additional measures that Director Donald has identified as necessary to ensure ongoing agency success is built on the following tenets:

- **Prioritize Residents.** The Implementation Team will prioritize changes that directly impact the quality of life for DCHA residents and will complete the analysis necessary to correct these items within 120 days.
• **Significant and Comprehensive Need.** While some improvements are already underway, as will be detailed further in this response, the overall need for organizational changes at DCHA is significant and comprehensive.

• **Immediate Impacts.** The Implementation Team recognizes the importance of demonstrating immediate successes and has identified 18 Findings and Recommendations for which corrected policies will be submitted to the Board by the end of December. These items are noted as “Tier 1” in the Work Plan and will follow the schedule indicated in the high-level timeline below.

• **Near-Term Changes.** Policies that require additional steps or minor analysis as part of the response will be submitted to the Board in January and are noted as “Tier 2” in the Work Plan. Meanwhile, the policies require the most extensive analysis and/or complexity will be submitted to the Board in February and are noted as “Tier 3” in the Work Plan. The Board expects to adopt all revisions to the ACOP, Administrative Plan, and MTW Plan in March 2023. As shown in the high-level timeline below, the Implementation Team is committed to submitting draft procedures for all items by the end of May 2023.

• **Sustainable Improvements.** The Implementation Team recognizes that sustainable organizational change will require a continued commitment and focus to ensure that not only are the Assessment’s findings addressed but the above-referenced immediate and near-term changes are internally consistent, represent the best practices of housing authorities and MTW. To ensure that staff is trained according to the most up-to-date policies and procedures, and to alleviate the potential for conflicting or inconsistent training modules, DCHA will implement a comprehensive and thorough training program in May and June.

• **Quality Assurance.** DCHA is committed to implementing a third-party quality assurance provider to ensure the changes identified in the Work Plan survive well beyond the tenure of the Implementation Team members. In structuring its overall work plan to correct each of the Assessment’s findings as needed, DCHA will ensure that these five principal issues identified by HUD are also addressed:
  1. Oversight, management and tracking of critical “Financial Management and Procurement” functions
  2. Management and knowledge of property management function
  3. Management and knowledge of HCV program functions
  4. Oversight of DCHA policies and operations by DCHA’s Board of Commissioners and Executive Leadership
  5. Provision of decent, safe, and sanitary housing opportunities for residents.
Once policies and procedures are in place, it will be critical to ensure the technical infrastructure is fully consistent with these changes. Without successful integration of the relevant software and other infrastructure programs, there could be significant confusion among families if resident processing and communication does not reflect the new policies and procedures. To minimize the risk of such miscommunication, the Consultant Team will work with IT staff and Yardi to expedite this integration and full implementation will commence once this step is complete.

**Organization**

The Consultant Team will be organized to focus each firm’s expertise where it can be best utilized, as shown below. Below is a list of key projects with which the team will assist. Qualifications for each firm are provided as an attachment. CSG will serve as project manager for the Consultant Team.
<table>
<thead>
<tr>
<th>Project</th>
<th>Sub-Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Management</td>
<td></td>
</tr>
<tr>
<td>IT/Software</td>
<td></td>
</tr>
<tr>
<td>Rent</td>
<td></td>
</tr>
<tr>
<td>Misc Policies</td>
<td></td>
</tr>
<tr>
<td>Occupancy / Wait List</td>
<td></td>
</tr>
<tr>
<td>Section 8</td>
<td></td>
</tr>
<tr>
<td>Programmatic</td>
<td>Record Keeping / HUD Reporting</td>
</tr>
<tr>
<td></td>
<td>Community Service</td>
</tr>
<tr>
<td></td>
<td>Asset Management</td>
</tr>
<tr>
<td></td>
<td>Capital Program</td>
</tr>
<tr>
<td>Lease Issues</td>
<td></td>
</tr>
<tr>
<td>ACOP, Admin Plan, MTW Plan</td>
<td></td>
</tr>
<tr>
<td>Accounting Payments</td>
<td></td>
</tr>
<tr>
<td>Procurement</td>
<td></td>
</tr>
</tbody>
</table>
DCHA’s Response to HUD’s Findings, Observations & Recommendations

Governance

Board of Commissioners

- Find ways to improve Board transparency by ensuring all Board agenda items are available to the public.
- Provide training to develop Board capacity in critical functions including the overall role of the Board, procurement to include federal and district requirements and regulations, program operations, financial management, DCHA policies, HUD policies, and HUD program and reporting requirements.
- Board should attend HUD’s Lead the Way training and training on repositioning and redevelopment of properties.
- The Board should draft a document including measurable performance goals for the Executive Director.
- Determine a regular time to review the Executive Director’s performance against documented goals.
- The Board should provide detailed reports on budget and financial condition, PH occupancy and vacancies, HUD reporting, HCV utilization, outstanding work orders, lease enforcement, criminal incidents at developments, and tenants’ accounts receivables; and
- The Board should attend trainings on ethics covering authority and district requirements and regulations, and evidence of this training should be provided to HUD.

DCHA Board Response: The Board agrees with the principles that HUD has laid out in its recommendations.

Board Transparency
The District of Columbia Open Meetings Act (OMA) requires that any gathering of a quorum of a public body where members consider, conduct or advise on public business offer the opportunity for the public to observe the meeting. The public must be given proper notice of such meetings and afforded the opportunity to review recordings of public meetings upon request. In compliance with OMA, all Board agendas and supporting resolutions are posted to the DCHA website no later than 48 business hours in advance of the meeting when a quorum is expected or the number of members make a quorum. A meeting is considered open if 5 or more Board members are present.

The Board is considering other ways to increase transparency to the public and to the people directly served by DCHA.

Board Training
DCHA is creating a training schedule that reflects these recommendations, which will be provided to HUD within 90 days. To date, eight Board members have started the HUD Lead the Way training and four have completed the training. The Board of Commissioners is also considering requiring each member to complete the NAHRO Commissioner Certification program. In 2022, some Board members participated in DCHA’s RAD Symposium, DCHA’s Budget Symposium, HUD Lead the Way Training, National Housing and Redevelopment Officials (NAHRO) Annual Meeting and the Council of Large Public Housing Authorities (CLPHA) Fall Meeting.

Executive Director Performance
In the fall of 2021, the Board Chair and members of an ad hoc Board committee developed measurable performance metrics for the Executive Director and implemented a process for regularly reviewing the Executive Director’s performance. This process will be refined moving forward to ensure a consistent approach.
**Monthly Reporting**

DCHA will work with the Consultant Team to develop reporting metrics for the Board and the Executive Director.

**Executive Director**

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

**DCHA Response:** DCHA agrees with the management principles that HUD has laid out in its recommendations. DCHA is creating a training schedule to reflect these recommendations and will provide to HUD within 90 days.

**Executive Director Capacity**

Brenda Donald was appointed by the Board of Commissioners as the D.C. Housing Authority Executive Director in August 2021 after more than 25 years of executive level management experience where among many other things, she honed her expertise in procurement and financial management.

In addition to deepening her knowledge of DCHA’s locally funded programs during her time at DCHA, Director Donald also learned from other experts in the field by attending the Gans & Gans Associates CEO Roundtable in April 2022 and the NAHRO National Conference in September 2022. These conferences were attended by PHA industry leaders where among other topics they shared insight on governance and occupancy challenges and discussed new HUD regulations and the various ways to implement HUD vehicles for successful RAD conversions. In November 2022, Executive Director Donald also completed HUD’s Lead the Way Training as recommended by HUD.

**Executive Leadership Team**

Prior to Director Donald’s arrival DCHA completed an organizational assessment. During her 16 months at DCHA, Director Donald has focused on building a strong Executive Leadership Team (ELT). Biographies of executive team members are attached.
The Executive Director meets bi-weekly with each member of her ELT to review progress on high-priority projects. Annually, she works with her team to develop performance metrics and goals with her direct reports. DCHA has a defined performance management process where employees, with direction from managers, develop measurable goals. Ongoing continuous formal and informal feedback happens throughout the year. Formal feedback sessions are completed mid-year and annually. Attached is a sample of the Performance Scorecard, which the Executive Director uses to manage and coach members of her ELT.

**Resident Engagement**
Director Donald and DCHA staff participate in a monthly Resident Council Presidents’ meeting on the fourth Wednesday of every month to share updates and discuss resident issues.

Additionally, DCHA has three offices that focus on engaging DCHA customers: the Office of Customer Engagement housing the DCHA Ombudsman and Call Center; the Office of Resident Services which promotes self-sufficiency, performs grants administration, builds capacity for Resident Councils and partners with residents to develop meaningful initiatives to enrich the lives of our residents; and the Office of Resident Engagement and Outreach, which leads resident engagement on redevelopment projects.

**Monthly Reporting**
The Consultant Team will assist DCHA with developing reporting metrics for the Board and the Executive Director.

**Attachments:**
- Organizational Assessment
- Executive Leadership Team Biographies
- Performance Scorecard
Public Housing

DCHA has proactively addressed numerous challenges of its aging buildings and infrastructure by developing a long-term portfolio investment plan and completing long outstanding work orders that have an immediate impact on residents’ quality of life.

Accomplishments
During FY2022, DCHA developed a long-term viability decision tree to help prioritize investment by assessing each property on factors that include building and site conditions, financial impact, development potential, and policy opportunities. Separately, to address residents’ immediate needs, the agency implemented a Summer Maintenance Blitz and closed more than 10,000 work orders.

Additionally, during FY2022, DCHA executed an extensive engagement and outreach campaign to encourage households to update their information on the waiting list to make applicant pulls more productive. The agency ran public service announcements, collaborated with advocates, Council and sister agency stakeholders to share with their constituencies and contracted with Reuters CLEAR to access billions of public records to update contact information and identify deceased clients on the waiting list. DCHA is in the process of verifying the accuracy of all matches and updating all records.

Summary and Approach
While cognizant of HUD’s recent findings, DCHA was aware of these ongoing issues and has made meaningful progress towards resolving them. As shown in the responses below, DCHA is committed to improving processes and procedures to ensure that these changes are institutionalized. Further, DCHA, with support from the Mayor’s Office, is engaging a consulting team (the “Consultant Team”), comprised of CSG Advisors, CVR Associates, Edgemere Consulting, Nan Mckay, Novogradac, Quadel, and PMCS to assist the Authority in both addressing all of the findings in the audit and in implementing the new policies and procedures as needed.

Policies

Finding PH 1: DCHA’s Admission and Continued Occupancy Policy (ACOP) has not been updated since 2017 and does not comply with DCHA’s MTW Agreement and HUD regulations. The MTW designation does not waive the requirement for updating the ACOP; therefore, DCHA is out of compliance with its MTW Agreement and its ACC. Additionally, DCHA has implemented many changes in its administration of its Low-Income Public Housing (LIPH) program under the MTW program, which are not reflected in the ACOP as required.

DCHA Response: DCHA agrees with this finding. In recent years, DCHA has updated chapters of the ACOP, but not the entire policy. The Consultant Team will assist with the overall housing policy updates necessary to modernize DCHA’s ACOP, with a planned completion date in March 2023 following public engagement. Moving forward, DCHA will create an annual review schedule and process to consistently update the ACOP with any necessary amendments to ensure compliance with HUD regulations. Please see the attached Work Plan for additional information.
Finding PH 2: DCHA is not safeguarding personally identifiable information (PII) required by HUD and preventing potential breaches of this sensitive data. DCHA is not protecting the privacy of individuals’ information stored electronically or in paper form, in accordance with federal privacy laws, guidance, and best practices. DCHA was unable to provide any policies or procedures on how staff maintains and safeguards PII.

**DCHA Response:** DCHA agrees with this finding. To ensure that PII is properly safeguarded, DCHA has installed locking filing cabinets in all offices. Additionally, the Information Technology Department (ITD) will identify and develop electronic safeguards such as utilizing tenant ID numbers. The Consultant Team will assist with the development of the policy and procedures for this process and staff training. Please see the attached Work Plan for additional information.

Finding PH 3: DCHA is not in compliance with updated Violence Against Women Act (VAWA) requirements in accordance with HUD regulations and PIH Notice 2017-08.

**DCHA Response:** While DCHA disagrees with this finding, in June 2020, DCHA did update its regulations for VAWA compliance. Please see the attached Work Plan for additional information.

Attachments:  
- VAWA Resolution 20-11  
- VAWA Resolution 18-34  
- VAWA Resolution 17-07

Finding PH 4: DCHA failed to establish the Over-income policy, a statutory change in Section 103 of the Housing Opportunity Through Modernization Act of 2016 (HOTMA).

**DCHA Response:** DCHA agrees with this finding. The Consultant Team will prepare an analysis of the existing data to understand the breadth of implications for the agency as well as a comparative analysis of policies from other MTW agencies, the results of which will be used for an updated policy. The Consultant Team will develop training materials, train staff and assist with implementation of the policy. Please see the attached Work Plan for additional information.

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

**DCHA Response:** DCHA agrees with this finding. DCHA is currently working to create and implement the use of a form for tenant choice of rent between flat and income-based rent. The Consultant Team will prepare an analysis of the existing data to understand the breadth of implications for the agency as well as a comparative analysis of policies from other MTW agencies, the results of which will be used for an updated policy. Please see the attached Work Plan for additional information.

Finding PH 6: DCHA’s flat rent schedule has not been updated with the current Fair Market Rent (FMR). DCHA must establish flat rents at no less than 80 percent of the published FMR.

**DCHA Response:** DCHA agrees with this finding. DCHA notes that MTW Initiative 5 (previously 2.2.04) was originally approved by HUD in 2004 and was re-proposed/approved by HUD again in 2016 and 2018. DCHA acknowledges HUD’s decision, as transmitted via this review, that the
MTW Standard Agreement does not provide the authorization to set a different flat rent rate or remove resident choice, even when intended to benefit residents. The agency will close the initiative in its amended FY23 MTW Annual Plan. DCHA will establish flat rents, per HUD’s guidance at no less than 80 percent of the published FMR. The Consultant Team will advise on how the agency’s MTW authority can be used to optimize its processing and rules so that it aligns with other MTW agencies. Please see the attached Work Plan for additional information.

**Finding PH 7:** DCHA is non-compliant with HUD regulations regarding pets in public housing. In 2014, DCHA rescinded its pet-free policy after a lawsuit. Since, the authority has not implemented a new policy regarding pets.

**DCHA Response:** DCHA disagrees with this finding. In accordance with communication from HUD in February 2016 in DCHA’s 2016 MTW Report, DCHA reported that it closed the MTW initiative for authority for its prior pet policy.

In February 2017, per DCHA Resolution 17-01, DCHA adopted a new pet policy. The policy is set forth in the updated ACOP and is located at 14 DCMR Section 6126. In addition to adopting the updated policy in the ACOP, DCHA also created implementation measures including a lease addendum and registration. DCHA will further review the Pet Policy to ensure compliance with any additional guidance HUD has issued since the adoption of the policy in 2017.

**Attachments:**
- Pet Ownership in Public Housing
- DCHA Pet Policy – Elderly and Disabled Properties
- Pet Policy Addendum
- Pet Policy Registration Forms
- DCHA Pet Policy & Regulations Adopted February 2017

**Finding PH 8:** DCHA is not in compliance with the Community Service and Self-Sufficiency Requirement (CSSR).

**DCHA Response:** DCHA agrees with this finding. The Consultant Team will help with the implementation of 24 CFR 960.600 section (Notice PIH-2015-12) related to Community Service and Self-Sufficiency Requirements including the creation of these policies, procedures for implementation and staff training. Please see the attached Work Plan for additional information.

**Finding PH 9:** DCHA is non-compliant with the Minimum Rent Policy and Procedure (MRPP). In the MTW Plan, DCHA has a minimum rent established in the amount of zero (0) dollars, but the minimum rent amount is not in the ACOP. In addition, DCHA could not provide a policy or procedure on DCHA’s implementation of minimum rent.

