

A REPORT BY
THE 2014-2015 CONTRA COSTA COUNTY GRAND JURY
725 Court Street
Martinez, California 94553

Report 1505

RICHMOND HOUSING AUTHORITY
MANAGING THE AGENCY

APPROVED BY THE GRAND JURY:

Date: May 28, 2015



SHERRY RUFINI
GRAND JURY FOREPERSON

ACCEPTED FOR FILING:

Date: May 28, 2015



JOHN T. LAETTNER
JUDGE OF THE SUPERIOR COURT

Contact: Sherry Rufini
Foreperson
925-957-5638

Contra Costa County Grand Jury Report 1505

RICHMOND HOUSING AUTHORITY
MANAGING THE AGENCY

TO: Richmond Housing Authority Board of Commissioners

COPY TO: Richmond City Manager



Hacienda Housing Complex

The Richmond Standard

SUMMARY

Richmond Housing Authority (RHA) is authorized to implement regulations of the Department of Housing and Urban Development (HUD). RHA has a troubled history, as set forth in several investigative reports. These reports cite serious managerial problems including lack of internal control, inaccurate record keeping, delayed or ignored maintenance, insufficient safety protections, inadequate staff accountability, and poor customer service relations. The focus of this report is on RHA management, particularly staff training and maintenance work.

To comply with HUD regulations and meet the housing requirements of qualified individuals and families, RHA needs a well-trained, knowledgeable, and responsive management and staff. However, RHA has work to do in this area.

Staff supervision at RHA is inadequate, quality control is lacking, customer service to tenants is unsympathetic, and staff relations are poor. To improve its performance, RHA: should centralize the location of its staff; hire an experienced front-line manager to oversee and supervise the staff; develop a policy and procedure manual for its housing programs and RHA staff; give yearly performance evaluations to all staff; conduct timely communication with staff and tenants; and provide ongoing customer service training to all staff.

METHODOLOGY

The Grand Jury:

- Reviewed:
 - Audit reports and HUD documents
 - RHA documents
- Interviewed:
 - Public officials and RHA staff
 - A Legal Aid attorney
 - RHA tenants
- Visited:
 - Two housing projects
 - RHA offices



Hacienda Housing Stairwell

Bay Area Newsgroup/Kristopher Skinner

BACKGROUND

In recognition of the need for government action to remedy unsafe housing conditions and to meet the acute shortage of housing and the need for safe, affordable dwellings, Congress passed the Federal Housing Act of 1937. In 1965, as part of the Great Society Program, the Department of Housing and Urban Development Act created HUD as a cabinet agency to administer Federal Regulations (24.CFR). The Act's purpose is to subsidize housing for low-income families, the elderly, and people with disabilities. In administering housing policy, the Act prescribes qualifications for applicants and local government authorities. For information on HUD regulations, refer to www.hud.gov.

The City of Richmond established the Richmond Housing Authority (RHA) in 1941 as a separate legal entity. As an integral part of services provided to Richmond residents, RHA's mission is to provide decent affordable housing through two federally-funded programs:

- The Low-Income Public Housing Program (LIPH), which presently rents 715 units to low-income households at five complexes owned by RHA.
- The Housing Choice Voucher (HCV) Program, which subsidizes the rent for 1,750 Richmond families residing in housing privately owned and under contract with RHA. HCV replaces Section 8.

The U.S. Department of Housing and Urban Development supports these programs by giving RHA funds for operating expenses and capital improvements. The City of Richmond's general fund provides no financial support.

RHA reports to HUD, the Housing Authority Board of Commissioners, and the Advisory Commission. The seven members of the Richmond City Council and two tenant residents serve as the governing board of RHA (the Board). The Board approves RHA's budget, debt payments to the City of Richmond, written reports to HUD, and maintenance/service contracts. For example, the Board is currently accepting bids for a new security contractor. The Housing Advisory Commission (HAC) reviews the operations and proposed activities of RHA and submits recommendations to the Board. HAC is comprised of seven members (including two tenants) appointed by the Board. RHA's Executive Director reports to the City Manager regularly and to the Board concerning items on the agenda.

DISCUSSION

RHA has come under criticism for its management of housing policy.

- According to a 2009 HUD audit, RHA had serious financial and management problems and was declared a "troubled agency" a rating that persisted for the next five years.
- In February 2014 the Center for Investigative Reporting declared the Hacienda housing complex "uninhabitable". The report alleges systemic mismanagement and negligence.

