

**HOUSING AUTHORITY OF MONTEREY COUNTY
PRESERVING RESOURCES FOR QUALIFIED RESIDENTS**



HOUSING AUTHORITY OF MONTEREY COUNTY PRESERVING RESOURCES FOR QUALIFIED RESIDENTS

SUMMARY

The Monterey County Civil Grand Jury (MCCGJ) received a formal complaint that the Housing Authority of Monterey County (HAMC) was inadvertently providing assistance to residents not eligible for aid and had failed to respond to or investigate an earlier complaint sent directly to the HAMC.

The MCCGJ determined that the HAMC does not presently have a method for documenting and following up on at least some complaints from citizens and clients. As a result, individuals who do not qualify for HAMC assistance may, indirectly, be benefiting from HAMC programs.

BACKGROUND

The mission statement of the HAMC is “to provide, administer, and encourage quality affordable housing and related services to eligible residents of Monterey County. We strive to provide decent, safe, sanitary and affordable accommodations for low income persons and families.”

The HAMC is a public agency chartered under the Health and Safety Code of the State of California. The Monterey County Board of Supervisors established the HAMC in 1941 to address housing needs in the community. Funding for HAMC comes from the federal Department of Housing and Urban Development (HUD), from grants and specific allocations from various State of California housing programs, and from rental income from those properties owned by HAMC. The HAMC administers a variety of programs to accomplish its goals. One of these is the *Project Based Program*, formerly called the Section 8 Project Based Program. Under this program, the HAMC contracts with specific owners to rent all the units in one complex on behalf of HAMC clients. These are multi-unit apartment complexes, with one landlord. The list of these addresses is available at the HAMC office. Vouchers are not used in this program, since the HAMC money goes directly to the landlord, and not through the tenant.

The second program is the *Housing Choice Voucher Program*, formerly known as the Section 8 Voucher Program. Qualified applicants receive a voucher, with which they can seek rental units on their own. They present this voucher to an owner/landlord. The HAMC will make payments to the landlord as long as the family is eligible and the apartment or home continues to qualify. The tenant and renter both sign a lease, and a copy is held by the HAMC. The 2014-2015 budget for both of these programs is \$31,544,496.

METHODOLOGY

In the course of this investigation, the MCCGJ reviewed documents and conducted the following interviews:

- Complainant

- Members of the HAMC Board of Commissioners
- Management and staff of HAMC
- County Administrator's Office staff

Documents reviewed:

- Contracts and publications that are part of the HAMC operating mandates.
- Pamphlets and materials available to the public in the offices of HAMC.
- HAMC website: www.hamonterey.org.
- Operations and duty statements of the Board of Commissioners, as published by the Board.
- 2014-2015 Budget for the Housing Choice Voucher Program

DISCUSSION

The complainant in this particular case provided an address in Salinas to the HAMC and stated that he believed there were people living there, in apartments subsidized through the Housing Choice Voucher Program, who were not HAMC certified clients, nor were they eligible to become clients. In essence, they were “getting free rent and bragging about it.” The complainant received a response via e-mail shortly after submitting a formal complaint, stating that the Director of HAMC would look into the issue and refer it to the Housing Program Manager to pursue. The director told the complainant it would be helpful to have more information as to the HAMC clients' names, in order to question them about possible ineligible occupants in their units, but said the complaint would be pursued.

The complainant informed the MCCGJ, a few months after the complaint was submitted, that he had not received an answer from the HAMC as to what happened with the situation. When the MCCGJ asked the HAMC, two months later, if the matter had been investigated yet, the answer was “no.” We asked if the HAMC could have sent someone to that particular address to talk to that landlord, and the answer was “yes.” This led to an investigation of the agency's governance and process for determining eligibility and handling citizen complaints.

GOVERNANCE

The Executive Director of the HAMC is hired by and reports to the HAMC Board of Commissioners. The Executive Director or management staff reporting to the Director hires all other employees.

