



***MAKING TRANSITIONS WORK***

**ANNUAL REPORT  
FY 2005**

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# EXECUTIVE SUMMARY

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The Oakland Housing Authority (OHA) is proud to issue its first Annual Report as a participant in the Moving to Work (MTW) program. MTW is a federal demonstration program of the U.S. Department of Housing and Urban Development (HUD) providing local housing authorities the opportunity to explore and test new and innovative methods of delivering housing and supportive services to low-income residents. In order to more fully capture the potential of the demonstration program as envisioned by HUD, OHA has named its program "Making Transition Work."

The 2005 Annual Report includes information on both OHA's regular operations and activities authorized by the MTW Agreement executed between OHA and HUD on March 31, 2004. The Report is intended to provide HUD and others with the information necessary to compare OHA's performance over the last year to the agenda OHA set for itself at the beginning of the year in its 2005 Annual Plan.

The 2005 Annual Plan described OHA's operations and clientele, and set out a comprehensive framework to guide and govern the Authority during its first year in MTW. The 2005 Annual Plan called for the Authority to initiate a planning process to consider ways OHA should exercise its MTW authority. That process is currently underway, and has recommended preliminary policy initiatives to the OHA Board of Commissioners. The OHA staff anticipates a full package of MTW policies to be under consideration of the Board by early 2006. Thus, this 2005 Annual Report is limited to reporting specific data called for in the MTW Agreement and describing the nascent planning process.

# INTRODUCTION

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## PURPOSE

This MTW Annual Report for FY 2005 provides OHA residents, the public and the U.S. Department of Housing and Urban Development (HUD) with the following:

- Baseline information on existing OHA programs;
- Analysis of changes which occurred to these programs during the fiscal year ending June 30, 2005;
- Information on the adopted OHA Budget from FY 2005 for the period of July 1, 2004 through June 30, 2005.

## 2005 MTW ANNUAL PLAN – YEAR 1

Each year OHA develop an Annual Plan to provide an overview of the Oakland Housing Authority and its programs, and to describe the MTW initiatives and program or policy changes planned for that year. The 2005 Annual Plan was issued shortly after OHA agreed to take part in the MTW program. It represents the Authority's initial understanding of the program and motivation for participating. The Plan set an agenda for the Authority to, "investigate a number of important policy issues for possible implementation in subsequent years."

The 2005 Annual Plan described the households OHA was serving, occupancy and rent policies, and changes predicted for the housing stock it owns and operates. It also provided details on the sources and uses of Authority funding, management information for both Public Housing units and Section 8 vouchers, and an account of resident programs.

The 2005 Annual Plan is posted on OHA's website at [www.oakha.org/mtwplan.html](http://www.oakha.org/mtwplan.html).

# SECTION I: HOUSEHOLDS SERVED

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## CHANGES IN TENANT CHARACTERISTICS

The 2005 Annual Plan described the number of clients OHA was serving at the beginning of the fiscal year by family type, housing unit size, income group, and race. The Annual Plan also reported the number of clients that were being served by each of the Authority's programs, and estimated the number of clients that would be served at the end of the fiscal year.

The following charts recap the information reported in the Annual Plan, report the number of clients currently being served at the end of the year, and describe any changes. It is important to note that there were no significant changes to OHA policy, operations or procedure during the course of the year that were meant to change the size, type or composition of the population served by the Authority.

### UNIT SIZE

#### Number of Households by Housing Type and Unit Size

	Number of Bedrooms						Total Units
	Studio	1	2	3	4	5	
<b>ANNUAL PLAN</b>							
Public Housing	0	665	792	1678	128	23	3,286
Section 8							
Certificate	34	0	10	9	0	0	53
Mod Rehab	341	85	33	25	5	0	489
Voucher	63	2,592	4,034	3,338	713	108	10,848
<i>S8 Subtotal</i>	438	2,677	4,077	3,372	718	108	11,390
Total Units	438	3,342	4,869	5,050	846	131	14,676
Percentage of Units	2.98%	22.77%	33.18%	34.41%	5.76%	0.89%	100%
<b>ANNUAL REPORT</b>							
Public Housing	3	613	687	1,435	92	15	2,845
Section 8							
Certificate	29		10	9	0	0	48
Mod Rehab	318	88	34	16	5	0	461
Voucher	56	2,707	4,109	2,936	551	70	10,429
<i>S8 Subtotal</i>	403	2,795	4,153	2,961	556	70	10,938
Total Units	406	3,403	4,840	4,396	648	85	13,778
Percentage of Units	2.95%	24.70%	35.13%	31.91%	4.70%	0.62%	

	Number of Bedrooms						Total Change
	Studio	1	2	3	4	5	
<b>TOTALS</b>							
<b>Change in # of Units</b>	-32	66	-29	-654	-198	-46	-893
<b>Percentage Change</b>	-7.31%	1.83%	-0.60%	-12.95%	-23.40%	-35.11%	-6.12%
<b>Change in % of Units</b>	-0.04%	1.93%	1.95%	-2.50%	-1.06%	-0.28%	

(10/3/05)

The decline in the number of units occupied at year-end can be ascribed to the fall in the occupancy rate for both Section 8 and Public Housing during the fiscal year. The disproportionate change in the number of three, four, and five bedroom units may be due to the change in the Authority's policy on assigning subsidy amounts to Section 8 families. As is explained in detail on pg. 13, families may no longer receive additional subsidy to separately house opposite sex children. Instead, all families now receive subsidy equally and based on the number of dependents in the household, and not on the sex of those dependents.