Since those reports were published, corrective steps have been taken.

- In 2012, because of improper handling of contracts, all of RHA's procurement operations were transferred to the City of Richmond's Finance Department. However, some operational finances are handled in-house. For example, tenants pay their rent at the RHA Office, but receipts are forwarded to the Finance Department where they are verified and deposited the next day. Because financial management has improved, in 2014 HUD upgraded RHA's performance status from "troubled" to "standard performer".
- Lack of supervision may have led to two mid-level managers being placed on paid administrative leave for inappropriate behavior.

Despite improvements, management problems continue to plague RHA.

Regulatory Compliance

RHA audits of the last three years have documented quality control issues involving recordkeeping and oversight. Documented deficiencies have occurred when management did not oversee employees who failed to perform their duties accurately,

completely, or on a timely basis. For example, some housing inspections were not performed in the allotted time requirement. Regulations stipulate that any entity receiving and spending federal funds maintain quality controls to ensure that management of the federal funds comply with the law.

HUD requires an outside auditor to verify the accuracy of RHA's reports. To comply, the Board hired the auditing firm of Patel & Associates to conduct audits for 2012 and 2013. RHA is required to perform a physical inventory and reconciliation of its LIPH program once every two years. Both audits found that no physical inventory of equipment, which includes operating materials and supplies acquired with federal funds, had been completed. Because of the incomplete inventory report, the Board hired HCA Asset Management to conduct a physical asset inventory and verification. The inventory was completed in February 2015 when the reported concluded that existing assets reconciled with RHA records.

When HUD audits RHA reports for the HCV program (formerly known as Section 8), requirements are described as indicators. Several of these indicators are discussed below.

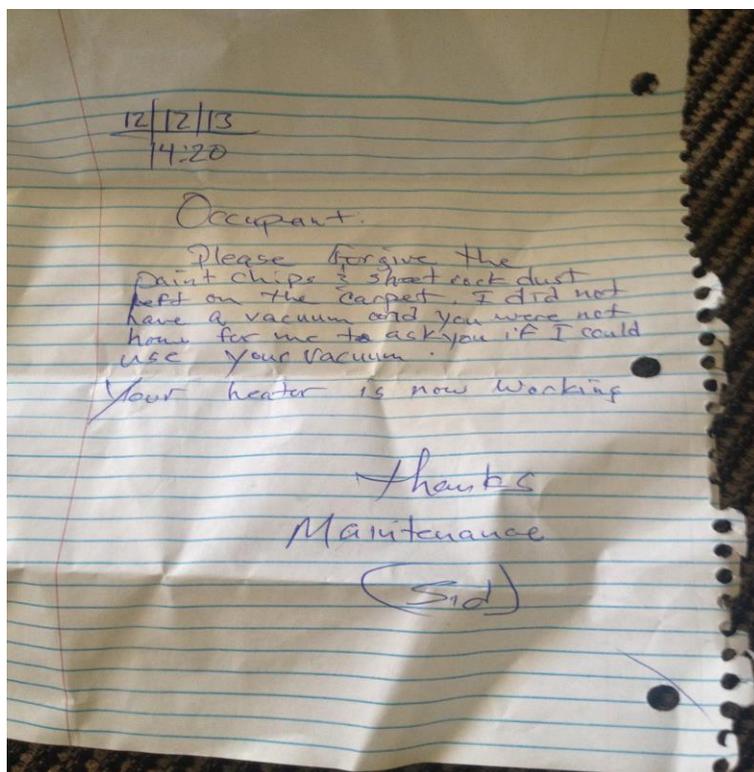
Rent reasonableness is one indicator. HUD requires that RHA perform rent reasonableness comparisons and certification forms with supporting documents for each tenant account. The 2014 Patel & Associates audit identified significant deficiencies in the HCV program. RHA failed to fully implement the rent reasonableness policy and failed to maintain accurate and complete tenant file records. HUD conducted a random sampling of unit files for accuracy and/or completeness. The report found a continuing pattern of failure to show how reasonable rents are determined. The report concluded that RHA did not have a written procedure explaining how to implement this indicator.

Certification forms and other records required to document the basis for the contracted rent were missing. Errors were found in tenant files regarding discrepancies in income and utility allowances. Inaccurate data resulted in incorrect tenant rent calculations and assistance payments. For example, one tenant had been trying to resolve a rent calculation error for over a year. This tenant would have been terminated if a Bay Area Legal Aid attorney had not intervened as an advocate. HUD concluded that HCV staff responsible for determining adjusted income and rent calculations lacked sufficient training and oversight by management.