Five of the seven-member Board of Commissioners of the HAMC are appointed by the Board of Supervisors, one per supervisorial district. The two additional members are current recipients of housing aid. The Board of Commissioners hires and supervises the Executive Director of the HAMC and the clerk of the Board. The Board meets monthly, and the meetings are open to the public. The public is notified of the monthly meeting schedule and location by website and by written announcement at the central HAMC office.

Some of the stated duties of the Board are as follows:

- To establish a long-range vision to meet community needs.
- To plan actively for the future.
- To establish policies that provide direction to the agency to comply with applicable federal, state and local laws and regulations.
- *To establish policies that ensure program integrity by preventing fraud, abuse, waste and mismanagement.* [Emphasis added]
- To oversee the expenditure of public funds.
- To monitor the performance of the Executive Director and the Board Clerk.

The Board also has a set of goals as established in its strategic plan. Two that are especially pertinent to the issues of this investigation are:

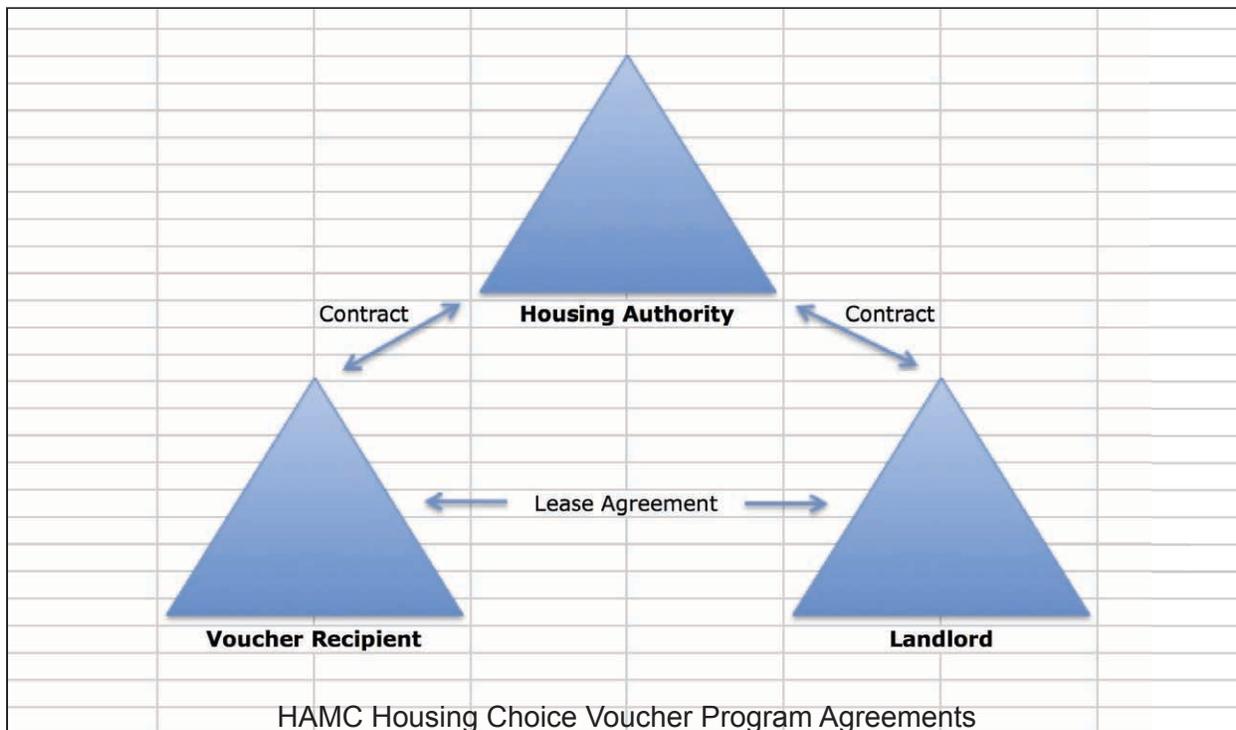
- To respond to the shifting paradigm in federal, state and local housing programs to create greater transparency.
- To continue to use good business acumen to ensure the long-term financial and physical viability of its properties.