**DCHA Response:** DCHA agrees with this finding. The Consultant Team will prepare an analysis of the existing data to understand the breadth of implications for the agency as well as a comparative analysis of policies from other MTW agencies, the results of which will be used for an updated policy. Please see the attached Work Plan for additional information.
Finding PH 10: DCHA is not making reasonable efforts to provide language assistance to ensure meaningful access for LEP persons to the recipient's programs and activities.

**DCHA Response:** DCHA disagrees with this finding. In a 2021 reorganization focused on creating customer-centric services, DCHA moved its Language Access Services from under the Americans with Disabilities Act/504 office to a new Language Access team within the Office of Customer Engagement. This team manages and coordinates translation and interpretation services, designs and facilitates employee training in language access requirements and resources, tracks interactions with Limited English Proficient (LEP) and Non-English Proficient (NEP) customers, produces reports, and develops and executes language access plans in collaboration with the District of Columbia Office of Human Rights (OHR). On September 8, 2022 DCHA submitted its Biennial Language Access Plan (BLAP) to the OHR. Additionally, DCHA issued Language Access Guidelines on March 31, 2021 and recently completed the HUD-required Four Factor Analysis and a Six-Month Language Access Plan with a focus on improving data collection. Please see the attached Work Plan for additional information.

**Attachments:**
- Four Factor Analysis
- Biennial Language Access Plan (DC)
- Six-Month Language Access Plan (HUD)
- DCHA Language Access Guidelines

Finding PH 11: DCHA is not in compliance with HUD regulations governing the occupancy of public housing units by police officers and resident employees. DCHA has some general language in its MTW Plan; however, it is not in the ACOP.

**DCHA Response:** DCHA agrees with this finding. As stated, DCHA has existing language in its MTW plan related to occupancy of public housing units. DCHA will add the language associated with public housing units for police officers and resident employee criteria including timeframe, terms, etc. to the ACOP during the ACOP policy updates. Officers currently sign a lease agreement as part of the lease-up process. Please see attached Work Plan for additional information.

**Attachments:**
- Conditions of Tenancies

Finding PH 12: DCHA created its own Designated Housing program which is not in compliance with HUD regulations. DCHA's MTW Agreement does not provide the required authority to waive the Designated Housing Plan regulations.

**DCHA Response:** DCHA agrees with this finding, however, DCHA notes that the MTW Initiative 2 (previously 1.3.04) was originally approved by HUD in 2004. DCHA acknowledges HUD’s decision, as transmitted via this review, that the MTW Standard Agreement does not provide authorization to waive the Designated Housing Plan regulations. The Consultant Team will prepare a policy incorporating a comparative analysis of policies from other MTW agencies. The agency will close the initiative in its amended FY2023 MTW Annual Plan. Please see attached Work Plan for additional information.

**DCHA originally adopted the elderly designation with the HUD approval of the MTW plan for FY2004.**
Occupancy

DCHA is committed to housing as many families as it can and acknowledges that its current policies and procedures must be revamped to ensure its valuable housing assets are being used as effectively and efficiently as possible. Toward that end, DCHA will work with the Consultant Team to revise these policies and procedures, incorporating a comparative analysis of the practices of other MTW agencies. In addition, DCHA will institute new reporting mechanisms to ensure transparency and increase accountability throughout the Agency.

Finding PH 13: DCHA is not occupying PH units in accordance with its policies, HUD regulations and MTW statutory requirements.

PH 13a: DCHA is currently out of compliance with its MTW statutory requirement to substantially serve the same total number of low-income families that would have been served absent the MTW Demonstration. This is the direct result of DCHA’s low public housing occupancy rate. On November 23, 2020, the MTW office notified DCHA of the non-compliance with the MTW statutory requirement, also contained in the MTW Agreement between DCHA and HUD. During the most recent assessment year, DCHA was serving approximately 1,400 fewer families than required to serve to remain compliant. DCHA has developed a Corrective Action Plan with short, medium, and long-term milestones to remedy this issue, but it is not meeting milestones.

DCHA Response: DCHA agrees with this finding. In compliance with HUD’s requirements, the agency is committed to efficiently leasing up as many safe, decent and habitable units as possible. DCHA submitted its updated Substantially the Same (STS) Corrective Action Plan (CAP) to HUD’s MTW office on October 28, 2022. Since the agency’s original STS CAP was created and accepted in 2021, the agency comprehensively analyzed occupancy-related processes and found the agency’s occupancy challenges are far more complex than originally believed.

The updated STS CAP still emphasizes unit turns, and it equally emphasizes other occupancy-related processes, including the following:

- Eligibility Determinations
- Staff Training and Hiring
- Waitlist Management

Related to the STS CAP, although not occupancy, DCHA identified reserves and ongoing funding availability to support additional MTW vouchers.

The agency commits to updating the STS CAP every six months to account for actuals and to submitting monthly reports that will allow DCHA and HUD to jointly monitor progress going forward.

Please see the STS CAP as submitted on October 28, 2022 and HUD’s confirmation of receipt in the attachments. Please see the attached Work Plan for additional information.

PH 13b: DCHA does not have an accurate listing of vacant units and is not reporting an accurate status of units in the Inventory Management System/PIH Information Center (IMS/PIC) system.

DCHA Response: DCHA agrees with this finding. DCHA’s property management offices do have accurate listings of vacant units; however, this information is not reported accurately in the IMS/PIC system. DCHA will work with the Consultant Team to clean up the issues that HUD has
identified in the Assessment and establish an occupancy policy and procedures manual. In addition, DCHA will create dashboards and reports to ensure that these practices are institutionalized. Please see the attached Work Plan for additional information.

PH 13b1: Based on a sampling of HUD’s IMS/PIC information conducted during the physical condition inspections, DCHA is not receiving the correct operating subsidy for occupied units. In most developments inspected, there were units that appeared vacant in IMS/PIC which DCHA showed as leased-up. Vacant units shown to the inspector indicated they were occupied in IMS/PIC.

**DCHA Response:** DCHA agrees with this finding. DCHA’s property management offices do have accurate listings of vacant units; however, this information is not reported accurately in the IMS/PIC system. DCHA will work with the Consultant Team to clean up the issues that HUD has identified in the Assessment and establish an occupancy policy and procedures manual. In addition, DCHA will create dashboards and reports to ensure that these practices are institutionalized. Please see the attached Work Plan for additional information.

PH 13b2: Based on a sampling of PIC information conducted during the physical condition inspections, DCHA is not correctly identifying approved vacancies in PIC. There are instances in which the DCHA has units in Undergoing Modernization status that are not under modernization as well as units actively being modernized by independent contractors that are not identified as Undergoing Modernization in PIC.

**DCHA Response:** DCHA agrees with this finding. DCHA’s property management offices do have accurate listings of vacant units; however, this information is not reported accurately in the IMS/PIC system. Since July, DCHA has been working with the HUD Field Office to correct these issues. DCHA will work with the Consultant Team to clean up the issues that HUD has identified in the Assessment and establish an occupancy policy and procedures manual. In addition, DCHA will create dashboards and reports to ensure that these practices are institutionalized. Please see the attached Work Plan for additional information.

PH 13c: DCHA does not have adequate internal procedures in place for tenant selection, resident transfers, unit turnaround or leasing for its public housing units. HUD reviewers found the following:

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

**DCHA Response:** DCHA agrees with this finding in part. While DCHA’s waiting list has been closed since 2013, since January, DCHA has contacted nearly 6,000 people on the public housing waitlist to complete eligibility – with most of those contacts happening in the last several months. DCHA does track unit
offers and leasing, and since HUD’s on-site assessment has modified procedures for more efficient lease-ups. Many households are in the process of selecting units and 66 households have moved into public housing units this year. DCHA has plans, detailed in the STS CAP, to further expedite eligibility, unit selection and leasing.

DCHA will work with the Consultant Team to clean up the issues that HUD has identified in the Assessment and establish an occupancy policy and procedures manual. In addition, DCHA will create dashboards and reports to ensure that these practices are institutionalized. Please see the attached Work Plan for additional information.

Attachments: STS CAP
HUD’s confirmation of receipt of the STS CAP

Waiting List Management and Tenant Selection

DCHA maintains the following Waiting Lists:
(a) Housing Choice Voucher Program – tenant-based voucher assistance and project-based voucher assistance, known as the Partnership Program, operated in accordance with the rules set forth in Chapter 93 of this Title 14
(b) Moderate Rehabilitation Program – project-based assistance
(c) Tenant Assistance Program (TAP) – locally funded project-based assistance, with local funding being phased out and DCHA is no longer accepting new applications
(d) Public Housing – which is governed by Chapter 61 of this Title 7601.2 Selection. The selection of applicants to receive vouchers is governed by special admissions, as further described in Subsection 7603 hereof, and preference categories that apply to selection from the waiting list, including Substandard Housing, Involuntarily Displaced, Rent Burdened, Affordable Housing Supply, Quality Affordable Housing, Special Needs Housing and Witness Relocation, as further described in Subsection 7604 hereof.

In each of these waiting lists, DCHA captures the following information for each applicant listed:

(a) Applicant Name
(b) Applicant Address, as required to be updated by Applicant upon any change
(c) Family Composition by age and gender for each member
(d) Date and time of application
(e) Qualification for any Local Preference
(f) Racial or ethnic designation, if provided at applicant’s option
(g) Date of birth and Social Security Number (if applicable); and
(h) Reasonable Accommodation Request and/or Special Unit Needs

DCHA also has a third-party vendor to screen for criminal backgrounds. DCHA acknowledges that there are fundamental issues that DCHA must address such as implementing a site-based wait list, updating and purging the existing wait list and requesting lifetime sex offender information. As such, DCHA will work with the Consultant Team to clean up the issues that HUD has identified in the Assessment, address any MTW efficiencies that can be used to streamline these processes and establish a best-in-class waitlist policy and procedures manual. In addition, DCHA will create dashboards and reports to ensure that these issues are institutionalized.
DCHA is focused on improving its eligibility and waitlist management processes to increase public housing occupancy. Once per quarter, beginning in Q2 FY2023, DCHA plans to host mass eligibility events for 3,500 to 5,000 invited applicants. DCHA will partner with sister agencies to staff these events which will make it possible to move clients through the entire eligibility process and schedule viewings in one single appointment.

**Finding PH 14:** DCHA is not selecting applicants from its waiting list in accordance with its policies, MTW Plan, and HUD regulations.

PH 14a: DCHA was unable to provide documentation to support the method used to select applicants from the waiting list with the same preference qualification. Additionally, the waiting list only showed the date of application; it did not provide the time of application.

**DCHA Response:** DCHA disagrees with this finding. DCHA manages selecting applicants from the waiting lists with the same preference qualifications in accordance with Chapter 76, Housing Choice Voucher Program, Waiting Lists, Local Preferences, and Applicant Selection of its Administrative Plan. Additionally, families were placed on DCHA’s waiting lists in accordance with date and time of application, as stated in Chapter 76, Housing Choice Voucher Program, Waiting Lists, Local Preferences, and Applicant Selection of its Administrative Plan. Chapter 76 was adopted at 53 DCR 1153 on Feb. 17, 2006.

PH 14b: DCHA was unable to provide documentation of the number of persons on its Public Housing waiting list. DCHA staff members were unclear whether there was one single waitlist or site-based waitlists. The FY2022 MTW Plan indicates DCHA was in process of cleaning up the waitlist and would transition to site-based waiting lists. However, this information had a 2015 date for completion and is still outstanding.

**DCHA Response:** DCHA disagrees with this finding in part. DCHA tracks the number of persons on its Public Housing waiting list, and its waiting list shows there are 22,038 families on its Public Housing waiting list. DCHA agrees that it needs to take a comprehensive look at its current waiting list structure and implement site-based waiting lists.

PH 14c: DCHA has not updated its waiting list in ten years, and it could not provide the method it used to remove families from the waiting list. The FY2022 MTW Plan indicates DCHA was in process of cleaning up the waitlist and would move to site-based waiting lists. However, this information had a 2015 date for completion and is still outstanding.

**DCHA Response:** DCHA agrees with this finding. The agency will work with the Consultant Team to review and update its waiting list policies and procedures, which will include cleaning up the waiting list and implementing site-based waiting lists. Please see the attached Work Plan for additional information.

PH 14d: DCHA does not maintain adequate waiting list records showing the status of applicants and eligibility actions it has taken.

**DCHA Response:** DCHA disagrees with this finding. DCHA’s waiting list show statuses and sub-statuses of applicants that include eligibility actions taken.

**Attachments:**  
PPH Applicant Family Selection Criteria  
Yardi Waiting List Selection Process
Finding PH 15: DCHA does not conduct criminal record screening and maintain record records in accordance with HUD regulations. A review of LIPH tenant files and information provided by DCHA staff found that DCHA keeps criminal records in the tenant/applicant file.

DCHA Response: DCHA disagrees with this finding in part. The agency uses a third-party software that completes the required criminal background for program eligibility. The Public Housing program did not destroy the records for criminal background and sex offender records in accordance with 24 CFR 5.903(g) - Records Management. The program will update its policy and procedures to address the requirement for tenant/applicant file management. See the attached Work Plan for additional information.

Attachments: Criminal Screening & Sex Offender Registry

Finding PH 16: DCHA does not screen applicants who may be subject to a lifetime sex offender registration in accordance with its policies and HUD regulations. In accordance with PIH Notice 2012-28, an application for admission into the applicable HUD-assisted housing program must include a complete list of all states in which any household has resided. In addition, DCHA must ask whether the applicant, or any member of the applicant’s household, is subject to a lifetime sex offender registration requirement in any state.

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

DCHA Response: DCHA agrees with this finding. DCHA agrees that the application currently does not request a list of all the states where an applicant has resided, and the form states “subject to a lifetime sex offender.” The agency does use the National Sex Offender Public Website located at www.nsopw.gov for all applicant reviews. Please see the attached Work Plan for additional information.

Record Keeping and HUD Reporting

DCHA recognizes the importance of HUD regulations on record retention and adopted a record retention policy last year. DCHA has also created a quality control division to help identify and correct issues with tenant files. DCHA will also work with the Consultant Team to incorporate best in class practices for tenant files and compliance with HUD PIC submissions.

Finding PH 17: DCHA is not in compliance with HUD regulations on record retention.

DCHA Response: DCHA agrees with this finding. While DCHA has followed the District’s records retention schedule, DCHA will create, adopt and implement a records retention policy, which provides procedures for the retention of public housing applicant and tenant files. Please see the attached Work Plan for additional information.
**Finding PH 18:** DCHA is not maintaining tenant files in accordance with HUD regulations. While onsite, the HUD team reviewed (25) public housing participant files. Twenty-three of the files reviewed were incomplete in at least one of the following areas: lead-based paint disclosure, HUD-50058 forms, VAWA, Policy and Notification of Tenancy Rights, Community Service and Self-Sufficiency Requirements, Citizenship Declaration form 214, Certification of Zero Income, EIV, third party income verification, flat rent documentation, leases, original applications, and Certification of No Assets.

**DCHA Response:** DCHA agrees with this finding. Since the HUD on-site assessment in March, DCHA has developed a quality control division within the public housing division. DCHA also intends to seek assistance from the Consultant Team to establish a file checklist for required documentation and will complete regularly scheduled file reviews to ensure compliance. Please see the attached Work Plan for additional information.

**Finding PH 19:** DCHA does not use the Enterprise Income Verification (EIV) in accordance with HUD regulations and its MTW plan.

PH 19a: DCHA does not have a policy for monitoring reports for mandatory use of the Enterprise Income Verification (EIV) System. To reduce administrative and subsidy payment errors in accordance with HUD administrative guidance, PHAs are required to monitor specific EIV reports on a monthly and quarterly basis. The DCHA staff specified that the EIV reports were generated during the eligibility process and biannual/triennial recertifications. However, no documentation was provided by DCHA to corroborate these statements.