Additional deficiencies are noted in HUD's Section Eight Management Assessment Program (SEMAP) of 2014. HUD regulations require that each unit under contract be inspected at least annually, on or before the annual reexaminations of the tenants. HUD found that RHA neither kept an inspection plan for all units nor logged actual or failed inspections. The report indicates that the Housing Quality Standards (HQS) inspections (another indicator) were overdue, concluding that the documentation was deficient. Even though HUD requires these inspections, RHA did not comply due to the lack of a written policy. No auditable trail was readily available and it is unclear if RHA

had performed the required inspections. The report further notes that staff failed to understand SEMAP regulations and quality control procedures. Staff was not sufficiently trained to comply with these standards.

In addition to keeping records of the housing units themselves, SEMAP requires RHA to maintain accurate and timely records for each tenant account. The report found mistakes in the files which management failed to explain. Errors in recordkeeping affect tenants' eligibility to be accepted for vouchers and recertification. RHA continues to get delinquency reports from HUD because reports have not been submitted on time. The 2014 SEMAP report concludes that discrepancies were allowed to exist due to lack of supervisory quality control methods. There was no oversight of entries posted in the general ledger. Documentation indicating third party verification was not provided.



Maintenance Note

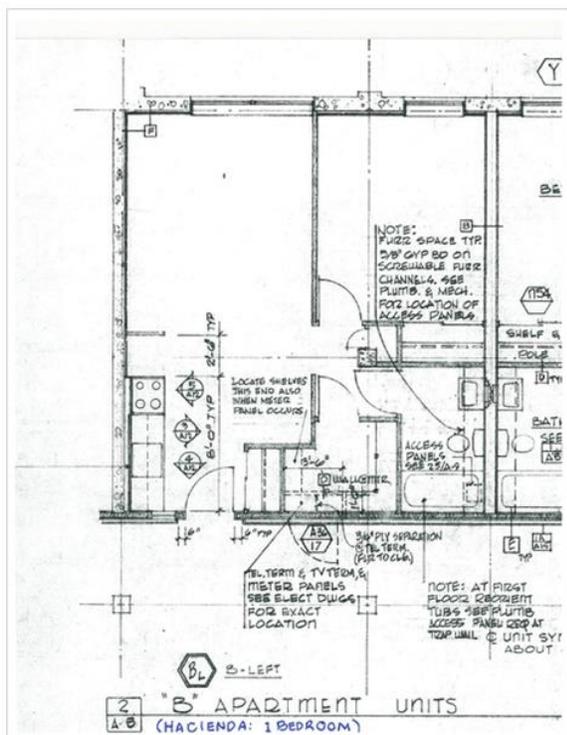
Center for Investigative Reporting Photo

Building Maintenance

RHA's "Maintenance Plan" (July 1, 2013) lists several General Performance Standards.

- **Resident work orders:** Residents' requests for work orders are to be responded to within five days and an emergency request is to be responded to within 24

- hours. In some instances requests are not resolved or even acknowledged, despite having been submitted according to RHA procedures. In one case, a work order was delayed because it was incorrectly dated.
- Inspections: Resident managers are required to inspect all living units annually for preventive maintenance or when requested for an emergency. Yet, although prompt responses might alleviate the most serious emergencies, such as roach infestations and water leaks, even emergency requests are sometimes delayed. Resident managers also appear to lack supervision.
- Preparation for occupancy: Vacant units are to be prepared for occupancy within 14 working days. A recent report indicates several deficiencies at the Hacienda complex (150 units). For example, 18 units on the first through fifth floors have been vacant/unoccupied for over a year and five units have been declared vacant/uninhabitable. All 29 units on the sixth floor are declared vacant/uninhabitable, and yet a site visit found two units to be occupied; evidencing an accounting error. The vacant units have been unoccupied for up to four years because the complex is scheduled for rehabilitation and RHA does not want to spend further money for occupancy. These vacant units generated no rental income nor were applicants on the waiting list served. Permission to renovate the building was approved on January 16, 2015 by HUD's demolition/disposition program.



A closer look

No unit had more issues than 218:

- Toilet runs constantly.
- Evidence of roach infestation.
- Black discoloration around window sills in living room.
- Front, door weather stripping is damaged.
- Mesh on front screen security door damaged.
- Flush handle on toilet broken.
- Bath tub tiles damaged.
- Light bulb missing in bedroom fixture.
- Kitchen faucet loose.
- Refrigerator gasket seal deteriorated.
- Black discoloration in shower enclosure.
- Bathroom exhaust fan non-operable.
- Mold.
- Bathroom walls bulging and paint is peeling.