## FAMILY TYPE

### Population by Family Type and Program

	Child	Elderly	Disabled	Adult	Total
<b>ANNUAL PLAN</b>					
<b>Public Housing</b>	3,467	682	592	3,619	8,360
<b>Section 8</b>					
<b>Certificate</b>	41	4	19	56	120
<b>Mod Rehab</b>	132	120	212	561	1,025
<b>Voucher</b>	14,658	1,800	3,022	15,333	34,813
<b>S8 Subtotal</b>	14,831	1,924	3,253	15,950	35,958
<b>ANNUAL REPORT</b>					
<b>Public Housing</b>	3,190	796	667	2,809	7,462
<b>Section 8</b>					
<b>Certificate</b>	36	2	20	22	80
<b>Mod Rehab</b>	117	142	171	313	743
<b>Voucher</b>	12,019	2,110	2,885	4,995	22,009
<b>S8 Subtotal</b>	12,172	2,254	3,076	5,330	22,832

(10/3/05)

Changes in the population by Family Type are not reported herein because the method for counting persons has been changed between the Annual Plan and the Annual Report. The change was necessary because the family type data reported in the 2005 Annual Plan was not discreetly categorized. For example, persons who were both elderly and disabled were counted in both of those family type categories. Thus, the total population of 44,318 reported at the beginning of the fiscal year included a significant amount of doublecounting.

To avoid counting a person in more than one category, the 2005 Annual Report family type data ordinarily. The sequential order starts with elderly, then disabled and then adult/child. Thus, if a person is counted as elderly, they will not also be counted as disabled.

## INCOME GROUP

### Number of Households by Housing Type and Median Income

	Percentage of Median Income				Total
	< 30%	30%-50%	50%-80%	> 80%	
<b>ANNUAL PLAN</b>					
Public Housing	2,261	434	110	0	2,805
Section 8	9,692	1,553	318	0	11,563
Total	11,953	1,987	428	0	14,368
Percentage of Total	83.19%	13.83%	2.98%	0%	100%
<b>ANNUAL REPORT</b>					
Public Housing	2,202	495	136	12	2,845
Section 8	9,181	1,532	405	3	11,121
Total	11,383	2,027	541	15	13,966
Percentage of Total	81.51%	14.51%	3.87%	0.11%	100%
<b>TOTALS</b>					
Change in # of Households	-570	40	113	15	-402
Percentage Change	-4.77%	2.01%	26.40%	-	-2.80%
Change in % of Households	-1.69%	0.68%	0.89%	0.11%	

(10/3/05)

## PROGRAM/HOUSING TYPE

### Number of Households by Program and Housing Type

	YEAR-END		
	Annual Plan	Projected	Annual Report
Public Housing	3,308	2,905	2,845
Section 8			
Voucher	10,871	10,653 – 10,871	10,429
Certificate	0	0	48
Mod Rehab	496	496	461
S8 Subtotal	11,367	11,149 – 11,367	10,938
Total	14,675	14,054 – 14,272	13,783

(10/3/05)

## RACE & ETHNICITY

### Race of Head of Household

	White	Black	Hispanic	Asian	Native American	Other	Total
<b>ANNUAL PLAN</b>							
<b>Public Housing</b>	132	2,287	95	408	6	37	2,965
<b>Section 8</b>							
<b>Certificate</b>	4	46	2	0	1	2	55
<b>Mod Rehab</b>	46	323	19	101	2	17	508
<b>Voucher</b>	521	8,211	261	1,924	60	145	11,122
<b>S8 Subtotal</b>	571	8,580	282	2,025	63	164	11,685
<b>Total</b>	703	10,867	377	2,433	69	201	14,650
<b>Percent of Total</b>	4.80%	74.18%	2.57%	16.61%	0.47%	1.37%	100%

	White	Black	Native American	Asian	Pacific Islander	Total
<b>ANNUAL REPORT</b>						
<b>Public Housing</b>	159	2,222	5	435	0	2,821
<b>Section 8</b>						
<b>Certificate</b>	5	41	1	1	0	48
<b>Mod Rehab</b>	56	305	2	97	1	459
<b>Voucher</b>	563	7,947	59	1,858	2	10,431
<b>S8 Subtotal</b>	624	8,293	62	1,956	3	10,938
<b>Total</b>	785	10,522	68	2,393	3	13,759
<b>Percent of Total</b>	5.70%	76.41%	0.49%	17.38%	0.02%	100%

(10/3/05)

### Ethnicity of Head of Household

	Hispanic	Non-Hispanic	Total
<b>ANNUAL REPORT</b>			
<b>Public Housing</b>	98	2,723	2,821
<b>Section 8</b>			
<b>Certificate</b>	3	45	48
<b>Mod Rehab</b>	20	441	461
<b>Voucher</b>	269	10,172	10,441
<b>S8 Subtotal</b>	292	10,658	10,950
<b>Total</b>	390	13,381	13,771
<b>Percent of Total</b>	3%	97%	100%

(10/3/05)

Since completing the 2005 Annual Report, the Authority's method for collecting race and ethnicity data has changed. Previously, residents identified themselves as White, Black, Hispanic, Asian, Native American or Other. Residents are now asked to identify their race (White, Black, Native American or Pacific Islander) and ethnicity (Hispanic or Non-Hispanic) independently. As a result, the information reported from the beginning and end of the fiscal year are in different formats.

## CHANGES IN WAIT LIST NUMBERS AND CHARACTERISTICS

The demand for affordable housing in the City of Oakland far outpaces the supply of available rental and homeownership opportunities. Thus, OHA had little difficulty maintaining full participation in its programs. With such high demand, limited supply and full participation, OHA also maintains a wait list for program applicants. Regrettably, the continued high demand for affordable housing, coupled with a slow rate of client departure, has forced the Authority to close the application process. The last time new applicants were accepted onto the Section 8 wait list was in 2001 and the Public Housing wait list was in 2003.