The following EIV reports are required to be monitored monthly and/or quarterly:
- Deceased Family Report (Monthly)
- Identity Verification Report (Monthly)
- Immigration Report (Monthly)
- IVT Report based on PHA Reexamination Schedule (Report will include information from the New Hires Report (Monthly)
- Multiple Subsidy Report (Monthly)
- Income Discrepancy Report (Quarterly)

PH 19b: DCHA failed to provide the names of the EIV User and Security administrators. To protect the integrity of EIV, PHAs must assign at least two user and security administrators. In addition, DCHA did not provide evidence verifying that the current users completed the required annual security awareness training, initial and updated EIV training. These trainings are mandatory before accessing EIV. Viewers/handlers of EIV data must complete annual security awareness training.

**DCHA Response:** DCHA agrees with this finding. Since the HUD on-site assessment in March, public housing staff completed the EIV training and the cyber awareness training. Moving forward, staff will be required to complete the required training each year to maintain access to the system. At the time of the visit DCHA had identified a contractor as the EIV/PIC System Administrator; however, effective May 2022, Bipasha Ganguli is the Administrator for both systems and is a full-time employee with DCHA. In addition, both the Public Housing and HCV Programs have identified employees as EIV Administrators who are Nona Eath and Khalia Payne. Please see the attached Work Plan for additional information.

**Attachments:** LIPH Cyber Awareness Training
Finding PH 20: DCHA does not transmit data timely and/or accurately into HUD’s Inventory Management System-PIH Information Center (IMS-PIC). DCHA’s IMS-PIC data is inconsistent with the data in accordance with HUD’s guidelines. DCHA’s low reporting rate is directly related to unresolved fatal errors in IMS-PIC when submitting 50058 family data. Additionally, while there is data for some families in IMS-PIC, many of these records are inaccurate and/or incomplete. When family data is inaccurate and not reported timely, it can adversely affect PHA funding and HUD’s ability to monitor PHA compliance with HUD program rules and regulations effectively.

**DCHA Response:** DCHA agrees with this finding. Since the HUD on-site assessment in March, public housing staff have completed a review of records from 2020 to October 2022 to make necessary corrections. PIC information is uploaded weekly to ensure records are submitted. DCHA will work with the Consultant Team to develop reporting metrics to ensure timely reporting and methods to track error corrections. Please see the attached Work Plan for additional information.

Continued Occupancy
As mentioned above, DCHA is committed to housing as many families as possible. DCHA does agree that it must significantly improve rent collections and also reduce the time required to complete annual re-examinations, lease enforcements, reasonable accommodations and annual inspections of units. To address these issues, DCHA will work with the Consultant Team to revamp the continued occupancy program, incorporating best-in-class practices and reporting mechanisms to ensure transparency and accountability throughout the agency. It is important to note that the COVID-19 pandemic has played a role in the delay of some of these polices and the agency is slowly bringing service back to pre-pandemic levels.

Finding PH 21: During the review of DCHA’s lease, it was noted that the lease states that DCHA shall not pay interest on a tenant’s security deposit. However, according to District of Columbia law, a landlord must hold a tenant’s security deposit in an interest-earning account.

**DCHA Response:** DCHA disagrees with this finding. According to 14 DCMR 308.3, “All monies paid to an owner by tenants for security deposits or other payment made as security for performance of the tenant’s obligations shall be deposited by the owner in an interest-bearing escrow account established and held in trust in a financial institution in the District of Columbia insured by a federal or state agency for the sole purposes of holding such deposits or payments.”

14 DCMR 308.8 also states that “The provisions of this section shall not be applicable to **Federal, or District of Columbia agencies’** dwelling units leased in the District of Columbia or to units for which rents are Federally subsidized.”

Nonetheless, DCHA is using the General Fund Account for tenant payments and security deposits and the account is an interest-bearing account, which is included in the General Depository Agreement with HUD and Wells Fargo.
Finding PH 22: DCHA is not in compliance with its policy and procedure for collecting delinquent rents and other amounts owed. The review team was informed that some developments accept verbal payment arrangements, while others follow the procedure for rent collection requiring written repayment agreements. As a result, DCHA has a low rent collection percentage <50% of monthly roll.

**DCHA Response:** DCHA agrees with this finding. DCHA will work with the Consultant Team to update the ACOP and develop procedures to collect delinquent rents, which will include written payment arrangements and staff training. Please see the attached Work Plan for additional information.

Finding PH 23: DCHA is not completing Public Housing annual re-examinations in accordance with HUD regulations and/or its MTW-approved alternative schedule, as required. At the time of our review, DCHA had 1,596 late re-examinations of family income.

**DCHA Response:** DCHA agrees with this finding. Since the HUD on-site assessment in March, the public housing division has been addressing late recertifications and is currently working to complete the remaining late recertifications by the deadlines outlined in the attached Work Plan.

Finding PH 24: DCHA does not properly calculate rent. HUD reviewed 25 tenant files and income calculations were incorrect due to incorrect calculation(s), improper verification(s) and/or missing verification(s). Of the 25 files reviewed, only 3 files contained complete information. In addition, DCHA fails to offer tenants the option of flat rents.

**DCHA Response:** DCHA agrees with this finding. DCHA will work with the Consultant Team on the implementation of a quality control plan, which will be monitored by the Quality Control office within DCHA’s public housing division that was created in August 2022. Please see the attached Work Plan for additional information.

Finding PH 25: DCHA is not following its lease, and it cannot document when lease enforcement actions have taken place.

**DCHA Response:** DCHA agrees with this finding. The agency would like to note that Federal and local eviction moratoria were implemented in March 2020 prohibiting landlords from moving forward with any type of lease enforcement actions. At this time, the moratoria have been lifted and DCHA will move forward with lease enforcement after updating the lease agreement and providing staff training. Please see the attached Work Plan for additional information.

Finding PH 26: DCHA is not in compliance with its ACOP and HUD regulations regarding annual inspections. Inspections may be conducted no earlier than nine months and no later than 15 months from the date of the last required inspection.

**DCHA Response:** DCHA agrees with this finding. However, the agency’s non-compliance was largely driven by the pandemic. To keep residents and staff safe, DCHA did not conduct any annual inspections. In the spring/summer of 2022, DCHA resumed conducting annual inspections. DCHA will develop and implement tracking measures to manage the inspection process and to track inspection findings. Please see the attached Work Plan for additional information.
Finding PH 27: DCHA is not in compliance with its ACOP and HUD regulations on Reasonable Accommodation requests, transfers, and tracking. DCHA has language in its ACOP that differs from the way they conduct intake, review, process, approve or deny of reasonable accommodation requests and transfers.

DCHA Response: DCHA agrees with this finding. The agency will work with the Consultant Team to address all ACOP policy updates for program compliance. Please see the attached Work Plan for additional information.

Crime

DCHA is one of the few Public Housing Authorities in the country with an active police department. The DCHA Office of Public Safety (OPS) is responsible for crime suppression and management. While DCHA is committed to replacing doors and acknowledges that there are capital improvements that can be made to improve the safety of the residents, DCHA’s crime statistics do show a reduction in crime in 2022 when compared with 2021.

Finding PH 28: Crime is not being adequately prevented in public housing.

DCHA Response: DCHA disagrees with this finding. The DCHA Office of Public Safety (OPS) is funded with local and federal dollars and is one of the few Public Housing Authority police departments remaining in the country. The DCHA OPS is responsible for crime suppression and management. While measuring the absence of crime/crime prevention is challenging, DCHA’s crime plan addresses the deployment of police and security services like camera surveillance, directive foot/vehicular patrols, stationary security posts, outreach initiatives and partnerships with local and federal law enforcement agencies. DCHA’s fight back policy addresses lease enforcement when residents are involved in criminal activity consistent with 24 CFR § 5.861. DCHA’s crime statistics also show a reduction in crime in 2022 when compared to 2021.

Attachments: Crime Plan and Crime Statistics
Fight Back Procedures
Verbosity Property Check Training Guide

Observation OPH 1: Not all exterior doors to multi-unit dwellings are equipped with a lock, which allows unauthorized persons to easily enter the buildings. Although there is no HUD regulation requiring locks on doors, the District of Columbia Municipal Regulation (DCMR) does contain this requirement.

DCHA Response: DCHA agrees with this observation. Since the HUD on-site assessment in March, DCHA has worked to address locks on all entry doors. Doors have been replaced at Langston Terrace, Syphax, Richardson Dwellings, Kelly Miller and Carroll. DCHA is working on correcting the remaining observations and will provide a timeline for execution. In addition, DCHA will be completing additional controlled access for Lincoln Heights and Kelly Miller doors to be upgraded to fob access. Please see the attached Work Plan for additional information.

Physical Condition and Capital Planning

In 2019, DCHA contracted with McKinsey to prepare an asset plan to address redevelopment for the agency. DCHA acknowledges that it should have a similar plan to address emergency repairs and to ensure that appropriate contract management is occurring so that residents have safe, decent places to live. DCHA will work with the Consultant Team to develop a capital plan in connection with an asset
repositioning plan. This plan will address the contract management aspect of the capital plan, the correlation of the work tickets to capital work and appropriate reporting mechanisms to ensure transparency and accountability.

To address immediate and ongoing repair needs, DCHA will complete a full review of its entire inventory to identify each unit’s status, size, features, and condition. DCHA plans to record and prioritize repairs using current inspectors and field staff, plus 12 additional contractors to complete inspections, manage inspection teams, and complete data analysis. This full review is scheduled for 16 weeks beginning in January 2023 and piggybacks on the District’s Department of General Services (DGS) contract to quickly build capacity with the additional resources needed to expedite the work. The goal is to bring occupied units up to code and make vacant units ready for occupancy.

Findings/Observations
Finding PH 29: Boiler rooms at Hopkins Apartments, Potomac Gardens and James Apartments are not being maintained in a manner that meets the physical condition standards to be considered decent, safe, sanitary and in good repair. Inspected boiler rooms all had leaks to some extent with verdigris and corrosion evident. Maintenance within these boiler rooms is contracted out to RSC Electrical and Mechanical Contractors, Inc. (RSC). DCHA is conducting insufficient contract administration and quality assurance of RSC’s work.

**DCHA Response:** DCHA agrees with this finding. Moving forward, the agency will implement quality control measures for all contractors for all properties to ensure they comply with the contract and to verify the work is completed as outlined in the contract. Please see the attached Work Plan for additional information.

Finding PH 30: Potomac Gardens, Lincoln Heights, and James Apartments contain vacant units that are not free of health and safety hazards. Specifically, in each of these developments at least one unit was identified that had mold throughout the unit. In one instance, an active leak was discovered in a mold unit during the assessment which was providing the moisture necessary for mold growth.

**DCHA Response:** DCHA agrees with the finding. In partnership with the Office of Capital Programs, Property Management Operations has developed an aggressive strategy to inspect every unit in DCHA’s public housing inventory. DCHA plans to create four teams of inspectors to complete unit assessments over a 16-week time period. Contracted project managers and inspectors are expected to begin in January 2023. See attached Work Plan for additional information.

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

- Procedures for preventative maintenance, unit turnover, and work order control, submitted by the DCHA for review were all last revised in 1999 and DCHA staff indicated that they are not currently in use at the developments
- Hopkins Apartments, Potomac Gardens, Benning Terrace, and Lincoln Heights have work order backlogs that are impeding proper routine and preventative maintenance
- The Regional Maintenance crews appear to be responding mostly to resident complaints brought to the DC Department of Consumer and Regulatory Affairs. As such, this leaves the local Maintenance Technicians to answer emergency work orders, routine work orders, and make ready vacant units that are within their capability
• DCHA Maintenance staff state that they are not responding to Emergency Work Order Requests at night due to safety concerns
• DCHA is not completing annual inspections of units; (See Finding PH-26)
• PMO and Capital Planning should collaborate to determine if more make ready work can be contracted out until work order backlogs are clear and the vacancy rate is more manageable. DCHA should also consider continued use of the Apprenticeship Training Program to clear work order backlogs, including appropriate make ready work orders; and
• Maintenance staff were not adequately trained on the Yardi system when DCHA management software was switched over in 2018. For example, at one development a member of the PMO staff remarked that one of the features the system was lacking the ability to upload photos with work orders upon completion while at another development this exact feature was something that the staff liked about it.

**DCHA Response:** DCHA agrees with this finding. DCHA’s Property Management Operations and Office of Capital Programs have been working to address the conditions of units across the portfolio. Over the summer, the maintenance team closed more than 10,000 work orders in a Summer Blitz. DCHA intends to piggyback on the District’s Department of General Services’ contracts to expand capacity to respond to work orders. In addition, we have developed a preventative maintenance plan. Please see the attached Work Plan for additional information. The expected timeframe to begin is January 2023.

**Finding PH 32:** DCHA developments have aging infrastructure, such as wastewater pipes, that are exacerbating the deterioration of physical conditions. For example, backup of wastewater into ready to lease units is an issue in at least two developments inspected.

**DCHA Response:** DCHA agrees with this finding. DCHA has budgeted local funds in both FY2021 and FY2022 to address all known severe sanitary line backups at Syphax Gardens, Greenleaf Gardens, and Woodland Terrace. In addition, DCHA employs an in-house team to preventively jet lines once a month on properties that experience frequent backups to ensure residents are not impacted. Finally, as major rehabilitation work is currently carried out at properties all sanitary and waste line pipes are replaced. Current active comprehensive rehabilitation projects include Judiciary House, Langston Additions, LeDroit Senior, Montana Terrace, Lincoln Road, Ontario Road, Elvans Road, and Villager. Projects that are anticipated to begin in FY23 include Claridge Towers, Potomac Gardens, and Greenleaf Senior. Please see the attached Work Plan for additional information.
Procurement

DCHA is committed to legal and appropriate procurement processes. The current DCHA procurement policy reflects HUD’s current procurement rules. Additionally, DCHA has robust checklists in place to ensure that the correct procurement method is utilized across the Agency. DCHA acknowledges that there are improvements that can be made to incorporate best-in-class practices. The agency discovered several non-competitive purchases initiated by previous administrations and immediately identified a list of exceptions. The Office of the Executive Director worked with the Office of Administrative Services, the Office of General Counsel and relevant program staff to either end the identified awards or convert purchases to legal procurements. DCHA will work with the Consultant Team to update its current policy and ensure it is adopted by the Board. Additionally, DCHA will hire an integrity monitoring firm to review the current procurement procedures.

Finding P1: DCHA is operating without a Board adopted procurement policy is in compliance with HUD requirements. DCHA staff members state that an unadopted policy, for all federal and nonfederal procurement actions, has been in use since April 2017. Staff members indicated that this policy was presented to the Board, but it was not supported by a resolution. When asked for the prior policy, DCHA staff members provided a prior version and informed HUD that a search back to 2006 failed to find a corresponding Board resolution adopting the prior version. As such, DCHA is not able to document that it has conducted any procurement since 2006 under a Board adopted standard.

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

DCHA Response: DCHA partially disagrees with this finding. DCHA’s Office of Administrative Services (OAS) has a Procurement and Contracting Policy that was updated in 2017 in accordance with on 2 CFR Part 200- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and in accordance with federal, HUD and District regulations for contracts funded by the District of Columbia. OAS administers procurement and contracting practices in accordance with the revised 2017 Procurement and Contracting Policy. These procedures and practices evidence consistency with good business practice that align with procurement regulations and are documented within contract files to include all procurement supporting documentation. DCHA contract files include the following documentation: DCHA Department procurement planning, DCHA Office of Financial Management (OFM) budget review and funding approval prior to solicitation, advertisement (as applicable), solicitation, bid/proposal receipt, proposal evaluation, evaluation composite scoring, award recommendation, federal and district Debarment Review, DCHA Board of Commissioner approval by resolution for contract awards of $250,000 and above and awarded contracts to document the procurement process.