Diagram of Unit Problems

Courtesy RHA

- Training. The plan requires that maintenance staff (currently resident managers) be thoroughly trained in the required skills and duties. Some of the management staff lack sufficient training and oversight.

Residents complain frequently that basic maintenance needs are ignored or delayed. A site visit to Hacienda revealed several problems. Although this building was designed to house the elderly and disabled, only units on the first floor are built to accommodate persons with disabilities. Yet we observed a disabled person residing on the second floor. Hall flooring was a tripping hazard and a broken gate allowed anyone to walk in off the street. Standing water, mold on walls, and roach infestations presented immediate health hazards. During a site visit to Nystrom Village, the Grand Jury found that two vacant units had not been cleaned. The resident manager could not verify how many units were vacant.

Lack of maintenance also leads to safety concerns. An RHA document entitled "Maintenance Charge List" indicates that tenants themselves cause much of the damages. A staff person told us that "tenants cause a lot of problems" because they "don't care." Nevertheless, maintaining safe and habitable housing conditions is ultimately management's responsibility. Acknowledging that RHA is in need of maintenance services, on October 7, 2014, the Board approved contracts for three maintenance service providers. At one time RHA had its own maintenance staff of 27. With the decline in federal funding, RHA has to pay contractors because the agency cannot afford to keep these workers in-house. The resident managers on staff are expected to perform minor repairs and routine maintenance.



Seismic expansion joint with leak from roof

Courtesy Berkeley Daily Planet

Because tenants have first-hand knowledge of living conditions, HUD regulations allow each housing complex to have a Resident Council. Tenants are advised to attend the

monthly meetings. Issues on Resident Council agendas frequently include: deferred maintenance, incompetent staff, undesirable guests, drugs, violence, broken gates, trash around garbage areas, nonworking heaters, broken elevators, and lax security. According to the contract with a security company, service is supposed to be 24/7 for the first week of the month and 6:00 PM to 6:00 AM for the remaining three weeks. The contract also requires security guards to make daily rounds of each building and grounds. However, safety continues to be a concern for residents because the security service is not always present.

Staff Issues

RHA staff relations between management and employees are described as poor. Evidence suggests that these relationships are due to RHA's lack of an experienced front-line manager on staff to provide adequate employee oversight. (See Appendix A for RHA's organizational chart.)

Most of RHA's staff, except for resident managers, are members of Local 21 (AFL-CIO), Professional and Technical Employees. The contract between RHA and Local 21 states that employees are expected to work from 8:00 A.M. to 4:30 P.M. Monday through Friday. Most RHA employees adhere to these hours, but a few keep irregular hours, coming in late and/or leaving early. Employees do not always tell their supervisor ahead of time when they will be absent. Attendance is mainly recorded by time sheets, which are submitted twice a month to the finance department. Keeping daily attendance records is in accordance with the contract with Local 21, which requires that attendance be recorded on the payrolls. Almost half of the time sheets are turned in late.

Policy and procedures. No employment manual is available to advise RHA staff on the general expectation for employee work performance and the agency's policies and procedures. One employee received a handbook when hired 23 years ago, but has not seen any updated manual since. Further, investigation of HUD audits indicates that RHA does not have a written procedure for each SEMAP indicator, despite HUD's recommendation that they develop such a policy.

RHA does not conduct regular performance reviews, even though the union's Memorandum of Understanding (MOU) requires such reviews. These reviews allow management to compare employee performance to expected standards. However, since reviews are not conducted, low-performing employees are seldom reprimanded or disciplined. The office culture has been described as "disjointed". The workload is heavy and stressful because HUD has severely reduced RHA's funding. At one point, RHA had a staff of 65, but due to the reductions, it currently only has 25 employees.

Internal communication at RHA appears to be inadequate. The Executive Director does not hold regular meetings with staff or with Resident Councils. He has had only three or four "all hands" staff meetings since he was hired ten years ago and then only "as needed." The Executive Director is perceived as "not sufficiently responsive", "elusive",

disliking interacting with staff on a personal basis, and withholding information from staff at times. According to one source, information is not conveyed on a timely basis nor is it always available when required. While the Executive Director is credited for being good on technical and data-driven work, he is criticized as being weak on employee relations and not having “an open-door policy” (“his door is always closed”). Personal communication is further limited because employees work in four separate office locations. E-mails, texting, and phones are used routinely, but some feel that these modes of communication are not as effective as person-to-person contact with coworkers.