The following charts report the number of applicants currently awaiting assistance by family type, size of unit assigned (i.e. number of bedrooms), race and ethnicity. It is important to note that there were no changes to OHA policy, operations or procedure governing wait lists during the course of the year.

### WAIT LISTS AND PROGRAM APPLICANTS BY HOUSEHOLD TYPE

	FAMILY	SINGLE	ELDERLY	DISABLED	TOTAL
<b>ANNUAL REPORT</b>					
<b>Public Housing Applicants</b>					
Households	4,228	4,324	373	1,453	10,378
Percentage	40.5%	42%	3.5%	14%	100%
<b>Section 8 Wait Applicants</b>					
Households	1,011	913	232	201	2,357
Percentage	43%	39%	9.5%	8.5%	100%
<b>Mod Rehab Applicants</b>					
Households	6,899	3,943	369	1,887	13,098
Percentage	52.6%	30.2%	2.8%	14.4%	100%

(10/12/05)

## WAIT LIST AND PROGRAM APPLICANTS BY UNIT SIZE

Number of Bedrooms	0/1	2	3	4	5+	Not Entered	Total
<b>ANNUAL REPORT</b>							
<b>Public Housing Applicants</b>							
Households	5,294	3,682	838	363	193	8	10,378
Percentage	51%	35%	8%	4%	1.3%	.7%	100%
<b>Section 8 Applicants</b>							
Households	732	105	52	5	0	1,463	2,357
Percentage	31.1%	4.5%	2.2%	.2%	0%	62%	100%
<b>Mod Rehab Applicants</b>							
Households	4,867	3,939	2,447	1,316	529	0	13,098
Percentage	37.1%	30.1%	18.7%	10.1%	4%	0%	100%

(10/12/05)

## WAIT LIST AND PROGRAM APPLICANTS BY RACE & ETHNICITY

	White	Black	American Indian	Asian	Pacific Islander	Missing	Total	Hispanic	Non-Hispanic
<b>ANNUAL REPORT</b>									
<b>Public Housing Applicants</b>									
Households	713	7,580	0	2,080	4	1	10,378	399	9,960
Percentage	6.6%	73%	0%	20%	.391%	.009%	100%	3.85%	96.15%
<b>Section 8 Applicants</b>									
Households	116	1,684	21	459	0	77	2,357	52	2,228
Percentage	5%	71%	.9%	20%	0%	3.1%	100%	2.2%	94.7%
<b>Mod Rehab Applicants</b>									
Households	909	9,485	1	2,694	9	0	13,098	750	12,348
Percentage	6.9%	72.4%	.007%	20.62%	.073%	0%	100%	5.7%	94.3%

(10/12/05)

## NARRATIVE DISCUSSION/EXPLANATION OF DIFFERENCE

Following overwhelming response to its open application period, the Authority stopped accepting new requests for assistance. A lottery was used to create a wait list from the pool of people that applied prior to that cut-off date. Thus, the Authority has a large pool of applicants, of which the wait list is but a subset of applicants awaiting assistance.

The 2005 Annual Plan reported the size of the Authority's wait list, not the size of the applicant pool awaiting assistance. This was not an accurate method for showing the number of households registered with the Authority for assistance. The size of the wait list is a function of the lottery and internal OHA operations, whereas the size of the applicant pool accounts for the total number of families that have signed up to be considered for Public Housing and/or Section 8.

Thus, the 2005 Annual Report shifts to reporting on the entire applicant pool in its accounting of each program's wait list. The intent of this shift is to give a more accurate representation of households waiting, and to help facilitate comparisons in the coming years of MTW. However, this does preclude comparing the data reported in the Annual Plan to the Annual Report. Accordingly, the 2005 Annual Plan data is not reproduced herein.

## **SECTION II: OCCUPANCY POLICIES**

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The 2005 Annual Plan anticipated few, if any, changes to occupancy policies governing eligibility, selection, admissions, assignment and occupancy of families, including the admissions policy for deconcentration of lower-income families and rent policies. The Authority expected to complete the year using the existing **Public Housing Admissions and Continued Occupancy Policy** (ACOP) and **Section 8 Administrative Plan** (Admin Plan).

### **CHANGES IN CONCENTRATION OF LOWER-INCOME FAMILIES, BY PROGRAM**

The Authority has not altered its policies to effect a change in the concentration of lower-income families.

### **CHANGES IN RENT POLICY NARRATIVE DISCUSSION/EXPLANATION OF CHANGE**

The Authority made three changes to its rent policy.

First, the Authority will not include imputed interest derived from assets valued at less than \$10,000 in the calculation of tenants' income. The Authority had included imputed interest derived from assets valued in excess of \$5,000. This change was instituted to encourage tenants to build assets.

Second, Section 9.2 of the Authority's ACOP has been rewritten to more clearly describe its responsibilities when families choose to pay a flat rent. This change specifically obligates the Authority to verify family composition, verify community service requirements, and conduct an annual inspection. These are not new obligations, though they had not previously been described in the ACOP.

The third policy change brought the Authority's Section 8 program calculations of family unit size into agreement with HUD regulations. Previously, families were assigned unit subsidies based on the number of members and the sex of dependent children. The policy was changed to assign subsidy based on the number of family members regardless of the age, sex or relationship of these other members.