Although the DCHA Board of Commissioners has not adopted the current DCHA Procurement and Contracting Policy by Resolution, DCHA has maintained a Procurement and Contracting Policy. The Procurement and Contracting Policy is referenced in DCHA Resolution 09-18 to Adopt Capital Fund Stimulus Grant Procurement Policy to amend the existing DCHA Procurement and
Contracting Policy. In 2015 in response to HUD Notice 15-01SDN- Transition to 2 CFR Part 200, DCHA reviewed and updated the existing Procurement and Contracting Policy consistent with the updated procurement regulations and implemented the revised policy in 2017. In addition to OAS following this Procurement and Contracting Policy, OAS DCHA in accordance with Resolution 10-46 the DCHA Board of Commissioners has and does approve by Resolution all contract awards of $250,000 and above and approves Contract Modifications to contracts approved by DCHA Resolution that exceed the lesser of 10% of contract award amount or $100,000 as adopted by Resolution 09-41. Additionally, District law requires the Board “review and approve all contracts for goods or services having a value of more than $250,000.”

DCHA agrees to review the 2017 version of the Procurement and Contracting Policy to make any necessary corrections, revisions, and updates to ensure compliance with current procurement regulations and present the revised Procurement and Contracting Policy to the DCHA Board of Commissioners for review and adoption by approved Resolution. Please see the attached Work Plan for additional information.

The Board commits to undertaking a thorough review of the revised and updated procurement policy and adopting by resolution when that review is completed.

Attachments:  Resolution 09-18
               HUD Notice 15-01SDN
               Resolution 10-46
               Resolution 09-41

Finding P2: DCHA violated its procurement policy and HUD requirements in the award of contracts and utilizing federal funds for Irreno Construction and Consys Inc. In reviewing the Irreno Construction contract, which was paid with federal funds, HUD found the current procurement policy at DCHA did not allow for multiple awards from a single procurement action. In addition, DCHA made two awards to Consys Inc. in violation of its procurement policy and HUD requirements.

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

DCHA Response: DCHA partially disagrees with this finding. DCHA did not violate its procurement policy or HUD requirements in the award of these specific contracts. DCHA issued Invitation for Bid (IFB) solicitations in 2014 and 2019 for multiple 5-year Job Order Contracting (JOC) Construction, Mechanical and Electrical contract awards. Consys along with eight (8) other Contractors submitted bid(s) and were awarded contracts in response to both the 2014 JOC IFB Nos. 0004-2014, 0005-2014, 0006-2014, 0011-2014 and 0012-2014 and the 2019 JOC IFB Nos. 0007-2019, 0008-2019, 0009-2019, 0010-2019, 0011-2019, 0012-2019 and 0014-2019. The solicitations were two different procurement actions in different years. For both IFB solicitations, DCHA hosted a pre-bid conference, responded to inquiries, publicly opened, read and recorded bids in response to the IFB and tallied and validated the recorded bid to determine a competitive range for award based upon the lowest responsive bid for each category and awarded only one.
(1) contract per contractor. Similarly, in 2020 DCHA issued a Request for Proposal (RFP) solicitation for Professional Architecture and Engineering services that also satisfied all Competitive Acquisition requirements.

Based on the validated bid tally and competitive range for award the Office of Capital Programs (OCP) provided an Award Recommendation for the number of contracts required to establish the necessary contract capacity to administer DCHA construction, mechanical and electrical work forecasted for the 5-year JOC award terms and the architectural and engineering services for the 3-year AE award term. The Award Recommendation detailed the requested contract awards by contract number, contract type and contract minimum, term maximum and maximum total contract award amounts. The Contract Award Recommendation were presented and approved by the DCHA Board of Commissioners by Resolution No. 19-20 to award Multiple Job Order Contracting (JOC) Contracts and Resolution No. 21-06 to multiple contracts for Professional Architectural and Engineering Services.

Indefinite Delivery Indefinite Quantity (IDIQ) contracts are defined within the DCHA Procurement and Contracting Policy under Section 7215 Type of Contracts and 2 CFR and the HUD Procurement Handbook are cited by reference throughout the DCHA Procurement and Contracting Policy. However, the award of multiple contracts is not specifically referenced. DCHA issued the IFB’s and RFP in accordance with the federal regulations at FAR Subpart 16.5 - Indefinite-Delivery Contracts, PART 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, HUD Procurement Handbook 7460.8 REV 2, dated 2/2007 for Public Housing Agencies regulations and guidance: Chapter 6. Sealed Bids, Chapter 10. Miscellaneous Requirements; 10.1.C. 3. Contract Pricing and Types, Contract Types, Indefinite-delivery contracts and District of Columbia regulations and requirements for JOC projects funded by the District of Columbia (District).

DCHA planned to award multiple IDIQ contracts in both the IFB solicitations and the AE RFP solicitation because DCHA could not determine exact quantities or award values at the time of contracting and as such, the award of multiple IDIQ contracts established the necessary contract capacity with the flexibility needed in terms of both the quantity of goods and services purchased as well as scheduling orders required to administer DCHA’s JOC Program and the related AE Services required for the construction and modernization work. The IFB’s and AE RFP provided for full and open competition, limited contract awards to a single award per contractor, detailed the intended contract award categories and thresholds, and the awarded contracts detailed the contract type, contract minimum and maximum amounts, scope, payment and performance bond requirements as well as required contract terms and conditions.

Lastly the solicitations included multiple award thresholds to increase and encourage bids from a broad range of contractors to include small and minority firms. DCHA followed federal and HUD regulations and policy to competitively solicit and award all of the contracts included in this finding. Please see the attached Work Plan for additional information.

In reviewing the updated procurement policy, the Board will consider whether multiple award contracts are allowable and under what circumstances. The Board will also put in place procedures to provide for an in-depth review of procurement policies and procedures on a regular basis.
Finding P3: DCHA procured materials utilizing federal funds from HD Supply Facilities Maintenance, Ltd (HD Supply), in violation of its policy and HUD requirements. DCHA stated it entered into a Cooperative Agreement with HD Supply. HUD outlines the conditions for this type of procurement in its Procurement Handbook. To use an Intergovernmental Agreement, the base agreement must have been procured under 2 CFR 200, the Federal Regulations for Procurement Standards. The Notice of Solicitation DCHA utilized specifically states, “The Maricopa County Procurement Code (The Code) governs this procurement and is incorporated by this reference.” Additionally, the Maricopa County Procurement Code, Article 10, Section MC1-1008 specifically states, “If a Procurement involves the expenditure of Federal assistance or contract monies, the Chief Procurement Officer or using agency shall comply with Federal law and authorized regulations which are mandatorily applicable and which are not presently reflected in this Code.” DCHA failed to ensure the base contract was procured under Federal regulations.

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

DCHA Response: DCHA disagrees with this finding. Specifically, the Maricopa County Office of Procurement Services (U.S. Community Lead Public Agency) issued RFP #16154-RFP on August 4, 2016, to establish a national cooperative contract for Maintenance, Repair, Operating, Industrial Supplies and Related Products in accordance with 2 CFR 200. (Maricopa County of the State of Arizona and HD Supply Contract attached for reference see page 15; 6.27 Uniform Administrative Requirements).

- HD Supply agreed to provide pricing to U.S. Community OMNIA Partner Member Agencies (see contract Exhibit A on page 14).
- The contracted Scope of Work includes HD Supply providing supplies/services to participating public agencies (see Exhibit B Scope of Work on page 28, which states, "1.0 INTENT: The Contractor shall have a strong national presence for a vast array of supplies and equipment necessary for maintenance and repair in residential, commercial and industrial environments for use by various public entities nationwide. Other governmental entities under agreement with the County may have access to services provided hereunder."
- DCHA is a U.S. Communities OMNIA Partners Participating Public Agency and determined to award DCHA Maintenance Repair and Operating Supplies (common goods) by Cooperative Agreement in accordance with §200.318 General procurement standards (e) to foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services.
- The Maricopa County RFP included cooperative purchasing in Section 1.0 Introduction, Background and Intent – 1.1 Master Agreement: Maricopa County, AZ (herein “Lead Public
Agency” on behalf of itself and all states, local governments, school districts, and higher education institutions in the United States of America, and other government agencies and nonprofit organizations (herein “Participating Public Agencies”) is soliciting proposals from qualified suppliers to enter into a Master Agreement for a complete line of Maintenance, Repair and Operating (MRO) Supplies and Industrial Supplies in a Retail and Wholesale environment; and Related Products and Services (herein “Products and Services”).

- Additionally, the RFP Section 1.0 Introduction, Background and Intent – 1.4 U.S. Communities states, "U.S. Communities Government Purchasing Alliance (herein “U.S. Communities”) assists Participating Public Agencies to reduce the cost of purchased goods through strategic sourcing that combines the volumes and the purchasing power of public agencies nationwide. This is accomplished through an award of competitively solicited contracts for high quality products and services by large and well recognized public agencies (herein “Lead Public Agencies”). The contracts provide for use by not only the respective Lead Public Agency, but also by other Participating Public Agencies. Each Participating Public Agency enters into a Master Intergovernmental Cooperative Purchasing Agreement (MICPA) outlining the terms and conditions that allow access to the Lead Public Agencies’ Master Agreements. Under the terms of the MICPA, the procurement by the Participating Public Agency shall be construed to be in accordance with, and governed by, the laws of the state in which the Participating Public Agency resides. A copy of the MICPA is attached for reference as Exhibit 6.

- Solicitation Exhibit 10 Community Development Block Grant Addendum is attached for reference that states, "Purchases made under this contract may be partially or fully funded with federal grant funds. Funding for this work may include Federal Funding sources, including Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development. When such funding is provided, Contractor shall comply with all terms, conditions and requirements enumerated by the grant funding source, as well as requirements of the State statutes for which the contract is utilized, whichever is the more restrictive requirement. When using Federal Funding, Contractor shall comply with all wage and latest reporting provisions of the Federal Davis-Bacon Act. HUD-4010 Labor Provisions also applies to this contract."

- In addition to the procurement being issued in accordance with 2 § CFR 200, the Federal Regulations for Procurement Standards as detailed in the Maricopa County Uniform Guidance Procurement Standards (Attached for reference), the DCHA contract with HD Supply includes the Maricopa County RFP, DCHA’s U.S. Community Participating Public Agency, HD Supply’s pricing, proposal and certification to allow other Government entities to purchase from the Maricopa County contact and all required HUD contract terms and conditions. (Attached for reference).

Attachments:  
DCHA Independent Cost Estimate  
DCHA U.S. Communities Membership Verification  
Maricopa County MRO Solicitation Advertisement  
Maricopa County Uniform Procurement Standards Guidance  
Maricopa County MRO Solicitation Part I  
Maricopa County MRO Solicitation Part II  
Maricopa County MRO Solicitation Part III  
Maricopa County MRO Bid Tabulation  
Maricopa County MRO Executive Summary HD Supply Contract Award  
Maricopa County MRO HD Supply Contract
Finding P4: DCHA is utilizing geographical preferences in federally funded procurements in violation of federal regulations.

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

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

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

DCHA Response: DCHA agrees with this finding. Geographical preference was used for bonus points on the referenced contracts in error. However, this error did not impact the competitive range for contract award or have a bearing on the selection of the firms for award recommendation. As DCHA reviews the Procurement and Contracting Policy, DCHA will ensure it is updated to clearly differentiate utilization of local preference limited to District funded contracts in accordance with District regulations. Lastly, DCHA will revise evaluation templates, train and document training for DCHA contracting staff and provide HUD documentation to substantiate the revised Procurement and Contracting Policy and completed DCHA contracting staff training. Please see the attached Work Plan for additional information.

Finding P5: DCHA made payments to hotels used to relocate tenants during work on the environmental initiative without any open competition in violation of its policy and federal requirements. These expenses were paid with a credit card evading the procurement process.

DCHA Response: DCHA disagrees with this finding. DCHA did not evade the procurement process. DCHA residents were temporarily displaced due to emergency environmental conditions that required residents to vacate residences so DCHA could complete the necessary repairs to remediate the hazardous environmental condition(s).

DCHA confirmed reservations at local hotels based upon available hotel room inventory, family size and composition and proximity to resident’s home to facilitate ease of travel to and from school and work. DCHA utilized transient hotels for short-term reservations and single member households and extended stay hotels with kitchens for residents requiring reservations for five or more nights and families with children.
• DCHA compared available rooms in market and confirmed reservations for residents at the current Best Available Rate based upon family composition and due to present environmental conditions that warranted the temporary displacement and hotel accommodations. The temporary hotel accommodations meet the requirements for a non-competitive award (2 CFR 320 Non-Competitive Procurement attached for reference) in that the temporary hotel accommodations were the result of a public exigency for which publicizing a competitive solicitation would not be feasible due to the following reasons: DCHA identified lead and mold environmental conditions that jeopardized the immediate health, safety and welfare of DCHA residents and DCHA residents were required to temporarily vacate households to safely remediate the environmental conditions.

Additionally, as noted within the HUD Assessment on page 62, under Disbursement and Credit Card Testing, “The hotel and per-diem costs were found to be well documented with detailed receipts, supported by emails explaining the purpose and consistent calculations. These expenses appeared to be necessary, reasonable, and consistent with PHA’s Standard Operating Procedures for maintenance related hotel and per-diem costs.” DCHA further attests that the American Express hotel category expenditures were equitably disbursed at District of Columbia, Maryland and Virginia transient and extended stay hotels, based on family composition and current available hotel inventory.

Lastly, a competitive solicitation for negotiated hotel rates and or room accommodations would not yield the solicited outcome. The District of Columbia has both a strong business transient and tourism supported market; this limits capacity to establish negotiated contracted hotel rates without guaranteed minimal room nights to qualify for reserved rates. In addition to which, rooms are requested on an as needed emergency basis, as conditions are identified which results in the need for day of and/or week of reservations when hotels are sold out or closed to sell out capacity. At these times, discounts and negotiated contracted rates are not available.

DCHA will however, update the Credit Card Policy and Related Property Management Operations standard operating procedures to include Use of the Agency Credit Card for Emergency Temporary Hotel Accommodations.

Attachments: 2 CFR 200.320 Methods of Procurement Non-Competitive

Finding P6: DCHA does not have appropriate delegations of authority in place for procurement actions. As part of our review, HUD requested a copy of its Delegations of Authority for procurement actions. DCHA staff provided HUD with a letter delegating procurement authority from the Executive Director to the Acting Director of Contracts and Administrative Services and the Lead Contract Specialist dated November 8, 2011. The previous executive director, who signed the letter, no longer works for DCHA. The two staff members given authority currently have different job titles. At least one of these staff members no longer has direct responsibility for procurement and her replacement has no delegated authority for the job she is performing based on the written record produced for review.

DCHA Response: DCHA agrees with this finding. An updated Delegation of Authority has been revised by the DCHA Office of General Counsel and executed by the Executive Director (attached). DCHA also agrees to update the Designation of Authority with personnel and/or designation changes within 30 days of a personnel or designation revision. Lastly, DCHA will update the
Contracting and Procurement Policy to reflect the same. Please see the attached Work Plan for additional information.

Attachments: DCHA Contracting Officer Delegation of Authority

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

**DCHA Response**: DCHA agrees with this recommendation. DCHA will review and update the DCHA Contracting and Procurement Policy, train OAS staff and establish annual refresher training for DCHA Leadership, Contracting Officer Technical Representatives, and the DCHA Board of Commissioners. DCHA will work with the Consultant Team to hire an integrity monitoring firm to review all existing contracts to confirm compliance with the procurement policy and HUD requirements and provide the follow up reporting requested.

**Observations**

**Observation P1**: DCHA awarded multiple contracts totaling $875,260.00, utilizing non-federal funds to Verbosity without any competition in violation of its procurement policy. Verbosity provided software, and competition for this type of work should have been possible.

**DCHA Response**: DCHA partially disagrees with this observation. The Verbosity software was purchased in response to the D.C. Office of the Attorney General and DCHA Agreement for the safety and security of DCHA Residents at ten (10) DCHA Properties, dated September 15th, 2020. Based on the settlement agreement, DCHA had an immediate need for a vendor to design and implement a software solution to remedy immediate safety concerns.

DCHA engaged Verbosity to design and install Automated Technology Services for the purpose of establishing an Enhanced Surveillance and Property Management Protections system in at least ten (10) DCHA properties.