Training has been offered to RHA employees but more is needed. As noted above, several audited reports have found staff lacking sufficient knowledge of HUD regulations, which may be the result of inadequate training. While HUD does not provide training directly, it does recommend that RHA hire outside consultants to provide trainings. One of these consultants is the U.S. Department of Defense, which provides annual web-based security awareness training. Sixteen RHA Housing Program Specialists (HPS) and two temporary employees completed this training as well as an accompanying competency test. All HPS employees are required to complete occupancy training within the first year of their employment. A consultant commissioned by RHA usually conducts this one-time training.

Employees, working at RHA in 1999 received occupancy certification training and HQS inspections training. At one point, the Housing Asset Manager conducted monthly training for HPS staff, but many of the staff complained that training was poorly done. Additional training has not been offered.

One possible reason for poor RHA staff performance and negative HUD evaluations is that employees do not use technology or HUD resources regularly and effectively. HUD regulations affecting RHA change often and staff is expected to keep current on the changes. Employees are encouraged to regularly access HUD regulations through RHA’s desktop computer software, Yardi, which provides up-to-date information from HUD, including training webinars and reference documents. However, employees do not always consult this resource and frequently ask colleagues instead.

Further, while some employees attend trainings, not all of these employees apply the taught skills to good use.

Customer service is described as poor. Residents file initial complaints and work orders with their caseworker. Complaints not resolved by the case worker go to a supervisor and finally to management, if necessary. Tenants complain that responses are often not handled as promptly as they requested and staff is not well trained to do follow up or write incident reports. One resident gave testimony that tenants believe they are not heard. When they try to contact a case manager by phone, the case manager often hangs up. Resident managers are described as rude, condescending, disrespectful, and lacking empathy and competence. One tenant related an incident where a resident manager argued with a tenant, used foul language, and frightened many residents.

Tenant complaints and work orders are primarily about maintenance, uninhabitable conditions, eviction notices, voucher termination, nuisance issues, violence, and accommodations for those with disabilities. At times, tenants seek the help of Bay Area Legal Aid and other legal service providers to advocate for them when responses are delayed or ignored. On September 25, 2014 the Executive Director created the new classification of Resident Services Executive Officer. This person is responsible for providing referral and informational services to tenants. The job description does not reference customer service skills nor does it indicate that knowledge specific to the HCV program is necessary.

RAD Conversions

Because of cutbacks in federal funding, and the dire need for low-income housing, in 2012, as part of the appropriations bill for HUD, Congress authorized HUD to develop a new plan called RAD (Rental Assistance Demonstration). This plan allows housing authorities to partner with private capital. RHA is preparing for the imminent RAD conversion of two complexes (Nystrom Village and Nevin Plaza) with plans for two conversions later (Friendship Manor and Triangle Court). These buildings will become, essentially, privately-owned rental units. Hacienda, which is not RAD-approved, will be substantially rehabilitated. Approval was granted for this rehabilitation on January 16, 2015 under the HUD Demolition/Disposition Program. However, HUD will not provide funding for the Hacienda renovation. Instead, RHA expects to fund the full costs with tax credits and local grant funds. To date, only partial funding has been committed.

All units in the five housing complexes will be converted to Housing Choice Voucher (HCV) programs. Once the four RAD-conversions and Hacienda renovations are completed, RHA will no longer provide public housing. Tenants have received information explaining the procedures and Relocation Specialists are assisting them to find temporary housing during construction. Once construction is completed, tenants can use their vouchers to return to the buildings or seek housing in the private market with HCV assistance. Several residents are ready to move, although as of April 2015, none have left.

RHA's role in the changeover to assisted private market housing (i.e., RAD conversions) is limited to contract administration, program compliance, and portfolio management. RHA must meet the management responsibilities required of this new program. Meanwhile, RHA must continue to manage LIPH and HCV programs.

FINDINGS

- F1. RHA is required to implement HUD regulations.
- F2. To implement HUD regulations effectively and transition to market housing, RHA needs well-trained, knowledgeable, and responsive management and staff.
- F3. Management of the HCV program does not sufficiently supervise staff.
- F4. RHA does not provide ongoing training in record keeping.
- F5. RHA lacks an employee manual advising RHA staff on expectations.
- F6. RHA lacks a manual describing its policies and procedures relating to the HCV and the LIPH programs.
- F7. Work orders are not consistently addressed within 24 hours.
- F8. Staff describes employee relations as unsatisfactory.
- F9. Employees are not given annual performance evaluations.