The change in calculations of the family unit size helped ensure that Section 8 assistance is provided to the greatest number of families in the most equitable manner possible. The previous calculations allowed families of equal size to be assigned unequal subsidy. For instance, families with two children of the same sex received less subsidy than families with children of opposite sexes. This created inequality based on the sex of the children.

## SECTION III: CHANGES IN THE HOUSING STOCK

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### NUMBER OF UNITS IN INVENTORY BY PROGRAM

#### PLANNED VS ACTUAL

	Annual Plan	Annual Report
<b>Public Housing</b>	<b>3,308</b>	<b>3,308</b>
<b>Section 8</b>		
<b>Voucher</b>	<b>10,871<sup>a</sup></b>	<b>10,874</b>
<b>Certificate</b>	<b>0<sup>b</sup></b>	<b>53</b>
<b>Mod Rehab</b>	<b>496<sup>c</sup></b>	<b>516</b>
<b>Total</b>	<b>14,675</b>	<b>14,751</b>

(10/3/05)

<sup>a</sup> 2005 Annual Plan incorrectly reported current Voucher occupancy instead of total inventory.

<sup>b</sup> 2005 Annual Plan incorrectly omitted Project Based Certificates.

<sup>c</sup> 2005 Annual Plan incorrectly reported current Mod Rehab occupancy instead of total Mod Rehab inventory.

### NARRATIVE DISCUSSION/EXPLANATION OF DIFFERENCE

The number of OHA's Public Housing units and Section 8 vouchers did not change during the year. The Authority continues to have 3,308 Public Housing units and 10,874 Section 8 Housing Choice Vouchers.

Of the 3,308 Public Housing units, the Authority began the year with 366 units off-line. 142 units from Lockwood Gardens were undergoing modernization, 46 units at Westwood Gardens and 178 units at Coliseum Gardens were being replaced. The latter two projects were made possible by the HOPE VI program.

At the end of the 2005 fiscal year: the 142 units at Lockwood Gardens were within weeks of being reoccupied. 21 of the 178 units at Coliseum were nearing a date of full availability, while on-site construction began on the first phase of the remaining Coliseum units. As of March, the 46 units at Westwood Gardens had been rebuilt, reopened and fully reoccupied as part of the Mandela Gateway HOPE VI development.

## SECTION IV: SOURCES AND AMOUNTS OF FUNDING

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### PLANNED VS ACTUAL FUNDING AMOUNTS NARRATIVE DISCUSSION/EXPLANATION OF DIFFERENCE CONSOLIDATED FINANCIAL STATEMENT

This section presents a comparison between the level of funding budgeted and actual amounts of funding received by the Authority in fiscal year 2005 for the Consolidated MTW Program, the Section 8 Programs, and Other Programs.

#### Consolidated MTW Budget

Under MTW, the Authority has consolidated the Low Rent Public Housing Operating and Capital Fund funding into one unified budget.

SOURCE:	FY 2005 Budgeted	FY 2005 Actual	Variance
Dwelling Rental Income <sup>1</sup>	\$ 9,538,000	\$ 9,115,391	\$ (422,609)
Other Income	75,000	185,463	110,463
Public Housing Block Grant <sup>2</sup>	10,303,000	10,813,686	510,686
Capital Fund Block Grant <sup>3</sup>	8,763,000	5,037,080	(3,725,920)
Investment Income <sup>4</sup>	500,000	280	(499,720)
<b>Total Consolidated MTW</b>	<b>\$ 29,179,000</b>	<b>\$ 25,151,900</b>	<b>\$ (4,027,100)</b>

The Consolidated MTW Budget included the following major variances:

1. Decrease in Dwelling Rental Income due to an increase in vacancies related to accelerated eviction activity as well as lower rents paid by residents due to annual review adjustments.
2. Increase in the Public Housing Block Grant was due to PHAs nationwide being funded at 98.1 percent instead of the 94.7 percent of subsidy eligibility announced prior to the start of the fiscal year.
3. Decrease in Capital Fund Block Grant revenue due to delays in planned rehabilitation activity.
4. Budget based on transferring \$500,000 of investment income from the Section 8 and Other programs into the Consolidated MTW program. The Authority chose not to transfer these funds, thus leaving this income to be accounted for in the respective programs, as seen on page 14.

## Section 8 Program Budget

SOURCE:	FY 2005 Budgeted	FY 2005 Actual	Variance
Housing Choice Voucher Subsidy <sup>1</sup>	\$ 146,182,700	\$ 143,207,574	\$ (2,975,126)
Moderate Rehab Subsidy	3,664,200	3,629,748	(34,452)
Shelter Plus Care Subsidy	2,104,100	2,363,223	259,123
Investment Income	250,000	438,199	188,199
Investment Income Transfer	(250,000)	0	250,000
Project Reserves <sup>2</sup>	-	11,401,314	11,401,314
<b>Total Section 8</b>	<b>\$ 151,951,000</b>	<b>\$ 161,040,058</b>	<b>\$ 9,089,058</b>

The Section 8 Program Budget included the following major variances:

1. Decrease in Housing Choice Voucher Subsidy due to HUD reducing funding to 96 percent of subsidy eligibility in the second half of the fiscal year.
2. Exercised option to draw down Housing Choice Voucher Project Reserve.