DCHA agrees that a competitive solicitation should have been issued or the justification for a non-competitive award documented to substantiate an emergency sole-source contract award. To maintain uninterrupted services as mandated by the OAG settlement, DCHA subsequently documented a non-competitive award justification and issued short-term, sole-source emergency contracts to allow the time to scope and issue a competitive procurement for the software.

The Board requested that the DCHA Office of Audit and Compliance (OAC) undertake a review of the Verbosity contract. The Board received the OAC report on November 3, 2022 and is in the process of evaluating that report to determine next steps. The Board will put in place procedures to ensure that future contract awards comply with the adopted procurement policies.

Please see the attached Work Plan for additional information.

Attachments: 2 CFR 200. 320 Methods of Procurement Non-Competitive (see P5)
**Observation P2:** DCHA awarded contracts, using nonfederal funds, to Moya Design Partners, in violation of ethic requirements. DCHA’s Board Chairman failed to disclose his domestic partnership relationship with the principal of Moya Design Partners. The Code of the District of Columbia provides a good cause waiver of ethical conflicts in extraordinary circumstances at § 6-220 (c)(1)(D). However, DCHA reported no ethics waiver were granted to the prior Board Chair.

**DCHA Response:** DCHA agrees with this observation. The matter is currently under federal investigation and external Counsel review. DCHA has and will continue to cooperate by providing information and documentation in response to the subpoena and the external review. As updates are available, the DCHA Office of General Counsel (OGC) provides the DCHA Board of Commissioners status updates regarding the federal investigation and external Counsel review. As a result of this matter, in December 2021, in addition to the annual Ethics Training provided by OGC, DCHA OGC updated and instituted the Conflicts of Interest Disclosure for the Board of Commissioners. Pending the outcome of the federal investigation and external Counsel review, the Board will determine whether additional actions against employees and Board members, past or present, is warranted. The Board will also put procedures in place to ensure that future procurement actions comply with procurement policies and ethics requirements.

**Observation P3:** DCHA purchased K95 masks, utilizing nonfederal funds, without any open procurement action in violation of its procurement policy.

**DCHA Response:** DCHA disagrees with this observation. The K95 masks were purchased in emergency response to the COVID-19 pandemic and in accordance with CARES Act funding guidance detailed in the COVID-19 FAQs for Public Housing Agencies issued by HUD in March of 2020. This guidance states that Federal Regulations at 2 CFR § 200.320(f) [permit] a PHA to procure from single source through noncompetitive proposals. A PHA can solicit a proposal from one source only when one or more of the following circumstances apply: (2) a public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation.

DCHA agrees to review and update the DCHA Contracting and Procurement Policy, train OAS staff and establish annual procurement refresher training for DCHA leadership, Contracting Officer Technical Representatives, and DCHA Board of Commissioners.

The Board of Commissioners believes that the DCHA staff acted appropriately under the circumstances and therefore an investigation is not warranted.

**Attachments:**
1. 2 CFR 200. 320 Methods of Procurement Non-Competitive (see P5)
2. COVID-19 FAQs for Public Housing Agencies Version 03.31.2020
Housing Choice Voucher (HCV) Program

Over the last several years the Housing Choice Voucher Program has experienced significant change and growth. The Housing Choice Voucher Program’s workload expanded dramatically over the last several years without a parallel assessment of staff, policies, procedures, and systems infrastructure which are integral to implementing increased and expanded programs. Customer service is DCHA’s priority and in early 2022 DCHA engaged Nan McKay to assess HCVP’s current business processes and identify areas of opportunity. DCHA plans to pair the Nan McKay report with the 2021 external organizational assessment and our internal needs assessment of critical position requirements to add additional staff and training for this department.

This report spans the timeframe when DCHA dramatically shifted operations in March of 2020 to respond to the COVID-19 pandemic. The agency quickly pivoted from paper-based processes to a technology supported infrastructure to mitigate health and safety risks for staff and participants to handle in-person transactions.

DCHA implemented virtual tools and resources that would allow staff to maintain the same level of service when working remotely. Staff began to conduct voucher briefings, interviews, and emergency inspections virtually. These fundamental changes were critically important to protect everyone and required a significant learning curve for staff, partners and customers.

Both the Federal government and the District government have made historic investments in housing solutions for people experiencing homelessness and in FY2022, that included more than 2,600 new local resources and 800 new Emergency Housing Vouchers. In FY2022, DCHA processed eligibility for nearly 2,000 customers and supported approximately 1,100 applicants to sign leases for these two programs alone.

DCHA is also taking direct and immediate steps to improve HCVP business processes: partnering with The Lab @ DC to update our forms; co-locating staff from our local programs with the D.C. Department of Human Services which provides referrals for the EHV program and the majority of our new local allocations; exploring the purchase of a module in YARDI that will assist with scheduling inspections and giving participants and landlords more visibility into the process; and working with the Department of Health Care Finance, which owns the system that tracks public benefits income, to ensure that all eligibility team members have access to critical systems to process applications as quickly as possible.

DCHA is aware that we have work to do to build back the public trust and is committed to doing that work.

Finding HCV 1: DCHA’s Administrative Plan is not in compliance with current HUD rules and regulations and its MTW Plan. DCHA’s Administrative Plan was last amended on September 29, 2012. The MTW designation does not waive the requirement for DCHA to update its Administrative Plan; therefore, DCHA is out of compliance with its MTW Agreement. While the Administration Plan touches upon many of the mandated subjects stated in 24 § CFR 982.54, DCHA has implemented changes in the administration of its HCV program under the MTW Designation and new streamlining administration regulations, which are not consistent with the Administrative Plan.

For example:

• In the approved FY2015 revised MTW Plan, DCHA updated its interim recertification process. Families would no longer have to report increases in earned income, regardless of how large, between scheduled biennial recertifications; however, the Administrative Plan has not been updated to reflect this change.
**DCHA Response:** DCHA disagrees with this finding in part as it relates to the interim recertification process. DCHA agrees that it must conduct a comprehensive reconciliation of both its Administrative and MTW Plans to ensure compliance and alignment with HUD rules and regulations. DCHA’s Administrative Plan language related to this finding was adopted June 29, 2012 and amended May 20, 2016; November 18, 2016. D.C. Mun. Regs. Tit. 14, § 5315, CHANGES IN INCOME, states, “5315.1 Families shall not be required to report any increase in household income between periodic or interim recertifications. Any increase in income shall only be included in the determination of annual household income at the next periodic recertification.

- In the approved FY2016 MTW Plan, DCHA implemented triennial recertifications for families that consist only of elderly and/or disabled members on fixed incomes; however, the Administrative Plan has not been updated to reflect this change.

**DCHA Response:** DCHA disagrees with this finding in part as it relates to triennial recertifications for families that consist only of elderly and/or disabled members on fixed incomes. DCHA agrees that it must conduct a comprehensive reconciliation of both its Administrative and MTW Plans to ensure compliance and alignment with HUD rules and regulations. This includes any updates to policies within the Administrative Plan as required by HUD. DCHA’s Administrative Plan related to this finding was adopted June 29, 2012 and amended November 18, 2016. D.C. Mun. Regs. Tit. 14, § 5312 PERIODIC RECERTIFICATION OF INCOME, states, “5312.4 A family may be permitted to recertify triennially, rather than biennially, if all members of the household are (a) Elderly and/or disabled; and (b) Earning fixed income only. Fixed income shall be defined as non-wage income of a fixed monthly or yearly amount”.

**Attachments:**  DCHA Administrative Plan

**Finding HCV 2:** DCHA is not managing its waiting list in accordance with HUD rules and regulations and its MTW Plan.

HCV 2a: DCHA was unable to provide documentation to support the method used for selecting applicants from the waiting list with the same preference qualification. Additionally, the waiting list only showed the date of application; it did not provide the time of application.

**DCHA Response:** DCHA disagrees with this finding. DCHA manages selecting applicants from the waiting list with the same preference qualification in accordance with Chapter 76, Housing Choice Voucher Program, Waiting Lists, Local Preferences, and Applicant Selection of its Administrative Plan. Additionally, families are placed on DCHA’s waiting list in accordance to date and time of application, as stated in Chapter 76, Housing Choice Voucher Program, Waiting Lists, Local Preferences, and Applicant Selection of its Administrative Plan. Chapter 76 was adopted at 53 DCR 1153 Feb. 17, 2006.

**In accordance with 7601.1, DCHA maintains waiting lists as follows:**

(a) Housing Choice Voucher Program - tenant-based voucher assistance and project-based voucher assistance, known as the Partnership Program, operated in accordance with the rules set forth in Chapter 93 of this Title 14; (b) Moderate Rehabilitation Program - project-based assistance; (c) Tenant Assistance Program (TAP) - locally funded project-based assistance, with local funding being phased out and DCHA is no longer accepting new applications; and (d) Public Housing - which is governed by Chapter 61 of this Title. 7601.2 Selection. The selection of applicants to receive vouchers is governed by special admissions, as further described in Subsection 7603 hereof, and preference categories that apply to selection from
the waiting list, including Substandard Housing, Involuntarily Displaced, Rent Burdened, Affordable Housing Supply, Quality Affordable Housing, Special Needs Housing and Witness Relocation, as further described in Subsection 7604 hereof.

In addition, in accordance with 7601.3, DCHA maintains information that permits selection. The Waiting Lists shall contain the following information for each applicant listed:

(a) Applicant Name
(b) Applicant Address, as required to be updated by Applicant upon any change
(c) Family Composition by age and gender for each member

(d) **Date and time of application**
(e) Qualification for any Local Preference
(f) Racial or ethnic designation, if provided at applicant’s option
(g) Date of birth and Social Security Number (if applicable); and
(h) Reasonable Accommodation Request and/or Special Unit Needs

Attachments:  
DCHA Administrative Plan (see HCV 1)  
Information about DCHA’s waiting list  
DCHA FAQ for the waiting list  
Resolution 11-07

HCV 2b: DCHA was unable to provide documentation of the number of persons on its HCV waiting list. DCHA’s 2022 MTW Plan stated there are 39,442 families on its HCV waiting list; however, DCHA provided a copy of its waiting list, which only showed 36,602 families on the waiting list.

**DCHA Response:** DCHA disagrees with this finding. DCHA has attached supporting documentation reflecting the number of persons on its HCVP waiting list. As of September 15, 2022, there are 36,084 households on DCHA’s HCVP waiting list.

Attachments:  
HCVP Waiting List  
HCVP Yardi Waiting List Selection Process

HCV 2c: DCHA stated the waiting list was purged in 2014; however, there was no documentation to support this, or the method used to remove families from the waiting list. In addition, while onsite, HUD staff was advised that applicants are not removed from the waiting list but rather made inactive with the option of being placed back on the waiting list according to the original date and time of application.

**DCHA Response:** DCHA agrees with this finding as it relates to no documentation to support the waiting list purge in 2014. DCHA disagrees with the finding as it relates to having no method to remove families from the waiting list. DCHA removes applicants from the waiting list in accordance with DCHA’s Administrative Plan. DCHA’s Administrative Plan language related to this finding was adopted at 33 DCR 7973, 7987 December 26, 1986; Amended at 46 DCR 603 January 22, 1999; Amended at 49 DCR 10308 November 15, 2002; Amended at 50 DCR 5739 July 18, 2003; Amended at 50 DCR 10350 December 5, 2003. Amended September 23, 2011; July 31, 2015; December 22, 2017; June 7, 2019.

D.C. Mun. Regs. Tit. 14, § 6103, MAINTENANCE OF THE WAITING LIST(S), states:
6103.1 The waiting list(s) shall be maintained to ensure that Applicants are referred to appropriate developments, unit types (for example for public housing, RAD, Mixed Population, General Population or accessible) and sizes or housing programs.

6103.2 Applicants are responsible for updating their application when there are changes in the family composition, income, address, telephone number, and acceptance of housing assistance. Failure to update the application timely may result in a delay in housing, being deemed eligible for housing or the Applicant being changed to inactive status from the waiting list(s).

6103.3 DCHA shall update its waiting list(s) periodically and to meet the needs of those requiring housing assistance, as needed. When this occurs, DCHA will send update forms to the affected Applicants.
   (a) The request for an update to a housing application shall provide a deadline by which the Applicant must respond and shall state that failure to respond shall result in the Applicant’s being withdrawn from the waiting list(s) or changed to inactive status.
   (b) Applicants must complete an update form electronically, by telephone or mail, or by any other means established by DCHA within the time frame specified in the request for update package. Once the update is received the appropriate changes shall be made to the Applicant’s file and the Applicant shall maintain their application date and time.

6103.4 Applicants who do not return the completed update form within the specified time frame shall have their waiting list status changed to inactive:
   (a) An Applicant whose status is inactive will not be actively considered for DCHA housing assistance.
   (b) If an inactive Applicant submits a completed update form at any time after the expiration of the specified update time frame, then the Applicant shall be restored to an active status on the waiting list based on the Applicant’s original application date and time provided that the Applicant was deemed inactive after October 1, 2003.”

On May 16, 2014, DCHA began the first wave of multiple contacts with applicants on the waiting list. Except for applicants who were in touch with DCHA in the past year (these applicants are already considered active), everyone on the list was targeted using a 100-day outreach and engagement campaign that included notices sent by email and traditional mail, and visibility with posters, signage, and information circulated throughout the community. To support the outreach, DCHA also worked with elected and other community leaders and conducted an extensive media campaign to increase people’s awareness of the opportunity to confirm their housing needs.

Much like the successful collaboration when we initiated the first phase of reengineering the waiting list the previous year, DCHA relied on sister agencies, community groups and other agency partners to help us reach applicants currently on our waiting list. Applicants were guided through an online questionnaire to complete their update. For more information about the campaign, please watch the video here: http://vimeo.com/96701855

On May 16, 2014, DCHA began the first wave of multiple contacts with applicants on the waiting list. Except for applicants who were in touch with DCHA in the past year (these applicants are already considered active), everyone on the list was targeted using a 100-day outreach and engagement campaign that included notices sent by email and traditional mail, and visibility with posters, signage, and information circulated throughout the community. To support the outreach, DCHA also worked with elected and other community leaders and conducted an extensive media campaign to increase people’s awareness of the opportunity to confirm their housing needs.

On May 16, 2014, DCHA began the first wave of multiple contacts with applicants on the waiting list. Except for applicants who were in touch with DCHA in the past year (these applicants are already considered active), everyone on the list was targeted using a 100-day outreach and engagement campaign that included notices sent by email and traditional mail, and visibility with posters, signage, and information circulated throughout the community. To support the outreach, DCHA also worked with elected and other community leaders and conducted an extensive media campaign to increase people’s awareness of the opportunity to confirm their housing needs.

Applicants were able to contact DCHA online, by mail or by phone.

Additionally, in 2022 DCHA ran a Public Service Announcement campaign to confirm and update waiting list records: 1,094 records were updated and 1,734 records were confirmed. DCHA also contracted with vendor Reuters CLEAR to access billions of public records to update contact information and identify deceased clients on the waiting list. CLEAR results were received in
September 2022. DCHA is reaching out to all matched records by text and email to verify accuracy. Upon confirmation, records will be updated. DCHA is also reviewing and removing deceased records as appropriate.

Attachments:  DCHA Administrative Plan (HCV 1)

HCV 2d: DCHA does not maintain adequate waiting list records showing the status of applicants and eligibility actions taken by DCHA.

**DCHA Response:** DCHA disagrees with this finding. DCHA’s Applicant Detail Tracking Log details the status of applicants and eligibility actions taken.

Attachments:  HCVP Waiting List Applicant Detail (HCV 2b)

**Finding HCV 3:** DCHA does not update its payment standards annually with the Fair Market Rents (FMRs) set by HUD in accordance with HUD rules and regulations and its MTW plan. DCHA’s payment standards are currently set at 187% of 2019 FMRs.

