



U.S. Department of Housing and Urban Development

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September 13, 2016

Ms. Gwenyth Hayes, President
Board of Directors
Ann Arbor Housing Commission
2551 International Drive, Apt. 1129B
Ann Arbor, MI 48104

Dear Commissioner Hayes:

SUBJECT: Special Purpose Voucher Program Review – HUD-Veterans Affairs Supportive Housing (VASH) Program

From March 23-24, 2016, Lidi Armenta, Portfolio Management Specialist, conducted an on-site review of the Ann Arbor Housing Commission's (AAHC) HUD-VASH program. The review was conducted to evaluate the AAHC's compliance with Federal regulations, PIH Notices, and its own Administrative Plan in managing its HUD-VASH vouchers.

The review revealed one concern in the administration of the program. Additionally, two recommendations were made for overall program improvement. The results of the review are disclosed in the enclosed report.

The AAHC must provide a response to the concern/recommendations in the enclosed report within 45 days from the date of this report. If you have any questions, please contact Lidi Armenta, Portfolio Management Specialist, at (313)-234-7454.

Sincerely,

A handwritten signature in blue ink, appearing to read "Douglas C. Gordon".

Douglas C. Gordon
Director
Office of Public Housing

Enclosure

cc:

Mr. Daniel Lee, Vice President
425 East Washington Street, Apt. 1114
Ann Arbor, MI 48104

Mr. Tim Colenback, Commissioner
1730 David Court
Ann Arbor, MI 48105

Ms. Audrey Wojkowiak, Commissioner
523 Longshore, #B
Ann Arbor, MI 48104

Dr. Lee Meadows, Commissioner
Ann Arbor Housing Commission
727 Miller Avenue
Ann Arbor, MI 48103

Ms. Jennifer Hall, Executive Director
Ann Arbor Housing Commission
727 Miller Avenue
Ann Arbor, MI 48103

On-site Assessment of the

ANN ARBOR HOUSING COMMISSION

March 23-24, 2016



DETROIT OFFICE OF PUBLIC HOUSING

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mc NAMARA FEDERAL BUILDING

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I. EXECUTIVE SUMMARY

The Department conducted a monitoring review of the Ann Arbor Housing Commission's Housing and Urban Development-Veteran Affairs Supportive Housing (HUD-VASH) program. The purpose of the review was to assess the Commission's Special Purpose Voucher Programs as part of the fiscal year 2016 monitoring goals. The objectives of the review were to assess the performance of the HUD-VASH program's compliance with operating and eligibility requirements; and, to determine accuracy of rent/income calculations in accordance with regulations, notices, and guidance. During the review the Department was also afforded the opportunity to evaluate the technical assistance needs of the Commission.

The on-site review revealed that the Ann Arbor Housing Commission (AAHC) is successfully operating its HUD-VASH program in collaboration with the Ann Arbor Department of Veteran Affairs (VA) and the Detroit VA. The AAHC administers the HUD-VASH program in accordance with 24 CFR Part 982 and (Federal Register/Vol.77, No. 57/March 23, 2012/Notice). Overall, the review revealed that the AAHC is operating its program within the eligibility requirements. Additionally, the review has revealed that the AAHC has established policies and procedures that complied with regulations, notices, and requirements in the majority of the program areas. As a result, the enclosed report will identify specific instances of compliance and areas for improvement.

Based upon the review, we have determined that the Commission has 1 finding. Additionally, 2 recommendations were made for overall program improvement. The Housing Commission is required to address the finding recommendations listed in this report.

II. Overview

The Department, as part of its 2016 annual plan, selected the Ann Arbor Housing Commission (AAHC) Special Purpose Vouchers Programs to review. Moreover, the purpose of the review was to analyze risk related to the HUD-VASH program. Thus, the objective of the review was to assess and determine whether the AAHC appropriately 1) implemented the eligibility and operating requirements, 2) maintained required eligibility documentation, 3) and calculated rent/income.

Special Purpose Vouchers

AAHC (MI064) has an Annual Contribution Contract with HUD to administer (1,843) Housing Choice Vouchers. Additionally, AAHC was appropriated by congress through the NOFA Special Purpose Vouchers (SPV) comprised of (218) HUD-VASH vouchers.