## Other Programs Budget

SOURCE:	FY 2005 Budgeted	FY 2005 Actual	Variance
Local Fund	\$ 300,000	\$ 418,029	\$ 118,029
HOPE VI Grants <sup>1</sup>	10,379,000	13,547,944	3,168,944
Pre-MTW Capital Funds <sup>1</sup>	10,978,000	16,512,594	5,534,594
Investment Income	250,000	315,064	65,064
Investment Income Transfer	(250,000)	0	250,000
<b>Total Other Programs</b>	<b>\$ 21,657,000</b>	<b>\$ 30,793,631</b>	<b>\$ 9,136,631</b>

The Other Programs Budget included the following major variances:

1. The additional revenue realized by the HOPE VI Grants and Capital Fund was due to the expanded work performed on these projects.

## Total Budgeted Funding Versus Actual Funding Received

SOURCE:	FY 2005 Budgeted	FY 2005 Actual	Variance
Consolidated MTW	\$ 29,179,000	\$ 25,151,900	\$ (4,027,100)
Section 8	151,951,000	161,040,058	9,089,058
Other	21,657,000	30,793,631	9,136,631
<b>Total Revenue</b>	<b>\$ 202,787,000</b>	<b>\$ 216,985,589</b>	<b>\$ 14,198,589</b>

# SECTION V: USES OF FUNDS

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## BUDGETED VS ACTUAL EXPENDITURES BY LINE ITEM NARRATIVE/EXPLANATION OF DIFFERENCE RESERVE BALANCE AT YEAR-END. DISCUSS ADEQUACY OF RESERVES

This section presents a comparison between the level of budgeted expenditures and actual amounts expended by the Authority in FY 2005 for the Consolidated MTW Program, the Section 8 Programs, and the Other Programs and a discussion of the level and adequacy of reserves.

### Planned Expenditures by Budget Line Item Versus Actual Expenditures

CONSOLIDATED MTW	FY 2005 Budgeted	FY 2005 Actual	Variance
Administration & General <sup>1</sup>	\$ 9,993,000	\$ 10,525,734	\$ (532,734)
Tenant Services	342,000	354,847	(12,847)
Utilities	2,524,000	2,528,826	(4,826)
Maintenance & Contracts	6,892,000	6,761,941	130,059
Police Services	1,038,000	1,242,999	(204,999)
Capital Projects <sup>2</sup>	8,037,000	5,037,080	2,999,920
Capital Equipment	353,000	252,789	100,211
<b>Total Consolidated MTW</b>	<b>\$ 29,179,000</b>	<b>\$ 26,704,216</b>	<b>\$ 2,474,784</b>

SECTION 8 & Other Programs	FY 2005 Budgeted	FY 2005 Actual	Variance
Administration & General <sup>3</sup>	\$ 11,599,000	\$ 10,860,193	\$ 738,807
Housing Assistance Payments <sup>4</sup>	141,748,000	134,857,973	6,890,027
Tenant Services	273,000	9,504	263,496
Maintenance & Contracts	490,000	353,322	136,678
Police Services	307,000	219,941	87,059
Pre-MTW Capital Projects <sup>5</sup>	19,335,000	30,060,539	(10,725,539)
Pre-MTW Capital Equipment	93,000	3,217	89,783
<b>Total Section 8 &amp; Other Programs</b>	<b>\$ 173,845,000</b>	<b>\$ 176,364,689</b>	<b>\$ (2,519,689)</b>

TOTAL USES	FY 2005 Budgeted	FY 2005 Actual	Variance
Consolidated MTW	\$ 29,179,000	\$ 26,704,216	\$ 2,474,784
Section 8 & Other Programs	173,845,000	176,364,689	(2,519,689)
<b>Total Expenditures</b>	<b>\$ 203,024,000</b>	<b>\$ 203,068,905</b>	<b>\$ (44,905)</b>

The expenditure of funds included the following major variances:

1. The increased spending in Administration and General expenses in the Consolidated MTW Program was due to higher legal costs related to expanded eviction activity and higher fringe benefit costs with regard to employee workers compensation and medical coverage.
2. The decreased spending in the area of Capital Projects in the Consolidated MTW Program is due to deferred planned construction management activity.
3. The decreased spending in the area of Administration and General expenses in the Section 8 and Other Programs is due to vacant staff positions.
4. The decreased spending in the area of Housing Assistance Payments in the Section 8 Programs is the result of under-leasing of units in the Housing Choice Voucher Program.
5. Pre-MTW Capital Projects is drawn from previous-year funds. The increase in this spending is due to expanded activity in HOPE VI and Capital Fund projects.

### Net Change in Reserves

NET CHANGE RESERVE	FY 2005 Budgeted	FY 2005 Actual	Variance
Total Revenue	\$ 202,787,000	\$ 216,985,589	\$ 14,198,589
Total Expenditures	203,024,000	203,068,905	(44,905)
<b>Total Net Change Reserve</b> 1	<b>\$ (237,000)</b>	<b>\$ 13,916,684</b>	<b>\$ 14,153,684</b>

### Level and Adequacy of Reserves

YEAR-END RESERVE	FY 2005 Budgeted	FY 2005 Actual	Variance
Consolidated MTW 2	\$ 0	\$ 1,219,000	\$ 1,219,000
Housing Choice Voucher Project Reserve	0	11,401,314	11,401,314
Section 8 and Local Fund 3	10,400,000	19,296,370	8,896,370
<b>Total Reserve</b>	<b>\$ 10,400,000</b>	<b>\$ 31,916,684</b>	<b>\$ 21,516,684</b>

Net Change in Reserves and Reserve Level included the following major variances:

1. High net change to reserves due to draw down of Housing Choice Voucher Project Reserve.
2. OHA will do everything possible to operate the Consolidated MTW Program at break-even due to the low level of reserves in the program.
3. Section 8 and Local Fund reserves are higher than anticipated due to deferred Capital Project acquisition and construction activity.