DETERMINING ELIGIBILITY FOR ASSISTANCE

In both the Project Based and Housing Choice Voucher programs, when each person applies for assistance, the staff performs an intake process that includes determining legal status (recipients must be legal residents), social security number, income, and number of people who will be living in the subsidized unit. A criminal background check is also run on applicants.

HAMC staff conducts a yearly re-certification review for each recipient to ascertain continued eligibility. The family must report if any additional family members are added to the household. Housing Specialists (case managers) also make an annual visit to the property for the purpose of ascertaining that the unit is up to standard, and that there are no people living there other than those who were approved and certified on the original application. The landlord is required to report to the HAMC any additional people living in the unit of which he/she is aware.

In the Housing Choice Voucher Program, the HAMC enters into a contract with individual landlords, as well as with the recipients of aid. The landlords are obliged to rent each unit only to the number of people agreed upon with the HAMC. The owner/landlord has the responsibility of approving the family as a suitable renter. The HAMC makes Housing Assistance Payments (HAP) directly to the owner/landlord as long as the family is eligible and the housing unit continues to qualify under the program. They pay the landlord according to the voucher, and what was the agreed upon rent. The HAMC can enforce the HAP contract (which is mandated by HUD) with the landlord with regard to a specific tenant. If unauthorized persons are living in the unit covered by the contract, both the landlord and the approved tenants can be cut from the subsidy program. The clients would lose their voucher, and be terminated from receiving future assistance from and Housing Authority. The landlord would be disqualified from receiving Housing Authority voucher payments from HAP.



All residents who are living in units must be certified by the HAMC. If any other people move into that unit, they, too, must be certified. If additional people are living there, and are not reported by the tenant or the landlord, both the tenant and the landlord are in violation of the contract and so may be terminated from the program. The HAMC has a limited amount of money, and must prioritize those on the waiting list. If there are unqualified residents receiving assistance, the agency cannot offer assistance to other people who are eligible to receive benefits. Some people are on the waiting list for years.

ENFORCEMENT AND COMPLAINTS

While determining eligibility rests with HAMC staff, the investigation of complaints of fraud is the responsibility of both staff and the Board of Commissioners. Complaints may be made orally at the Board of Commissioners' monthly meeting or in writing and addressed to agency management directly.

Agency Staff

HAMC files are organized by the name of the client and cross-referenced by address. If a complaint comes in about a named individual, the Housing Specialists (case workers) look up the person by name and deal with the complaint in that manner. Although it is possible to cross-reference by address to identify an individual or family receiving assistance, it does not appear that HAMC uses this method to follow-up on complaints based on address only. That is why this complainant's issue was not researched.

The HAMC does not currently maintain a formal log with which to track complaints. They claim to maintain an informal log, but it was not made available for MCCGJ review. The agency estimates that the average number of verifiable complaints received from the public about tenants is three or four per month. Complaints against landlords are received less frequently. If an investigation is launched into a complaint, and a violation is apparent, a formal hearing is held and the client and/or landlord may be terminated from the program.

HAMC supervisory staff stated that the more carefully staff conduct recertification interviews, the more likely they are to find evidence for violations such as increases in income from new jobs or other means, or unauthorized persons living with the certified clients. Notice of unauthorized persons may also come from local law enforcement if police are called to the property for any reason.

To conduct thorough investigations into cases of suspected fraud (unauthorized residents living in subsidized units), supervisory staff stated that they need the assistance of a program integrity specialist who would be able to spend time investigating any appearance of fraud or mismanagement (as in landlords not reporting additional residents). The agency would also like to work more closely with the local law enforcement and the District Attorney (DA) to investigate possible breaches of contract. In one of the first such joint efforts with the DA, the HAMC recovered \$35,000, from fines and restitution payments.

The agency does not have a quality management committee of unit supervisors that analyzes client input and complaints from the public, which we believe would offer a useful method of tracking and improving problem areas. These committees review any public input, check for accuracy, identify potential problem areas, and make a corrective action plan to remedy issues that need attention. They then set up a formal monitoring system to check on progress and redo plan if necessary. They report to Executive Director on a regular basis.