RECOMMENDATIONS

- R1. After identifying the space needs, and identifying and allocating the funding necessary to do so, RHA should move the Executive Director and staff, except the Finance Department, to the same work location.
- R2. After identifying and allocating the funding necessary to do so, RHA should consider hiring an experienced front-line manager to supervise employees who work in its HCV program.
- R3. After identifying and allocating the funding necessary to do so, RHA should develop and make available a written policy for staff to use in implementing the LIPH and HCV programs

- R4. After identifying and allocating the funding necessary to do so, RHA should develop and provide its staff with a Policy and Procedures manual concerning RHA's policies, procedures, and expectations for staff performance.
- R5. All employees should receive annual performance evaluations.
- R6. After identifying and allocating the funding necessary to do so, all RHA employees should receive ongoing training in customer service and quality control procedures.
- R7. RHA should establish and enforce standards for timely responses to customer complaints, including, but not limited to those complaints related to building maintenance and safety/security concerns.

REQUIRED RESPONSES

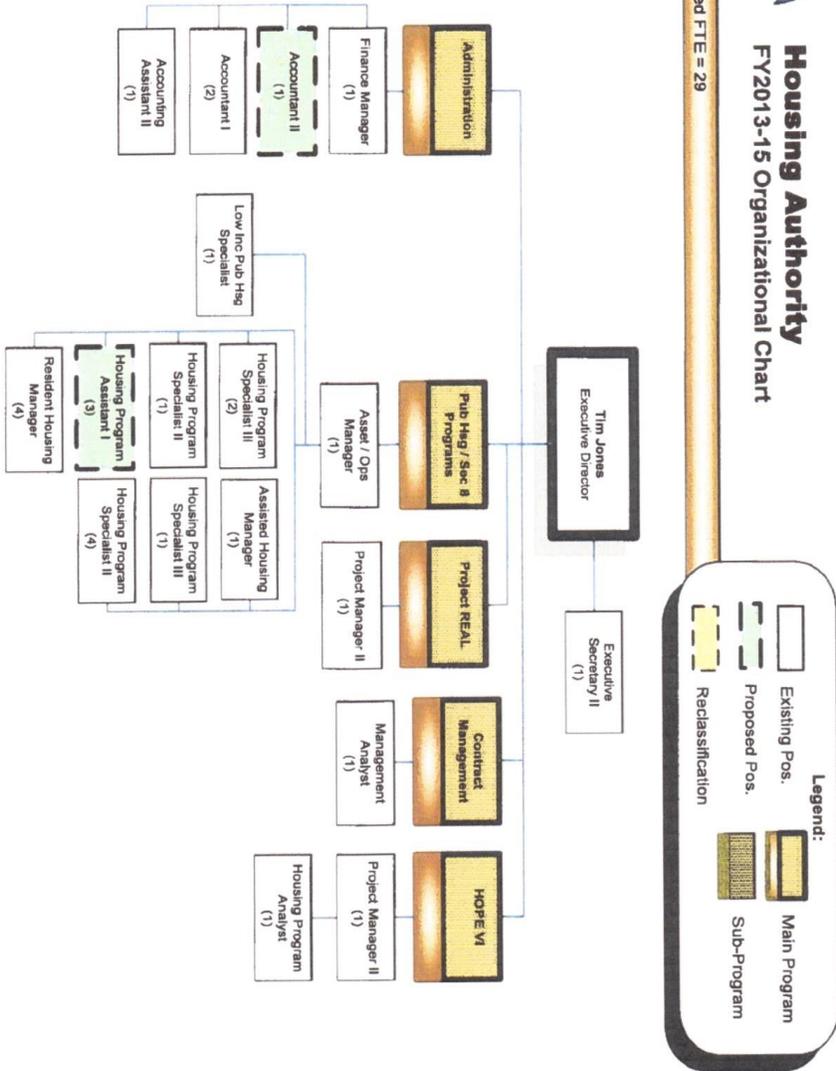
	<u>Findings</u>	<u>Recommendations</u>
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APPENDIX A



Housing Authority FY2013-15 Organizational Chart

Existing FTE = 32, Proposed FTE = 29



ATTACHMENT #1