## SECTION VI: CAPITAL PLANNING

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### PLANNED VS ACTUAL EXPENDITURES BY PROPERTY

The Authority owns 3,308 units of public housing located throughout the City of Oakland on 267 sites. While OHA operates eight sites of 75 units or more, there are 254 “scattered sites” with an average of less than seven units. Thus, Oakland is among the nation’s leaders in scattering public housing into otherwise privately owned and maintained residential areas. A scattered public housing stock has helped the Authority meet its goal of deconcentrating poverty and integrating residents into neighborhoods, though it makes the public housing program significantly more challenging and expensive to operate.

At the beginning of fiscal year 2005, the Authority faced increasing construction and maintenance costs, an aging housing stock, and a decade of decline in federal funding of the capital fund.

The 2005 Annual Plan identified six projects the Authority intended to address using a combination of Capital and HOPE VI funding.

	Project	Units	Need	FY 2005 Budgeted	FY 2005 Actual
1.	Lockwood Gardens Phase III	142	Modernization	\$20,125,000	\$19,130,937
2.	Peralta	Multi-purpose Building	New construction	\$5,567,200	\$5,922,424
3.	2202 Mitchell Street	7	Balcony and façade repairs	\$162,000	\$221,324
4.	565 45 <sup>th</sup> Street	6	Balcony and façade repairs	\$160,000	\$140,373
5.	1619 Harrison	Administrative Offices	Repair elevators	–	\$416,088
6.	Physical Needs Assessment	Entire Housing Stock	Complete report	–	\$158,470

### NARRATIVE DISCUSSION/EXPLANATION OF DIFFERENCE

As the above chart shows, 2202 Mitchell Street required funding significantly different from that which was budgeted. This can be attributed to the scope of work expanding during construction to include landscaping and additional items. The scope of work for the Peralta multi-purpose building was also expanded during construction at the City of Oakland’s behest, thus accounting for the increase in cost.

# **SECTION VII: MANAGEMENT INFORMATION FOR OWNED/MANAGED UNITS**

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## **VACANCY RATES**

### **TARGET VS ACTUAL VACANCIES BY PROPERTY NARRATIVE/EXPLANATION OF DIFFERENCE**

The 2005 Annual Plan set a target for year-end of less than 2 percent vacancy for the Public Housing program. This ambitious goal was set for the Authority's entire housing stock, except those units undergoing major renovation and modernization. At the beginning of the year, the public housing vacancy rate was approximately 2.7 percent.

By the end of the fiscal year, the Authority had reduced its vacancy rate by 0.2 percent to 2.5 percent, through operational efficiencies that ensured vacant units were leased to eligible families more quickly. This effort was aided by an increased emphasis on "curb appeal" for Authority property, which made these subsidized units more appealing to tenants and more competitive in a strong local housing market. While a 2 percent vacancy rate was not achieved, OHA continues to make progress toward this goal.

The policy governing re-occupancy of units was not changed during the year, though proposals to modify the administration of leases and admitting of tenants are currently under consideration.

## **RENT COLLECTIONS**

### **TARGET VS ACTUAL COLLECTIONS NARRATIVE/EXPLANATION OF DIFFERENCE**

At the beginning of the fiscal year, 3.5 percent of rents owed the Authority were going uncollected. To improve collections, OHA planned and implemented a two-part approach. The first step was to work with public housing families to help them develop better rent payment practices. If the tenancy could not be preserved, the Authority would pursue for-cause evictions.

The 2005 Annual Plan set the target for uncollected rent at yearend as 3.0 percent. While this represents a relatively ambitious rate for a housing authority, rent collections were seen as an area of improvement for OHA.

By the end of 2005 fiscal year, the actual rate of uncollected rent was 1.63 percent. Two factors may explain this exceptional decrease in the percentage of uncollected rent. First, the percent reported at the beginning of the fiscal year did not fully account for tenant payments. The 3.7 percent reported did not include rent paid late, delayed transactions at the Authority's financial service provider, or discounts for partial payments of rent by tenants vacating their units mid-month. Second, the Authority may have collected a higher percentage of rents in FY 2005 due to a modification in its legal process to consider repayment agreements as an alternative to eviction action for failure to pay rent.

## **WORK ORDERS**

### **TARGET VS. ACTUAL RESPONSE RATES**

#### **NARRATIVE/EXPLANATION OF DIFFERENCE**

The 2005 Annual Plan set for the Authority a goal of completing all emergency work orders within 24 hours. It also proposed implementing a method to ensure that most work order are completed on first response.

Both of these goals were met. One hundred percent of all emergency work orders made during the year were completed within 24 hours and 100 percent of all regular work orders were completed within 30 days or scheduled in a program for completion. The Authority's development of a revised 24-hour Access Program to accommodate work order completion on first response made this possible.

## **INSPECTIONS**

### **PLANNED VS ACTUAL INSPECTIONS COMPLETED**

#### **NARRATIVE/DISCUSSION OF DIFFERENCE**

The 2005 Annual Plan set for the Authority a goal of completing inspections on 100 percent of its owned and managed units. The Authority inspects all available public housing units and buildings on an annual basis. Units and buildings that are vacant and undergoing comprehensive modernization through the Capital Fund or HOPE VI will not be inspected until they are ready for reoccupancy.

100 percent of units that the Authority owns and/or manages were inspected during the year.

### **RESULTS OF INDEPENDENT PHAS INSPECTIONS**

HUD's Real Estate Assessment Center (REAC) is to conduct annual inspections of its portfolio using the Public Housing Assessment System (PHAS.) Included in these inspections is the Physical Assessment Subsystem (PASS,) which determines whether a public housing authority's housing stock meet the standard of *decent, safe and sanitary, and is in good repair*.