Board of Commissioners

The procedure for the Board of Commissioners with regard to oral complaints from the public is that the Chair of the Board, at the meeting, “recognizes persons who desire to speak and protects the speaker who has the floor from disturbance or interference. She/he will report out to the full Board any follow-up on comments from the public.”

The MCCGJ found that the Board of Commissioners did not have a written procedure for following up on complaints presented at Board meetings. The Board Chairperson committed these complaints to memory for resolution. Such complaints were referred to the Executive Director for appropriate action, and the Board was not necessarily apprised of the outcome.

During the course of this investigation, the HAMC Board reported to the MCCGJ that they have a new policy in place for receiving and tracking complaints. This policy was submitted and approved at a Board meeting of March 23, 2015. It is filed as “Resolution 2813” and approves the “Board Policy Response to Public Comments at a Board Meeting.” This policy stipulates:

When a person makes a comment that requires a response (such as a complaint or query), the Board Chair will direct the Executive Director to look into the matter and respond back to the commenter. The Executive Director will respond in writing to the commenter if the commenter has provided an address to which it can be di-

rected. The Board Chair will receive a copy of the response, read and initial that he/she has received it, and report back to the full Board under New Business that the response has been provided to the commenter.

This step, when fully implemented, may address the MCCGJ's concern that the HAMC is not following up on complaints. However, Resolution 2813 only addresses public comments made at Board meetings and does not stipulate the creation of a formal method of investigating and tracking all complaints received by the HAMC.

FINDINGS

- F1.** The HAMC does not currently have any meaningful procedure for the receipt, processing, investigation or response to complaints regarding abuse of its housing assistance programs.
- F2.** The Board of Commissioners has not had a formal complaint tracking mechanism.
- F3.** Resolution 2813, adopted by the Board in March 2015, does not provide for an ongoing complaint log that should be available to the public and staff at Board meetings,
- F4.** Resolution 2813 does not require a process whereby analysis of complaints by the Board is mandatory as a regular agenda item.
- F5.** The Executive Director of HAMC did not respond to at least one member of the public (the complainant referred to above) even though she stated in writing that she would. Therefore, this particular complaint was unresolved. There may still be ongoing violations at that particular address.
- F6.** HAMC staff do not respond readily to complaints about a given address, and prefer to focus on individual clients by name, despite the fact addresses can be cross-referenced on the database, and names of clients currently living at that address can be called up.
- F7.** HAMC staff also do not maintain a formal log of complaints received.
- F8.** The agency needs more staff help to investigate complaints and community concerns, for example a program integrity specialist.

RECOMMENDATIONS

- R1.** That Resolution 2813 be expanded to provide transparency to the public and staff as to how complaints are analyzed and managed. A log of these issues, with timelines and responses documented, should be the basis of an ongoing quality management review by the Board, thus checking their status and being responsive to the public.
- R2.** That the HAMC adopt a formal written complaint resolution policy and procedures. This would include of a log of incoming complaints, to whom they were assigned, and how and when they were resolved.
- R3.** That the HAMC respond to complaints about particular addresses where their clients are located as readily as they do to complaints about individual clients by name. They are encouraged to use all database entries available for pertinent information.

- R4.** That HAMC establish a Quality Management committee to review, analyze, and report on complaints received by the Agency
- R5.** That the HAMC hire a program integrity staff member to work with the Housing Programs for outreach and investigation of possible fraud and mismanagement. A person in that position would assist the HAMC in fiscal management by identifying misuses. He/she would work with the DA to prosecute and recover monies.
- R6.** That the HAMC investigate, currently, the address that was the subject of the complaint referred to in this document.
- R7.** That HAMC increase interaction with Law Enforcement so that there could be cross reporting on addresses of police calls (such as when the police know the address is an HAMC project-based unit.)
- R8.** HAMC establish a program to create more owner/landlord awareness of current and ongoing regulations that they may need reminders about. Quarterly meetings with landlords would be useful, in addition to an HAMC newsletter.

RESPONSES REQUIRED

Pursuant to Penal Code § 933.05, the MCCGJ requests responses to all Findings and Recommendations from the following governing body:

- The Board of Commissioners of the Housing Authority of Monterey County