**DCHA Response:** DCHA disagrees with this finding in part. DCHA agrees that it must implement ongoing annual analysis of its payment standards and HUD FMRs. Under MTW Initiative 8, Modifications to Methods for Setting Total Tenant Payments and Determining HCV Market Rents and Promoting Deconcentration (formerly 1.6.05 & 3.8.10), DCHA devised a new method for establishing payment standards and reasonable rents that are in line with existing market rates to promote the MTW statutory requirement of increased housing choice.

These methods allowed DCHA to offer higher reasonable rents that are in line with existing market rents and allowed DCHA to offer reasonable rents in high rent areas based on thorough and ongoing analyses of the District of Columbia rental market. Under its MTW Authority, DCHA established payment standards based on market rents and limits the amount of rent the owner can charge. DCHA calculates the maximum amount of housing assistance allowable. The maximum housing assistance is generally the lesser of the payment standard minus 30% of the household’s monthly adjusted income or the gross rent for the unit minus 30% of monthly adjusted income.

While HUD increased the Fair Market (FMRs) for the DC Metropolitan area in FY2019, the increase was not enough to address the challenges faced by participants to find housing in high rent submarkets/opportunity neighborhoods. In FY2019, DCHA utilized its MTW authority to increase payment standards to 187% of the HUD FMRs in response to the removal of the HUD waiver. The increase to 187% helps participants maintain access to neighborhoods that would have become inaccessible once the waiver was removed. This policy continued through FY2020. Further, the MTW Operations notice provides safe harbor guidance for DCHA regarding setting the payment standard utilizing the FMR or SAFMR. The safe harbor guidance is as follows:

- **FMR - Payment Standard must be between 80% and 120% of FMR.**

DCHA has an approved MTW policy to establish market rents at 187% of the FMR. All approved market rents were capped at 187% of the FMR.
In 2020 and 2022 DCHA contracted with Novogradac Consulting LLP to conduct a payment standard analysis of submarkets in Washington, DC providing the agency with overall coverage from March 2020 through June 2022. On September 14, 2022, the DCHA Board of Commissioners approved a resolution that sets payment standards at 187% of FMR for FY2023.

Attachments: MTW Initiative 8, Modifications to Methods for Setting Total Tenant Payments and Determining HCV Market Rents and Promoting Deconcentration
2020 Novogradac Consulting LLP Payment Standard Analysis
2022 Novogradac Consulting LLP Payment Standard Analysis

Finding HCV 4: DCHA is not managing utility allowances in accordance with HUD regulations and its MTW Plan. DCHA has not reviewed or updated its utility allowances for the HCV program since October 1, 2015. This finding was also identified during a compliance monitoring onsite review conducted on August 7-11, 2017.

DCHA Response: DCHA agrees with this finding. Please see the attached Work Plan for additional information.

Finding HCV 5: DCHA does not conduct annual rent reasonableness assessments or perform rent reasonableness determinations in accordance with HUD rules and regulations and its MTW Plan. DCHA uses submarket rents determined by the District of Columbia Municipal Regulations (DCMR) to determine rent reasonableness. While onsite, concerns were raised to the HUD review team that DCHA was not following its local rent reasonableness process and that it was being exploited by HCV landlords. HCV submarket payment standards should not be treated as a proxy for rent reasonableness reviews. It's unclear what DCHA's actual "process" is to verify that unit rents are reasonable. DCHA stated in its FY2022 Annual MTW Plan that a final comprehensive assessment of the local rent reasonableness activity would be completed by the end of FY2021.

DCHA Response: DCHA disagrees with this finding. Under MTW Initiative 8, Modifications to Methods for Setting Total Tenant Payments and Determining HCV Market Rents and Promoting Deconcentration (formerly 1.6.05 & 3.8.10), DCHA modified the process for making rent reasonableness determinations. Under MTW authority, HUD allows the PHA to establish an alternative rent reasonableness policy. The safe harbor guidance requires that the rents must be reasonable when compared to similar unassisted units in the market area. MTW Initiative 8 provided for reasonable rent determination based on District of Columbia submarkets and created an annual process to establish the market rent, rather than conducting a rent reasonable analysis every time a HCV participant leases a unit.

Methodology: if the average market rent is above DCHA's payment standard for a given bedroom size, then the approved rent would be capped at the maximum payment standard rent for that bedroom size. If the average market rent for a particular legal subdivision is less than the maximum payment standard approved rent for that bedroom size, the lower average market rent would apply for the approved rent that bedroom size and specific subdivision.

DCHA’s Administrative Plan, Chapter 83: 8301, Reasonable Rent to Owner, aligns with the rent reasonable policy outlined under MTW Initiative 8, as it states, “The market areas for rent reasonableness are indicated by sub-markets, within the District of Columbia and the determination of reasonable rent is made by comparable rents on similar units within the same or nearby sub-market. The Owner is required to provide DCHA with information if requested on rents charged by the owner for other units owned by the Owner either at the same premises or elsewhere in the District of Columbia. Acceptance of each monthly housing assistance payment is a certification by the Owner that the gross
rent to the owner is not more than rent charged by the owner for comparable unassisted units in the premises for multi-unit premises, or in the same market area for single unit premises.”

Prior to implementation of the changes in the approach to rent reasonableness analyses, DCHA conducted a rent reasonableness analyses, DCHA conducted a rent reasonableness analysis for each unit submitted for lease-up and for each rent increase that was processed. Each analysis was conducted in two (2) parts:

1. Automated calculation using industry software that did not account for District of Columbia sub-markets
2. Negotiations with landlords based on the reasonable rent determination for the unit

Attachments: MTW Initiative 8, Modifications to Methods for Setting Total Tenant Payments and Determining HCV Market Rents and Promoting Deconcentration (See HCV 3)
DCHA Administrative Plan (See HCV 1)

Finding HCV 6: DCHA is not calculating Housing Assistance Payments (HAP) and the family rent to owner in accordance with HUD rules and regulations. As a result of DCHA’s failure to update its payment standard and utility allowance annually, as required by HUD, the HAP and family rent to owner are not being calculated correctly.

DCHA Response: DCHA agrees with this finding relative to the utility allowance citation. Please see the attached Work Plan for additional information. DCHA disagrees with this finding relative to updating its payment standards as noted in response to HCV finding 3.

Finding HCV 7: DCHA is not verifying rent burden for new lease-up and moves in accordance with HUD rules and regulations and its MTW plan. DCHA was unable to document that the rent burden for new lease-ups and moves does not exceed 40 percent of the adjusted monthly income.

DCHA Response: DCHA disagrees with this finding. DCHA verifies rent burden for new lease-ups and moves in accordance with Chapter 52, Briefing of Families and Issuance of Voucher of its Administrative Plan and Request for Tenancy Approval Standard Operating Procedure.

Attachments: DCHA Administrative Plan (HCV 1)
DCHA Request for Tenancy Approval SOP

Finding HCV 8: DCHA is not conducting reexaminations in accordance with HUD regulations and its MTW plan. In addition, DCHA’s Administrative Plan conflicts with their MTW Plan regarding how DCHA conducts recertifications (See Finding HCV #1). Also, DCHA could not provide documentation to show that it performs reexaminations of income and family composition, by family type, in accordance with its policies and procedures.

DCHA Response: DCHA disagrees with the finding and corrective action. DCHA conducts reexaminations in accordance with Chapter 53, Recertifications, Housing Quality Standards Inspections, and Family Moves of its Administrative Plan. DCHA’s Administrative Plan language related to this finding was adopted June 29, 2012. Amended July 22, 2016; November 18, 2016.
D.C. Mun. Regs. Tit. 14, § 5300, INCOME CONSIDERATIONS AND DETERMINATION OF TOTAL TENANT, states,
“5300.1 Once a participant is receiving assistance, the following regularly scheduled events shall occur:
(a) Periodic recertification, in which income is calculated and total tenant payment is determined
(b) Interim recertification when necessary
(c) Housing Quality Standard inspections”

D.C. Mun. Regs. Tit. 14, § 5312. PERIODIC RECERTIFICATION OF INCOME, states,
“5312.1 Families shall be requested to submit a recertification packet which includes some of the
following information on income, assets, allowances and deductions, and Family composition at least
biennially, unless they qualify for triennial periodic recertification as described in § 5312.4.
5312.2 When families move to another dwelling unit, the Family may be required to complete an interim
recertification.
5312.3 If the Family reports a change which results in an increase or decrease in the TTP, other than in
response to a periodic recertification, it shall be considered an interim adjustment.
5312.4 A family may be permitted to recertify triennially, rather than biennially, if all members of the
household are
(a) Elderly and/or disabled; and
(b) Earning fixed income only. Fixed income shall be defined as non-wage income of a fixed monthly or
yearly amount.

D.C. Mun. Regs. Tit. 14, § 5313. RECERTIFICATION NOTICE TO THE FAMILY, states,
“5313.1 In accordance with § 8410.1, DCHA shall maintain a recertification tracking system that shall
ensure that at least one hundred fifty (150) days in advance of the scheduled periodic recertification
effective date, the Head of Household shall be notified by mail that she or he is required to complete a
recertification packet by a specified date. The notice shall tell the participant which documents to submit.
5313.2 The Head of Household may be required to physically come into DCHA’s office on the date and
time requested in order to complete the recertification process.
5313.3 DCHA may permit mail-in recertification or in-home recertification as a reasonable
accommodation to persons unable to come into DCHA’s office.”

Attachments: DCHA Administrative Plan (HCV 1)
DCHA Reexamination Process

Finding HCV 9: DCHA is not ensuring that units leased meet Housing Quality Standards (HQS) in accordance with
HUD rules and regulations, its HCV Administrative Plan, and MTW Plan.

HCV 9a: DHCA is not conducting inspections or quality control inspections. DCHA was not able to provide
documentation on inspections to HUD.

HCV 9b: DCHA is not monitoring outcomes of inspections and taking appropriate action for corrections, including
abatement or terminations of HAP contract. DCHA was unable to provide an HQS Enforcement tracking log
identifying the outcome of the HQS inspections; therefore, HUD was unable readily identify which units had
recently failed inspections due to health and safety deficiencies, nor did they provide the names of the owners
where the HAP had been abated. DCHA provided a failed inspection report; however, the report did not show
the date of follow-up inspections and the outcome of failed inspections.
**DCHA Response:** DCHA agrees with this finding in part. DCHA’s Inspection Final Fail Report provides the outcome of HQS inspections, which identifies units that have failed including the responsible party. DCHA agrees that it needs to develop reports that reflect follow-up inspections and abatements and HAP Contract terminations resulting from owner non-compliance with HQS. Please see the attached Work Plan for additional information.

**Attachments:** Inspection Final Fails Report

**Finding HCV 10:** DCHA does not monitor elevated environmental intervention blood lead levels (EBLL) in accordance with HUD rules and regulations.

HCV 10a: DCHA policies state that for units occupied by children under six (6) with an elevated environmental intervention blood lead level (EBLL), a risk assessment shall be conducted; however, DCHA failed to provide documentation to show that risk assessments are completed and compliance with regulations requiring data collection of addresses with children less than six years of age with EBLL. DCHA provided a spreadsheet of families matched through November 2021; however, they did not provide supporting documentation to show these are conducted at least quarterly, nor did they provide documentation to indicate how information is sent to the health department.

HCV 10b: For instances where a child under six years old is identified with an EBLL, DCHA was unable to provide documentation to show that the HUD field office or the HUD Office of Lead Hazard Control and Healthy Homes were notified of the case within five business days.

**DCHA Response:** DCHA disagrees with findings 10a and 10b and the corrective action. In addition to DCHA’s EBLL policies, DCHA staff adhere to the attached Standard Operating Procedures which outlines how risk assessments are completed and how information is sent to the health department. Further, DCHA has had an agreement with the District of Columbia Department of Energy and Environment (DOEE) in place since 2017. The objectives of the Memorandum of Agreement (MOA) are:

- To provide DCHA with data on lead and other health and safety hazards identified by DOEE in properties owned by DCHA or where rent is subsidized with a DCHA voucher and the addresses of DCHA properties where at least one child has a confirmed elevated blood lead level;
- To provide information to residents and owners of DCHA properties on blood lead level screening requirements and lead poisoning prevention; and
- To perform risk assessments on DCHA properties to assist DCHA in compliance with 24 C.F.R. Part 35, Requirements for Notification, Evaluation and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance: Response to Elevated Blood Lead Levels.

**Attachments:** EBLL Standard Operating Procedures, Memorandum of Agreement between DCHA and DOEE

**Finding HCV 11:** DCHA does not safeguard personally identifiable information (PII) in accordance with HUD rules and regulations.

**DCHA Response:** DCHA disagrees with this finding in part. Staff follows guidance outlined in the attached PII memo. DCHA agrees that a review of the PII needs to be conducted along with an update to the guidance.
**Finding HCV 12:** DCHA is not in compliance with updated portability guidance in accordance with PIH Notice 2016-09, HUD regulations, and its MTW plan.

**DCHA Response:** DCHA disagrees with this finding. DCHA updated the required sections of its Administrative Plan in accordance with PIH Notice 2016-09, issued June 06, 2016. Chapter 55, PARTICIPANT FAMILY REQUEST FOR PORTABILITY. DCHA’s Administrative Plan language related to this finding was adopted June 29, 2012. Amended Nov. 18, 2016; Amended Nov. 30, 2018.

**Finding HCV 13:** DCHA does not monitor or maintain participant files in accordance with HUD regulations and its MTW Plan. DCHA must maintain complete and accurate records for the program in accordance with HUD requirements in a manner that permits a speedy and effective audit. The records must be in the form required by HUD, including requirements governing computerized or electronic forms of record-keeping. The PHA must furnish to HUD accounts and other records, reports, documents, and information, as required by HUD.

HCV 13a: DCHA uses two different software systems, Visual Homes Wizard (HISTORICAL SYSTEM) and Yardi Voyager, to maintain electronic copies of tenant files; however, the file structure was not clear and auditable. HUD was unable to complete a review of tenant files for the following reasons:

- The electronic tenant records do not have uniformity in how files are uploaded, thus presenting an administrative burden for accessing and reviewing tenant documents, and DCHA staff members lack knowledge of the two software systems utilized by DCHA.

**DCHA Response:** DCHA disagrees with this finding. Staff does not use two different software systems. Visual Homes Wizard is the former system, and its sole purpose is to view historical data if needed. Staff utilize the Yardi Voyager data base to perform all relevant tasks.

- DCHA was unable to provide a report showing all families on the HCV program consistent with the number of families reported in VMS.

**DCHA Response:** DCHA agrees with this finding. Please see the attached Work Plan for additional information.

- Payments Standards are not up to date.

**DCHA Response:** DCHA disagrees with this finding. Please refer to DCHA’s response for Finding HCV 3.

- The Utility Allowance schedule is not up to date.

**DCHA Response:** DCHA agrees with this finding. Please see the attached Work Plan for additional information.

- DCHA has not performed the annual rental market analysis to determine rent reasonableness as required in the DCMR since 2019.
**DCHA Response:** DCHA disagrees with this finding. Please refer to DCHA’s response for Finding HCV 5.

HCV 13b: DCHA does not conduct Annual Quality Control Reviews of HCV participant files. DCHA’s MTW Agreement exempts the PHA from submitting a SEMAP certification; however, DCHA is still required to follow SEMAP regulations. Under SEMAP regulations, PHAs are required to conduct annual quality control reviews of participants' files. During the onsite visit, DCHA did not provide evidence to confirm that annual quality control reviews of HCV participant files were conducted.

**DCHA Response:** DCHA disagrees with this finding in part. DCHA adopted various waivers and administrative flexibilities established by the U.S. Department of Housing and Urban Development (HUD), under Notices PIH 2020-05 and 2020-13, in response to the COVID-19 national health pandemic. These waivers and administrative flexibilities allowed continuity of operations of the District of Columbia Housing Authority’s (DCHA) Housing Choice Voucher (HCV) and Public Housing (PH) programs. DCHA adopted HQS QC Inspection waiver which provides for a suspension of the requirement for QC sampling inspections.

DCHA agrees that it must establish a methodology for quality control samples, in addition to tracking, and reporting. Please see the attached Work Plan for additional information.