HUD Veteran Affairs Supportive Housing (VASH)

The allocation process for HUD-VASH vouchers is a collaborative approach that relies on three sets of data: HUD's point-in-time data submitted by the VAMC (data on the number of contacts with homeless veterans) and performance data from both the PHAs and VAMCs. The Ann Arbor Housing Commission's HUD-VASH program combines Housing Choice Voucher (HCV) rental assistance for homeless veterans with case management and clinical services provided by the Ann Arbor Department of Veteran Affairs (VA). In 2011, AAHC was

awarded (25) non-project based HUD-VASH vouchers, and (5) project-based HUD-VASH vouchers based on its geographic need and public housing agency (PHA) administrative performance. In 2012, 2013, 2014, and 2015, AAHC was awarded (25), (20), (22), and (26) non-project-based HUD-VASH Vouchers respectively.

III. VASH Voucher Leasing Trends and Reporting

The chart below shows the AAHC VASH voucher issuance report as December 31, 2015. The report was pulled from the Voucher Management System (VMS).

Vouchers Issued and looking	Number Leased As of 12/31/2015	Issuances to Date	Lease-Ups To Date	VMS Leased
6	174	369	331	174

VASH Leasing Trends

The leasing cycle review was based on the period from January 1, 2015 to December 31, 2015. During this period, the VAMC referred (84) households to the AAHC HUD-VASH program, resulting in a total of 175 Unit Months Leased (UML) and 171 HUD-VASH vouchers leased as of December 31, 2015. The chart below shows the total Unit Months Leased (UMLs), or the actual number of units under lease in each month, for the HUD-VASH vouchers, which shows a notable increase from 135 to 175 UMLs. This shows that the PHA was responsive to increased leasing during the reporting period from 70% -80%, and shows that efforts to lease were strong even in consideration of an allocation of 26 additional HUD-VASH vouchers mid year.

Unit Months Leased (UMLs)											
Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
134	140	138	140	144	152	167	179	181	182	184	174

The chart below shows the Housing Assistance Payments (HAP) expenditures for HUD-VASH vouchers. The increase in HAP Expenditures aligns with the increased leasing that was accomplished throughout the year.

Housing Assistance Payments (HAP) Expenditures											
Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
\$63,112	\$66,027	\$64,891	\$65,340	\$67,298	\$73,319	\$83,281	\$90,442	\$92,238	\$95,119	\$97,041	\$91,190

The chart below shows the Unit Months Available (UMAs), which is another way of describing the total number of available unit months from which the UMLs are subtracted. The increased leasing is also reflected in this chart following the new allocation of vouchers in the first months of the year.

Unit Months Available (UMAs)											
Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
192	192	192	192	192	192	218	218	218	218	218	218

VASH Voucher Management System Reporting

The HUD Voucher Management System (VMS) report from the review period of January 1, 2015 to December 31, 2015 for the AAHC VASH program shows 2015 disbursements for HAP payments totaling \$943,241, with an average per unit cost of \$371.58.

Veterans Affairs Supported Housing (VASH) Voucher	134	140	138	140	144	152	167	179	181	182	184	174
Veterans Affairs Supported Housing (VASH) HAP	\$63,112	\$66,027	\$64,891	\$65,340	\$67,298	\$73,319	\$83,281	\$90,442	\$92,238	\$95,119	\$97,041	\$91,190

The table below shows the Per Unit Month Cost (PUC) for the HUD-VASH vouchers. PUC represents the average HAP expenditure per assisted unit, per month.

Per Unit Per Month Cost (PUC)											
Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
\$345.42	\$345.10	\$344.78	\$347.03	\$370.33	\$385.80	\$405.13	\$396.69	\$367.06	\$418.04	\$371.18	\$362.40

IV. Eligibility and Selection

To accomplish the objectives for review of the VASH Program’s eligibility and selection requirements at the AAHC, we analyzed:

- The family eligibility and selection requirements in accordance with 24 CFR Part 982 and (Federal Register/Vol.77, No. 57/March 23, 2012/Notice).
- A representative sample of (5) HUD-VASH households.
- The AAHC Administrative Plan.
- HUD-VASH policies and procedures.
- Referral process, per interview with AAHC HUD-VASH staff, Ann Arbor VAMC staff, and a member of the Continuum of Care network.

On March 23, 2016 interviews were conducted with the following AAHC, VAMC and COC personnel:

- Weneschia Brand, Section 8 Housing Manager, Ann Arbor Housing Commission.
- Shawn Dowling, Coordinator for Healthcare for Homeless Veterans Program, Ann Arbor VAMC.
- Mary Pat Tucker, Social Worker, Ann Arbor VA, Healthcare for Homeless Veterans Program.
- Andrea Plevak, Human Services Manager, Washtenaw County Office of Community and Economic Development.
- Gary Thomas, Housing Navigator, Healthcare for Homeless Veterans Program, Ann Arbor VAMC.