REAC did not conduct PASS inspections on OHA property during the 2005 fiscal year. HUD has announced that PASS inspections may be conducted in the second quarter of FY2006 and used retroactively for the previous fiscal year's PHAS results.

## **SECURITY**

### **PLANNED VS ACTUAL ACTIONS**

#### **NARRATIVE/DISCUSSION OF DIFFERENCE**

The primary law enforcement agency in the City of Oakland is the Oakland Police Department (OPD.) The Oakland Housing Authority established a police department (OHAPD) to work with OPD to increase the safety and security of residents living in Authority properties.

During the 2005 fiscal year, OHAPD focused attention on crime related and other community issues which affect public housing tenants and Section 8 participants. The following are results derived from OHAPD regarding goal stated in the 2005 Annual Plan:

**Employ pro-active measures toward reducing crime on and around Authority-owned properties:** Crime statistics obtained from the City of Oakland's Records Management System show that the Authority's crime rate was lower than that in the City at-large. 1.11 percent of Part 1 crimes in the City of Oakland occurred on and about public housing property despite Oakland Housing Authority units make up approximately 2.1 percent of all units in the City.

**Conduct regular crime analysis on calls for service to determine trends as well as types of calls OHAPD is receiving and adjust workload assessments and officer deployment accordingly:** Officers conduct constant analysis on sites to determine levels and types of activities. Based on information received from various sources deployment and priority assignments are regulated. As a result surveillance and other pro-active police activities are accomplished.

**Continue to investigate fraud in the Section 8 and public housing programs:** During 2004 the Fraud Investigations Unit (FIU) opened 163 investigations, and investigated and closed 117 cases. Many of these cases result in repayment agreements. The total balance of repayment agreements for the year was \$238,085.13, of which \$154,110.27 was recovered during the year.

**Increase resident involvement through community meetings and resident Patrols:** Authority management and OHAPD officers began a program of regular attendance of the City of Oakland Neighborhood Crime Prevention Council (NCPC) meetings. Residents have been encouraged through newsletters and direct contact to accompany OHA staff, albeit with lesser success.

**Continue to create safety brochures for public housing residents, Section 8 participants and Authority employees:** Brochures were developed and distributed regarding: "Holiday Safety," "Using 911," "Harassing and Obscene Phone Calls," and "Disaster Preparedness."

**Maintain national accreditation through the Commission on Accreditation for Law Enforcement Agencies (CALEA):** OHAPD's CALEA accreditation was renewed in March 2005. This accreditation has proven beneficial for the Police Department and has enhanced our ability to provide professional services to our residents and the community at large. Another benefit CALEA offers is a general reduction of liability exposure.

**Continue Police Athletic League (PAL) activities which includes camping trips and other outings with youth:** Relationships are at the core of youth development, and the department is dedicated to offering programs that will enhance relationships between our young residents and the police. This year more than 51 children attended overnight summer camp and 25 youth participated in fishing activities with OHA Police officers and staff. By popular demand the Chabot Space and Science Center was visited by youth as an educational feature.

**Conduct emergency action plan drills and demonstrations at all Authority Service facilities:** This goal was not attained due to limited resources and operational need. It remains an on-going goal in which the Authority will focus over the next year.

**Conduct resident surveys and utilize the survey result information when developing patrol strategies:** Residents of Oakland Housing were provided a list of questions pertaining to the services provided by OHAPD, overall safety, their individual contacts with police, as well as neighborhood concerns. The information provided will be disseminated to Police Department staff, as well as other Authority department in order to better provide services.

# **SECTION VIII: MANAGEMENT INFORMATION FOR LEASED HOUSING**

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## **LEASING INFORMATION**

The Oakland Housing Authority's leased housing program is one of the largest programs of its kind in the nation. It has housed hundreds of thousands of Oakland's neediest residents and added hundreds of millions of dollars to the local economy via housing assistance payments to landlords. The program administers Section 8 vouchers from the U.S. Department of Housing and Urban Development (HUD).

At the beginning of the 2005 fiscal year, 97.4 percent of OHA Section 8 units were under lease. This high rate allowed the Authority to house over 35,000 people in more than 11,000 units.

### **TARGET VS ACTUAL LEASE UPS AT END OF PERIOD**

The 2005 Annual Plan projected that 98 – 100 percent of Section 8 units would be under lease at the end of the fiscal year. These projections were based on the assumption that the federal government would fully fund the program. That assumption proved to be incorrect, thus leaving the Authority's leased housing program millions of dollars under funded. To reduce the program size to match available funding, OHA ceased issuing new vouchers and recalled all issued-but-unused vouchers. At year's end, 96.3 percent of its Section 8 units were under lease, while the rate throughout the year was 97.6 percent.

### **INFORMATION AND CERTIFICATION OF DATA ON LEASED HOUSING MANAGEMENT NARRATIVE/EXPLANATION OF DIFFERENCES**

#### **Ensuring rent reasonableness**

As projected, OHA did not make any changes in this area. All requests for rent increases continue to be assessed for rent reasonableness per HUD guidelines and existing OHA policy.

#### **Expanding housing opportunities**

OHA made a number of changes to its project-based voucher (PBV) program. These changes included an expansion of the neighborhoods in Oakland in which PBV assistance can be utilized, the ability of developments to utilize site-based wait lists and the ability of OHA to use the City of Oakland's Affordable Housing Notice of Funding Availability (NOFA) to award PBV assistance.