**Finding HCV 14:** DCHA is not in compliance with updated Violence Against Women Act (VAWA) requirements in accordance with HUD regulations and PIH Notice 2017-08.

**DCHA Response:** DCHA disagrees with the finding in part. DCHA updated the required sections of its Administrative Plan in accordance with PIH Notice 2017-08, issued May 19, 2017. Chapter 49, PROTECTIONS FOR APPLICANTS AND PARTICIPANTS UNDER THE VIOLENCE AGAINST WOMEN ACT DCHA’s Administrative Plan language related to this finding was Adopted June 29, 2012. Amended November 30, 2018, and July 24, 2020.

DCHA agrees that a comprehensive review needs to be conducted to ensure all forms and notices are updated in accordance with PIH Notice 2017-08. Please see the attached Work Plan for additional information.

**Attachments:**
- DCHA Administrative Plan (See HCV 1)
- VAWA Resolution 20-11 (See PH 3)
- VAWA Resolution 18-34 (See PH 3)
- VAWA Resolution 17-07 (See PH 3)

**Finding HCV 15:** DCHA is not tracking funds owed from HCV participants and/or landlords in accordance with HUD regulations and its MTW plan. DCHA was unable to provide a report showing funds owed from HCV participants and/or landlords and its collection methods and outcomes; therefore, it is unclear whether DCHA is collecting monies owed in a timely manner and in accordance with its policy and procedures. Although DCHA provided a tenant repayment report, the report showed several instances of large repayment amounts that were canceled without providing a justification. Additionally, the report only reflects agreements from December 31, 2019 to present.

**DCHA Response Finding HCV 15 (a):** DCHA disagrees in part with the finding. DCHA staff follow the polices outlined in its Administrative Plan Chapter 56, DEBTS AND REPAYMENT AGREEMENTS POLICIES.
which provides guidance on collection methods and outcomes. DCHA’s Administrative Plan language related to this finding was Adopted June 29, 2012.

**DCHA Response Finding HCV 15 (b):** DCHA agrees with this finding. DCHA will create and implement Standard Operating Procedures and tracking/monitoring reports to supplement DCHA’s Debts and Repayment Agreements Policies. Please see the attached Work Plan for additional information.

**Finding HCV 16:** DCHA does not terminate HCV participants in accordance with its policies and HUD requirements. DCHA was unable to provide a list of participants terminated from the program and documentation of their process for appeals.

**DCHA Response:** DCHA disagrees with this finding. DCHA terminates households in accordance with its Administrative Plan, Chapter 58, OWNER EVICTION GUIDELINES AND GROUNDS FOR TERMINATION FROM THE HOUSING CHOICE VOUCHER PROGRAM and CHAPTER 89, INFORMAL HEARING PROCEDURES FOR APPLICANTS AND PARTICIPANTS OF THE HOUSING CHOICE VOUCHER PROGRAM AND MODERATE REHABILITATION PROGRAM. Additionally, DCHA staff utilize Standard Operating Procedures and Termination trackers to monitor participants terminated from the program.

**Attachments:** Recommendation for Termination Standard Operating Procedure
Federal End of Participation (EOP) Tracker
Ready for Termination (RFT) Tracker

**Finding HCV 17:** DCHA does not use the Enterprise Income Verification (EIV) in accordance with HUD regulations and its MTW plan.

HCV 17a: DCHA does not have a policy for monitoring reports for mandatory use of the Enterprise Income Verification (EIV) System. To reduce administrative and subsidy payment errors in accordance with HUD administrative guidance, PHAs are required to monitor specific EIV reports on a monthly and quarterly basis. The DCHA staff specified that the EIV reports were generated during the eligibility process and biannual/triennial recertifications. However, no documentation was provided by DCHA to corroborate these statements.

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

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

**DCHA Response:** DCHA disagrees with this finding. DCHA has established and implemented EIV Standard Operating Procedures.

**Attachments:** EIV Standard Operating Procedure
HCV 17b: DCHA failed to provide the names of the EIV User and Security Administrators. To protect the integrity of EIV, PHAs must assign at least two user and security administrators. In addition, DCHA did not provide evidence verifying that the current users completed the required annual security awareness training, initial and updated EIV training. These trainings are mandatory before accessing EIV. Viewers/handlers of EIV data must only complete annual security awareness training.

**DCHA Response:** DCHA agrees with this finding. Please see the attached Work Plan for additional information.

**Finding HCV 18:** DCHA does not transmit data timely and/or accurately into both HUD’s Inventory Management System (IMS-PIC) and HUD’s Voucher Management System. DCHA’s IMS-PIC data is inconsistent with the data it has submitted in the Voucher Management System (VMS) in accordance with HUD’s guidelines. This is evident in the disparities between the number of families reported in VMS versus the number of families reported in IMS-PIC, which appear to be directly related to unresolved fatal errors in IMS-PIC when submitting 50058 family data. Additionally, while there is data for some families in IMS-PIC, many of these records are inaccurate and/or incomplete. When family data is inaccurate and not reported timely, it can adversely affect PHA funding and HUD’s ability to monitor PHA compliance with HUD program rules and regulations effectively.

**DCHA Response:** DCHA agrees with this finding. Please see attached workplan for additional information.

**Recommendations**

**Recommendation HCV 1:** DCHA should analyze the HCV Department’s organizational structure and make necessary changes. DCHA should submit an updated organizational structure to HUD that clearly defines roles and responsibilities for each Department and position.

**DCHA Response:** DCHA disagrees with this recommendation in part. DCHA completed an organizational assessment in 2021 and contracted with Nan McKay in 2022 to complete an assessment that included some recommendations about staffing. Armed with information from these two reports and our own assessment, DCHA intends to make organizational changes including hiring additional staff.

**Attachments:** Organizational Assessment (See Director’s Recommendations)

**Recommendation HCV 2:** DCHA needs to develop and implement QA/QC policies and procedures for the HCV program and train staff. DCHA should submit these QA/QC policies to HUD.

**DCHA Response:** DCHA disagrees with this recommendation in part, as DCHA staff utilize the Nan McKay Quality Control Tool, and supervisors conduct 10% QC. DCHA agrees that it needs to memorialize quality assurance and quality control procedures for the HCV program, train staff, and submit the QA/QC policies to HUD.

**Recommendation HCV 3:** DCHA needs to develop and implement internal control processes for the HCV program. DCHA should submit these internal control processes to HUD.
**DCHA Response:** DCHA agrees with this recommendation. Please see the attached Work Plan for additional information.

**Recommendation HCV 4:** DCHA should provide training for all staff working on its HCV program in all areas of the HCV program and comprehensive training for the VMS, IMS-PIC, and EIV systems.

**DCHA Response:** DCHA agrees with this recommendation. DCHA will develop and implement a comprehensive training plan and schedule for all staff working in every area of the HCV program which will include comprehensive training for the VMS, IMS-PIC, and EIV systems. Please see the attached Work Plan for additional information.

**Recommendation HCV 5:** As of March 2022, DCHA was leasing 76% of its Unit Months Allowed (UMA). Additionally, it is spending 92.2% of their Calendar Year 2022 budget authority and 89.4% of all available funds, which includes reserves. This leasing trend has contributed to DCHA being found not compliant with the MTW statutory requirement to serve substantially the same number of families absent its MTW designation. HUD has a national goal of ensuring all PHAs are spending a minimum of 98% of their budget authority. DCHA should use the two-year tool to optimize and monitor its HCV budget allocation. DCHA staff should monitor spending and leasing closely and work with the field office to monitor program spending and request technical assistance in using the two-year tool.

**DCHA Response:** DCHA agrees with this recommendation. Please see the attached Work Plan for additional information.

**Recommendation HCV 6:** The Family and Landlord briefing package should be updated with the current Executive Director information and update utility, payment standards, VAWA and other required documents.

**DCHA Response:** DCHA disagrees with this recommendation in part. The Family and Landlord briefing package has been updated with the current Executive Director’s information. DCHA will, however, revise the briefing package to update utility, payment standards, VAWA and other required documents as policies are revised and approved by the Board of Commissioners.

**Recommendation HCV 7:** DCHA submitted standard operating procedures (SOPs) for the FSS program, which were last updated in 2019. We recommend that DCHA update the SOPs to reflect any recent changes.

**DCHA Response:** DCHA agrees with this recommendation. Please see the attached Work Plan for additional information.
Finance

DCHA’s financial position is strong. For the second consecutive year, DCHA presented a balanced budget to the Board of Commissioners. DCHA has more than $80 million in reserves after receiving $53 million during FY2022 from sale proceeds for closing on the headquarters building at 1133 North Capitol Street. The state of DCHA’s finances is healthier than it has been in many years, and we have adequate operating reserves as required by HUD.

To continue to support the agency’s needs, the finance department was recently reorganized. Notably, the comptroller position was upgraded to Deputy CFO and a budget manager and payroll specialist were hired. To round out the finance division, a candidate has been identified for the financial analyst position.

**Recommendation F1:** Based on the team’s review of reports and discussions with DCHA’s CFO, the financial reporting to the Board of Directors is done primarily at an entity wide level by providing revenue and expense variance reports. Further, based on the Team’s discussion with DCHA Board Members, they were not aware of the declining financial position of DCHA’s PH program.

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

**DCHA Response:** DCHA agrees with this recommendation. The finance team is working on improving how it shares information about the agency’s financial position at the development, program, and entity-wide levels. Designing and implementing these reports is part of the overall plan to finalize the integration of Yardi Voyager in the coming months.

Income

**Recommendation F2:** In addition to observations mentioned earlier in the Public Housing and Physical Condition and Capital Planning sections of this report regarding vacant unit turnover and improved leasing practices, DCHA should categorize its inventory of vacant units to determine units ready for immediate occupancy, those requiring typical turnover prep and those requiring significant modernization and immediately take actions to increase occupancy and house more families.

Once units are categorized, staff should engage collaboratively with HUD’s D.C. field office staff to properly categorize these in IMS/PIC. Once proper contracting and documentation is in place, the affected apartments can be considered “off-line for modernization,” which will increase PHO subsidy eligibility.

**DCHA Response:** DCHA agrees with this recommendation, and it is related to the findings listed above in the occupancy section of the report. Once DCHA completes its unit inventory, IMS-PIC will be updated. Please see the attached Work Plan for additional information.
**Recommendation F3:** Provide an independent analysis of the efficacy of the EPC program including an updated status report on Phase II EPC work completed, in process, and a schedule of planned improvements. Provide this analysis and a schedule of planned improvements to HUD.

**DCHA Response:** DCHA agrees with this recommendation. We hired the consulting firm R. Sissick Consulting LLC to evaluate and analyze the program, the firm released its final report on March 4, 2022 which is enclosed.

In addition, attached is the work plan prepared by the Office of Capital Programs team to expend the remaining funds of ECIP Phase II and complete the installation of equipment by November 2023.

**Attachments:** Final Report of R. Sissick Consulting LLC

ECIP Phase II Work Plan

**Inventory/Property/Equipment**

**Finding F1:** DCHA failed to conduct an annual inventory as required by federal regulations. An entity-wide asset register of property and equipment was provided but a physical inventory was not conducted for FYE 9/30/2020 or 9/30/2021 due to COVID issues.

**DCHA Response:** DCHA agrees with this finding. As a result of the COVID-19 pandemic, DCHA did not complete a physical inventory in FY2020 or FY2021. DCHA has completed a physical and entity-wide asset register of property and equipment for FY2022 (see attachments). As is required by federal regulations, this inventory will continue to be conducted annually.

**Attachments:** Physical and entity-wide asset register of property and equipment

**Finding F2:** Three sampled monthly payments to American Express CPS related to vehicle maintenance and operations from 2019 and 2020 totaling $418,113.10 (8/4/2021 Check No. 3032 for $111,080.78; 3/5/21 Check No. 3015 for $104,939.86; 12/3/20 Check No. 3005 for $202,092.46) remain unsupported as sufficient documentation was not provided. Total charges to DCHA’s American Express CPS Account for 2021 were $1,861,170.

**DCHA Response:** DCHA disagrees with this finding. Supporting documentation to substantiate the expenses is attached.

**Attachments:** American Express statements

**Recommendation F4:** DCHA has over 200 vehicles. DCHA’s policies regarding the use of vehicles and maintenance and gas purchases should be evaluated to ensure they govern proper vehicle usage, include daily mileage logs, gas purchase logs, and monitor vehicle use when in employee custody to prevent personal use. DCHA should provide to HUD a formal, written evaluation of these policies and a determination of which vehicles are essential. Non-essential vehicles should be disposed of as a cost saving measure.

**DCHA Response:** DCHA agrees with this finding. DCHA has 176 vehicles. As a cost saving measure, 24 of these vehicles have been surveyed and were disposed in 2022. This reduction will result in a total of 152
essential vehicles. Attached is the Fleet Policy and Standard Operating Procedures which describe how DCHA enforces, manages and monitors vehicle usage.

Attachments: Fleet Policy and Standard Operating Procedures

Payroll and Related Costs

**Recommendation F5:** DCHA should compile an organizational chart and complete a comprehensive staffing analysis and take immediate steps to achieve appropriate staffing at sustainable levels. DCHA must provide a copy of this analysis, actions taken to reduce costs and an updated Organization Chart to HUD.

Our review found—(1) Administrative Salaries PUPM of $93 are 52% higher than the MTW peer group average of $61, and the highest of a peer group of 18 large and extra-large housing authorities in the Mid-Atlantic region; (2) Maintenance Payroll, Benefits and Contracts PUPM of $440 are 56% higher than the MTW peer group average of $283; and (3). The review team was informed that the HR Department was compiling an organizational chart but was not able to provide it prior to the issuance of this report.

**DCHA Response:** DCHA disagrees with this recommendation. DCHA completed an organizational assessment in 2021 and last updated the organizational chart on October 25, 2022.

Attachments: Organizational Assessment
Organizational Chart

**Finding F3:** The disbursement from the HCV Administrative fee account to LaPrima Food Group for $610.20 from December 12, 2019, was found to be unsupported.

**DCHA Response:** DCHA disagrees with this finding. Attached is the requested supporting documentation to substantiate the expense.

Attachments: LaPrima Check & Invoice
Meeting Agenda

**Finding F4:** DCHA does not have an executed General Depository Agreement. All Federal Funds are held by Wells Fargo Bank. A copy General Depository Agreement was provided but it was not signed by Wells Fargo. The PHA is now in the process of obtaining the Bank’s signature.

**DCHA Response:** DCHA agrees with this finding. Attached is the executed General Depository Agreement, HUD form 51999.

Attachments: HUD 51999 Executed DCHA Depository Agreement

**Recommendation F6:** Complete conversion from Yardi to Voyager prior to fiscal year beginning October 1, 2022. The Finance Department’s software conversion from Yardi to Voyager has been problematic and is taking longer than expected. Some tasks are still done in each system which is cumbersome, making reporting and routine tasks overly time consuming. The conversion was expected to be completed by 9/30/2021 but issues arose during the reconciliation process and transition into the new fiscal year.
DCHA Response: DCHA agrees with this recommendation. DCHA intended to go-live on 10/1/2021, but due to the multi-phased approach that the agency had previously used for the full system integration, issues were identified that prevented this from happening. DCHA is now going to utilize a consultant to help create an implementation plan which will focus on the finance activities to be fully performed in Yardi Voyager.

Staff training will be also conducted to ensure that team members know how to use the system properly and generate all the reports needed.

Recommendation F7: Complete the Finance Department’s reorganization, fill vacant positions and train staff to improve capacity and reporting. The Finance Department was recently reorganized. However, it is understaffed, especially in key leadership positions. A Development Manager was hired recently on February 28, 2022. However, the Comptroller, Budget Manager, Financial Analyst, Clerical Assistant and Payroll Specialist positions are vacant.