V. HUD-VASH Referral Process and Leasing Cycle

An analysis of the referral process demonstrated that the process for referring eligible veterans from each VAMC to the AAHC are aligned with established operating and eligibility requirements identified in 24 CFR Part 982 and Federal Register/Vol.77, No. 57/March 23, 2012/Notice.

1. The referral process begins with the Healthcare for Homeless Veterans (HCHV) outreach staff, who present during weekly conference calls to the team, and eligible Veterans are discussed and presented to the HUD-VASH Housing Navigator. The VA Supported Housing program created the Housing Navigator role who focuses on the admission and lease up process. The Housing Navigator is responsible for contacting the Veteran for scheduling an orientation session within 48 hours.
2. During the initial appointment, the Veteran receives a HUD-VASH information packet, and a list of required documents needed to receive a voucher. Additionally, the Housing Navigator assists the Veteran with completing a HUD-VASH Treatment Plan (Appendix A), and assists the Veteran with locating required documents and filling out paperwork if needed.
3. The Housing Navigator proceeds to check the documentation and paperwork for completeness and submits to the AAHC where information is filed. A unique aspect of this partnership is that the Housing Navigator works on-site at the AAHC for roughly 10 hours per week to assist with processing third-party verification, contacting DHS, checking criminal histories, completing income verifications, and contacting the Ann Arbor VA service officer for verification of service.
4. Upon completion of the verification process, the voucher briefing session is scheduled at AAHC with staff from both agencies, and the Veteran leaves the session with the voucher.
5. The Housing Navigator works closely with the Veteran upon first contact to determine the community in which the Veteran would like to live, and assistance is provided to the Veteran at all steps between receiving the voucher and signing a lease. This includes but is not limited to completing the Request for Tenancy Packet, inspection scheduling, rental deposit assistance and first month's rent.
6. Upon annual recertification, the VA Supported Housing Case Managers focus on the voucher recertification and annual lease signing as part of their supportive case management services that assist the veterans with maintaining housing

permanence. As a result, the separation of duties between the Housing Navigator and the Case Managers allows for individualized attention to be placed on two of the most salient aspects of the program that have different objectives.

At the onset of the interview component of the review, Ann Arbor VAMC staff provided their Standard Operating Procedure (SOP) for the Ann Arbor/Washtenaw County HUD-VASH program. In addition, it was reported that the Ann Arbor VAMC merged their homeless Veteran team and HUD-VASH team, which has resulted in an abundance of services for homeless Veterans within their catchment area. Some of these services include: strengths-based case management, harm reduction, occupational therapy and vocational counseling, compensative work therapy (with employment measures for HUD-VASH), and a new pilot peer counseling program. Finally, it was reported that the Ann Arbor VAMC is recognized for obtaining the highest fidelity to the “housing first” model within their Veterans Integrated Service Network (VISN).

An analysis of the briefing packet determined that the AAHC provides a comprehensive and user friendly packet that includes information in assisting with the housing search. Additionally, at briefing, families are provided a voucher that allows for 120 days to lease a suitable unit.

During interviews, it was noted that both the VAMC and AAHC maintain excellent relationships with landlords, and the AAHC is recruiting new landlords for HUD-VASH on an ongoing basis. The on-site Housing Navigator is especially helpful in this area, as it provides a single point of contact. A success was noted in the partnership between the HUD-VASH program in Washtenaw County and one of the area’s major property management companies, McKinley Properties, Inc. This partnership is one of the many ways in which rapid housing barriers are eased for homeless Veterans. Through discussion, several of these barriers that face the veteran population in the Washtenaw county area were discussed: More Veterans with multiple felonies and more serious charges, poor credit history, eviction history, limited housing stock, change in community ideology regarding Section 8 housing among landlords, and the cost of living that is the highest in the state of Michigan.

In instances of portability, program terminations and exits, the files showed compliance with VASH Implementation Guidance, 24 CFR 982, and PIH Notice 2011-53. The AAHC and Ann Arbor VA share a rapport that translates well in terms of their documentation in the event of a non-responsive family, and HAP payment abatement matched the program exit date.

An analysis of the AAHC’s HUD-VASH policies, procedures, and practices has determined that the Commission is not fully administering its HUD-VASH program in compliance with 24 CFR Part 982 and Federal Register/Vol.77, No. 57/March 23, 2012/Notices as a result of findings related to Rent Calculation due to using the incorrect payment standard. However, it is further determined that the AAHC has implemented the operating requirements for the HUD-VASH program in accordance with the family eligibility and selection requirements.