DCHA Response: DCHA agrees with this recommendation. However, since HUD’s on-site assessment, the finance department’s reorganization has been completed. The Office of Financial Management (OFM) is comprised of the following departments: Accounts Payable/Receivables, Budget, Development, and Payroll. Most of the vacant positions have been filled and a Budget manager was hired in May 2022. The comptroller position was upgraded to a deputy CFO position and was filled in June 2022. The payroll specialist was hired in August 2022. The clerical assistant position was abolished, and a candidate is pending for the financial analyst position.

Attachments: Organizational Chart
Repositioning

DCHA will carry out a full turnaround of its use of HUD’s Rental Assistance Demonstration (RAD) Program under the advisory services of lead consultant CSG Advisors. The reimplementation of DCHA’s approach to RAD portfolio positioning will be informed by leading RAD professionals to guarantee a robust delivery of RAD asset repositioning procedures. This set of procedures and recommendations will equip DCHA to better oversee its current portfolio of RAD properties as well as the expansion of its forecasted RAD portfolio with operational excellence. These approaches will be categorized according to the following performance areas of improvement: Replacement Reserve Management, Housing Quality Standards (HQS) Compliance, Rent Management, and Choice Mobility Compliance.

Findings/Observations

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

**RAD PBV Finding 1:** The PHA’s Board is not confirming that the Project Owner is making deposits into the Reserve for Replacement account in accordance with the Rental Assistance Demonstration Conversion Commitment (RCC) or assessing the financial health of the Covered Project on an annual basis.

**DCHA Response:** DCHA agrees with this finding. We went back to the Rental Assistance Demonstration Conversion Commitment (RCC) for Colorado and Columbia Roads Apartments and identified the requirement for replacement reserves. The housing authority is going to take the following steps: 1) open a dedicated bank account for replacement reserves for Colorado-Columbia, 2) identify any capital expenditures paid out of operating since the closing, 3) transfer the replacement reserves required amounts for prior year’s net of any capital expenditures paid out of operating, 4) establish automatic monthly transfers to replacement reserves account as outlined in the RCC and finally, 5) apply capitalization policy and procedures to use replacement reserves for any qualified capital expenditures going forward. The Board will put procedures in place to ensure that staff submits operating budgets for RAD projects and that it can confirm that the annual deposit into the Reserve for Replacement account is made in accordance with the RAD Conversion Commitment. Please see the attached Work Plan for additional information.

**RAD PBV Finding 2:** DCHA could not provide evidence of the required monthly deposits to the Replacement Reserve for all projects. Evidence was provided to confirm deposits for Matthews Memorial Terrace DC001005320 and Fairlawn Marshall DC001005280; however, the reviewer could not verify that monthly Replacement Reserve deposits were made for Colorado and Columbia Roads Apartments DC001001950 because the statements were not provided. Furthermore, DCHA did not provide evidence that it regularly monitors the Reserve for Replacement accounts to ensure deposits are consistent with the Rental Assistance Demonstration Conversion Commitment (RCC).

**DCHA Response:** DCHA agrees with this finding. To ensure proper oversight of all project Replacement Reserves, DCHA will draft Operating and Replacement Reserve Budget policies to monitor withdrawals and reporting of Replacement Reserve accounts. From what is existing internally within the agency, DCHA will replicate its Agency Capitalization Policy for the purpose of Replacement Reserve Operations. Additionally, DCHA will create of Quality Control Dashboards to ensure that existing RAD projects are operating correctly. Each of these development steps will operationalize DCHA’s ability to report the financial health of each RAD conversion going forward and track RAD project status, confirm required
annual and monthly deposits into DCHA’s Replacement for Reserve Account, and monitor Replacement Reserve accounts’ draws for Quality Control HUD Compliance. Once finalized, DCHA’s internal departments will have a clear procedure to report both the Annual Operating Budget and Reserve for Replacement Account Funds to the Board of Commissioners for internal approval. This agency investment will surpass correcting operations to streamline operations for all DCHA staff tasked with Replacement Reserve Management. Please see the attached Work Plan for additional information.

RAD PBV Finding 3: DCHA could not provide evidence that the Replacement Reserve draws were used for legitimate capital expenses. DCHA failed to produce documents for Fairlawn Marshall DC001005280 or Colorado and Columbia Roads Apartments DC001001950. DCHA only provided support for 2021 withdrawals for Matthews Memorial Terrace DC001005320.

**DCHA Response:** DCHA agrees with this finding in part. There were no capital improvements completed at Fairlawn Marshall. Colorado Apartments was completely renovated in 2017/2018 from a fire; Columbia Road Apartments generators were replaced, but there is no evidence Replacement Reserves were used. DCHA will implement procedures on how staff will address capital needs and request replacement reserves.

RAD PBV Finding 4: Although the DCHA provided evidence of HQS inspections by an independent entity, there was no evidence to confirm that the Authority analyzed the reports to identify trends, provided recommendations to the property manager, or submitted HQS inspection reports to the D.C. Field Office as required.

**DCHA Response:** DCHA agrees with this finding. DCHA will develop and implement a comprehensive procedure to ensure that all required HQS inspections by independent entities are completed and that copies submit HQS inspection reports to the D.C. Field Office. Please see the attached Work Plan for additional information.

RAD PBV Finding 5: Unable to determine if DCHA processed the RAD Contract Rent Adjustments correctly because the HAP register submitted was incomplete.

**DCHA Response:** DCHA agrees with the finding; the agency will work with the Consultant Team to develop procedures to ensure the RAD contract rent adjustments are processed timely and in accordance with regulations.

RAD PBV Finding 6: Unable to determine if the PHA is collecting the correct tenant rent based on Total Tenant Payment (TTP) and any applicable RAD rent phase-in because the HAP register submitted by the PHA was incomplete.

**DCHA Response:** DCHA agrees with this finding. In conjunction with the public housing and HQS rent policies to be developed above, DCHA will carve out specific RAD Rent policies and procedures. To properly ensure that all RAD Contract Rent Adjustments and RAD Rent phase-in subsidies have been applied correctly to yield accurate Total Tenant Payments, DCHA will work with the Consultant Team to audit all Tenant Paid Portion Rents based on recorded Total Tenant Payments. Please see the attached Work Plan for additional information.
RAD PBV Finding 7: DCHA did not provide documentation that the RAD Owners/Property managers comply with the resident participation funding requirement.

DCHA Response: DCHA agrees with this finding. DCHA will investigate this issue by reviewing the tenant notifications issued during the conversions. DCHA will also work with the resident groups to determine if funding is needed or necessary. Additionally, DCHA will work with the Consultant Team to create a set of resident notices, guidance and procedures related to tenant participation funding to ensure that residents are notified of their rights to access those funds. Please see the attached Work Plan for additional information.

RAD PBV Finding 8: DCHA could not provide documentation that the RAD Owners/Property managers comply with the choice mobility requirements.

DCHA Response: DCHA agrees with this finding. DCHA will work with the Consultant Team to review the Choice Mobility requirements, policies and procedures.

In conjunction with other oversight efforts, DCHA will work with the Consultant Team to assist with the proper auditing and quality control infrastructure as well as resources to resolve any instance of these ongoing operational challenges. To reframe the risk of any agency failings, our response team will collectively approach each past corrective action and agency operational oversight as an opportunity for sustainable improvement to ensure successful DCHA RAD asset repositioning well into the future. Please see the attached Work Plan for additional information.

Other Repositioning Activity

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

DCHA Response: DCHA agrees that meeting regularly with residents and providing clear and accurate information is critical to managing the New Communities Initiatives (NCI), however, DCHA disagrees with the assertion that the agency has not met these obligations. DCHA meets regularly with residents of NCI properties to provide clear and accurate updates on project status, relocation, and resident rights. In order to increase resident participation, DCHA:

- Provides notice of the meetings to residents by mail or by delivering to each door with a minimum of 7-day notice
- Provides electronic notice to residents by cell phone and email addresses when we have updated contact information
- Following most meetings, provides a Q&A document to residents with questions asked during the meetings

The cadence of meetings depends on project updates. DCHA provides a newsletter with project updates, e.g. plans, timelines, relocation options and other related information when meetings are not scheduled.
DCHA’s Office of Resident Engagement, Office of Capital Programs, and Housing Choice Voucher Program – Relocation Team meet regularly to share information and discuss upcoming resident engagement activities to ensure consistent communications.

This team also debriefs following resident engagement meetings to discuss questions raised, identify the appropriate staff members within the agency to respond, and discuss strategies for mitigating issues. DCHA takes the rights of residents very seriously – which are always discussed during these meetings and reiterated in written responses. Resident meetings from March 2020 through 2021 were held virtually due to the pandemic. DCHA returned to holding in-person meetings in 2022. Below is a schedule of resident meetings in NCI communities from 2021 to present.

<table>
<thead>
<tr>
<th>Property</th>
<th>Meeting Subject</th>
<th>Department Lead</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lincoln Heights &amp; Richardson Dwellings</td>
<td>Relocation Process Workshop</td>
<td>Relocation Team</td>
<td>03/16/2021</td>
</tr>
<tr>
<td>Lincoln Heights &amp; Richardson Dwellings</td>
<td>Lease Compliance/Application Process Workshop</td>
<td>Relocation Team</td>
<td>03/18/2021</td>
</tr>
<tr>
<td>Lincoln Heights &amp; Richardson Dwellings</td>
<td>Being a Good Neighbor Workshop</td>
<td>Relocation Team</td>
<td>03/25/2021</td>
</tr>
<tr>
<td>Lincoln Heights</td>
<td>Project Updates Resident Meeting</td>
<td>Relocation Team</td>
<td>03/24/2021</td>
</tr>
<tr>
<td>Lincoln Heights &amp; Richardson Dwellings</td>
<td>HELP, Downsizing &amp; Packing Workshop</td>
<td>Relocation Team</td>
<td>04/01/2021</td>
</tr>
<tr>
<td>Lincoln Heights</td>
<td>Project Updates Resident Meeting</td>
<td>Relocation Team</td>
<td>06/28/2021</td>
</tr>
<tr>
<td>Lincoln Heights &amp; Richardson Dwellings</td>
<td>Project Updates Resident Meeting</td>
<td>Relocation Team</td>
<td>07/08/2021</td>
</tr>
<tr>
<td>Lincoln Heights &amp; Richardson Dwellings</td>
<td>Project Updates Resident Meeting</td>
<td>Relocation Team</td>
<td>09/09/2021</td>
</tr>
<tr>
<td>Lincoln Heights &amp; Richardson Dwellings</td>
<td>Project Updates Resident Meeting</td>
<td>Relocation Team</td>
<td>10/28/2021</td>
</tr>
<tr>
<td>Lincoln Heights &amp; Richardson Dwellings</td>
<td>Project Updates Resident Meeting</td>
<td>OCP/Relocation Team</td>
<td>12/06/2021</td>
</tr>
<tr>
<td>Lincoln Heights</td>
<td>Rehabilitation/Renovation Resident Meeting</td>
<td>OCP/ORE</td>
<td>12/30/2021</td>
</tr>
<tr>
<td>----------------</td>
<td>------------------------------------------</td>
<td>--------</td>
<td>-----------</td>
</tr>
<tr>
<td>Lincoln Heights &amp; Richardson Dwellings</td>
<td>Approved Residents Process Workshop</td>
<td>Relocation Team</td>
<td>02/23/2022</td>
</tr>
<tr>
<td>Lincoln Heights &amp; Richardson Dwellings</td>
<td>Project Updates Resident Meeting</td>
<td>Relocation Team</td>
<td>03/07/2022</td>
</tr>
<tr>
<td>Lincoln Heights &amp; Richardson Dwellings</td>
<td>Opportunity to Apply to Rise at Temple Courts</td>
<td>Relocation Team</td>
<td>05/25/2022</td>
</tr>
<tr>
<td>Richardson Dwellings</td>
<td>Special Meeting Requested by Resident Council</td>
<td>OCP/ORE</td>
<td>06/22/2022</td>
</tr>
<tr>
<td>Lincoln Heights &amp; Richardson Dwellings</td>
<td>Choice Neighborhood Initiatives Grant Meeting &amp; Project Update Meeting</td>
<td>OCP/ORE</td>
<td>07/22/2022</td>
</tr>
<tr>
<td>Park Morton</td>
<td>Project Updates Resident Meeting</td>
<td>OCP/ORE</td>
<td>3/11/2021</td>
</tr>
<tr>
<td>Park Morton</td>
<td>Project Updates Resident Meeting</td>
<td>OCP/ORE</td>
<td>04/08/2021</td>
</tr>
<tr>
<td>Park Morton</td>
<td>Project Updates Resident Meeting</td>
<td>OCP/ORE</td>
<td>05/13/2021</td>
</tr>
<tr>
<td>Park Morton</td>
<td>Project Updates Resident Meeting</td>
<td>OCP/ORE</td>
<td>08/26/2021</td>
</tr>
<tr>
<td>Park Morton</td>
<td>Project Updates Resident Meeting</td>
<td>OCP/ORE</td>
<td>11/18/2021</td>
</tr>
<tr>
<td>Park Morton</td>
<td>Project Updates Resident Meeting</td>
<td>OCP/ORE</td>
<td>04/14/2022</td>
</tr>
<tr>
<td>Park Morton</td>
<td>Opportunity to Apply to Rise at Temple Courts</td>
<td>Relocation Team</td>
<td>06/08/2022</td>
</tr>
<tr>
<td>Park Morton</td>
<td>Newsletter (Project Updates)</td>
<td>OCP/ORE</td>
<td>10/2022</td>
</tr>
<tr>
<td>Barry Farm</td>
<td>Project Updates Resident Meeting</td>
<td>OCP &amp; Development Team</td>
<td>05/24/2021</td>
</tr>
<tr>
<td>Barry Farm</td>
<td>Project Updates Resident Meeting</td>
<td>OCP &amp; Development Team</td>
<td>06/21/2021</td>
</tr>
<tr>
<td>Barry Farm</td>
<td>Project Updates Resident Meeting</td>
<td>OCP &amp; Development Team</td>
<td>09/22/2021</td>
</tr>
<tr>
<td>Barry Farm</td>
<td>Project Updates Resident Meeting</td>
<td>OCP &amp; Development Team</td>
<td>11/22/2021</td>
</tr>
<tr>
<td>Barry Farm</td>
<td>Process to Apply to Rise at Temple Courts</td>
<td>Relocation Team</td>
<td>05/18/2022</td>
</tr>
<tr>
<td>Barry Farm</td>
<td>Project Updates Resident Meeting</td>
<td>OCP &amp; Development Team</td>
<td>10/13/2022</td>
</tr>
<tr>
<td>Barry Farm</td>
<td>Project Updates/Opportunities/POCs</td>
<td>Development Team</td>
<td>Monthly</td>
</tr>
<tr>
<td>Northwest One</td>
<td>Relocation Process Workshop</td>
<td>Relocation Team</td>
<td>02/16/2022</td>
</tr>
<tr>
<td>Northwest One</td>
<td>Lease Compliance/Application Process Workshop</td>
<td>Relocation Team</td>
<td>02/23/2022</td>
</tr>
<tr>
<td>Northwest One</td>
<td>Being a Good Neighbor Workshop</td>
<td>Relocation Team</td>
<td>03/02/2022</td>
</tr>
<tr>
<td>Northwest One</td>
<td>Project Updates Resident Meeting</td>
<td>Relocation Team</td>
<td>03/09/2022</td>
</tr>
<tr>
<td>Northwest One</td>
<td>HELP, Downsizing &amp; Packing Workshop</td>
<td>Relocation Team</td>
<td>03/16/2022</td>
</tr>
<tr>
<td>Northwest One</td>
<td>Relocation Process Workshop (Tier 4b)</td>
<td>Relocation Team</td>
<td>06/15/2022</td>
</tr>
<tr>
<td>Northwest One</td>
<td>Project Updates Resident Meeting</td>
<td>Relocation Team</td>
<td>07/14/2022</td>
</tr>
</tbody>
</table>

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

**DCHA Response:** DCHA agrees with HUD’s observation. HUD’s review of documentation submitted by DCHA found no violation of federal guidelines or regulations in the transaction.