To ensure that participants reside in decent, safe, and sanitary housing at an affordable cost, the Housing Commission is required to inspect each unit in accordance with HUD’s

Housing Quality Standards (HQS). Compliance with these standards must be met before the Commission can make housing assistance payments to landlords on behalf of low-income families, both at the time of initial lease-up and throughout the term of assisted tenancy.

HUD staff selected a sample of 3 units for inspection which were conducted on March 24, 2016. All units appeared to meet HQS requirements.

Finally, HUD-VASH policies and procedures were detailed throughout the Administrative Plan, and HUD-VASH policies are detailed in one place, which makes it easier for HUD-VASH assisted families and applicants to find that information. HUD staff considers this an excellent best practice, and evidence of a fine working relationship between the AAHC and the AAVAMC.

VI. Income/Rent Determination

To further accomplish our objectives for this review we relied in part on a Microsoft Excel formula, and <http://www.random.org> to create a random sample of files to select from the universe of 54 HUD-VASH households during the period of January 1, 2015 to December 31, 2015. A total of seven tenant files were selected for review.

The tenant files were found to be well organized and audit ready. Overall, required documents relevant to the application process, briefing sessions, including lead-based paint disclosures, and income verifications were on file. Housing Assistance Payment contracts were also identified. No issues were identified with the management of these contracts.

The file review did disclose a programmatic deficiency that has resulted in a finding. The deficiency is caused by the Housing Commission's failure to utilize the correct payment standard.

VII. Rent Reasonableness

The files were reviewed to determine whether rent reasonableness was properly conducted. It was found that all files contained evidence of a rent reasonableness report with date and time stamp. Each rent reasonableness report was completed by the PHA via computer, by inputting the program unit address, contract rent amount, utility allowance amount, number of bedrooms, number of bathrooms, square footage, age, property type, and included utilities. Furthermore, the administrative plan indicates that AAHC staff will conduct research and find comparable units for inputting into the rent reasonableness report. Upon review, the files were found to be in compliance with both federal regulations, and the AAHC administrative plan

VII. Findings, Concerns, Recommendations and Correction Actions:

Findings: There were no findings identified during the review.

Concerns:

Concern No. 1: The Housing Commission did not ensure that its rents were calculated correctly.

Condition: A sample of five tenant files were reviewed. In one file, an error related to the application of an incorrect payment standard for calculating rent was observed. Based on this error, the HUD reviewer determined the correct rent calculation. See the enclosed Appendix A for a description of the tenant file error.

Criteria: 24 CFR 982.503 (a) indicates that HUD publishes the fair market rents for each market area. For fiscal year 2015, the updated rates were published in the Federal Register on October 3, 2014 (FR-5807-N-03 Final Fair Market Rents for the Housing Choice Voucher Program and Moderate Rehabilitation Single Room Occupancy Program Fiscal Year 2015). 24 CFR 982.503(b) states that the Housing Commission may establish the payment standard amount for a unit size at any level between 90 percent and 110 percent of the published fair market rent for that unit size. If a payment standard amount is not within this range, then HUD approval is required.

Cause: The Housing Commission is aware of this requirement, but did not institute adequate procedures that would have enabled it to perform it accurately.

Consequence: Failure to ensure that the proper payment standard is used may result in Section 8 participants or the Housing Commission paying more or less in rent and housing assistance payments than required. In this case, the participant paid more in rent.

Corrective Action: The Housing Commission must take the following actions for its HCV general leasing and VASH programs:

- Make corrections to the error detailed in Appendix A, and provide this office with evidence of correction, including evidence of reimbursement to the participant; and,
- Submit evidence of implemented quality control measures to avoid future rent calculation errors as a result of using the improper payment standard.

Recommendations

1. The Housing Commission and VAMC should jointly communicate and forecast utilization goals for the program. It is recommended that the Department's forecasting tool be employed to assist with this effort.
2. The Detroit Field Office of Public Housing will develop a monthly call for all HUD-VASH PHAs in effort to continue statewide collaboration, process improvement, and overall outcomes.

APPENDIX A

Tenant File Errors

- *Tenant #1- Annual Reexamination, 06/01/2015
 - a. The improper payment standard was used when calculating the total family share of rent. The 2014 payment standard was used to calculate rent when the 2015 payment standard should have been used. As a result of this error, the AAHC calculated the total family share of the rent to be \$114, instead of the appropriate amount of \$50. An HCV employee agreed with this error, and it was said that correction and reconciliation would begin immediately.