This fiscal year, a site-based wait list was utilized for 30 newly constructed PBV units. Also, a total of 19 PBV units were tentatively awarded via a NOFA released by the City of Oakland. The Agreement for Housing Assistance Payments (AHAP) for those vouchers will be signed in approximately two years after the project is completed.

## **Deconcentration of low-income families**

The 2005 Annual Plan indicated that the Authority may examine and change policies for the deconcentration of low-income families via income targeting, differing payment standards and portability. No new policy was developed regarding deconcentration during the year.

## **INSPECTION STRATEGY**

### **RESULTS OF STRATEGY**

#### **NARRATIVE/DISCUSSION OF DIFFERENCE**

#### **Planned vs. Actual Inspections Completed by Category:**

ANNUAL HQS INSPECTIONS

PRE-CONTRACT HQS INSPECTIONS

HQS QUALITY CONTROL INSPECTIONS

At the start of the 2005 fiscal year, the Authority was conducting 100 percent of its Annual, Pre-contract and Quality Control HQS inspections. The 2005 Annual Plan indicated that the Authority intended to explore efficient alternatives to the current inspection process, while continuing to complete 100 percent of inspections. While the Authority had not identified alternative procedures for conducting inspections by years end, 100 percent of inspections were still being completed using standard HUD procedures.

#### **HQS Enforcement**

For those units or properties that fail an HQS inspection, the Authority enforced its policy on correcting failed items in 100 percent of reported incidents. For units under contract, owners were given 24 hours to correct emergency items, 72 hours to repair replace appliances and plumbing, and 30 days for all other items.

# SECTION IX:

## RESIDENT PROGRAMS

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### PLANNED VS ACTUAL ACTIONS

### NARRATIVE/EXPLANATION OF DIFFERENCE

The Authority had a successful year linking residents to programs that support self sufficiency and an increased quality of life. Despite limited funding, OHA made efficient use of HOPE VI, Weed and Seed and block grant funds, as well as the leveraged resources of various community partners, to provide direct services to over 600 working age adults, school aged youth, older youth and seniors residents during the 2004-2005 fiscal year.

The 2005 Annual Plan called for the consideration of a wide range of programs and services involving asset building and home ownership, self-sufficiency and job training, resident involvement and staff development and supportive services. 2005 fiscal year activities included:

- The Authority distributed brochures, flyers and articles to residents regarding over 80 employment, family services, youth services, senior services and community building activities to families residing in public housing and Section 8 subsidized properties. Information was disseminated through neighborhood canvassing, community meetings, orientations, the resident newsletter and rent statements.
- Various community based organizations educated families on preventative health strategies, emergency preparedness, elder fall prevention, CalWORKS and the Food Stamp program. Highlighted partnerships include:
  - United Seniors - advocacy group that support seniors living in multi-unit housing with community building and life activities
  - Alameda County Social Services Agency - provided orientations and enrollment in the Food Stamps program
  - CORE – Non-Profit providing instruction on emergency preparedness and disaster community mobilization
  - Red Cross - Provided instruction and earthquake kits to seniors living in public housing
  - Alameda County Public Health Department - provided on-site orientation and registration for the Healthy Living, Diabetes prevention and IPOP pregnancy support programs.
- Over 100 adults, seniors and older youth, including 76 public housing, three Section 8 and 20-low income Oakland residents, were employed through the Authority's Section 3 program and Workforce Development partnerships. These employment efforts included job training, job placement assistance and job readiness partnerships with:
  - The Cypress Mandela/WIST Training Center - pre-apprenticeship program for careers in the trades
  - Youth Employment Partnership Program - Youth build program provides older youth with GED preparedness, subsidized job training, case management and job placement assistance for over 20 youth.

- Unity Council - provides job training, GED, job placement assistance and employment support that specializes in assisting limited English speaking clients.
- City of Oakland ASSETTS - Provides job training and placement assistance to work able seniors. ASSETT workers staffed the OHA Dial a Care senior support program and the BACS lunch program at the Palo Vista Gardens Senior Community.
- YMCA - trains older youth in youth-oriented programming, including culinary arts.
- WalMart - the Authority hosted a WalMart application center, enabling over 2,000 West Oakland residents to submit applications for employment.
- Workforce Investment Board - as a member of the WIB, the Authority is linked with all One Stop Career Center programs and job fairs.
- Over 200 clients participated in Homeownership Orientations, individual support sessions and group education workshops funded through HOPE VI and the Section 8 Homeownership Programs, resulting in 4 first time homebuyers for the fiscal year.
- The Section 8 FSS Program provided assistance to 321 families focused on achieving self sufficiency and realizing asset building through the earned income disregard savings component of the program.
- The Authority currently manages over 16 HOPE VI sub-contracts with community service providers for community and supportive services that provide entrepreneurial training, job training, asset building, family counseling, after school programs, parenting classes, youth mentoring, youth media career training, homeownership, and other supportive services. These services are available to over 300 HOPE VI households.
- Community building and resident leadership development was supported through the staffing of over 30 site meetings, resident council meetings, Resident Advisory Board meetings and resident leadership trainings. One resident leader was ultimately hired by the City of Oakland as a Community Liaison for Violence Prevention.
- The Authority authored, co-authored and provided support documentation for over 6 grant and other funding applications with partners, including an application for additional HOPE VI funding for the Tassafaronga Community.

## **RESULTS OF LATEST PHAS RESIDENT SURVEY, OR EQUIVALENT AS DETERMINED BY HUD.**

The Authority is using HUD's Public Housing Assessment System (PHAS) to measure its performance for the 2005 fiscal year. The data for the year has been electronically submitted by OHA through the Real Estate Assessment Center (REAC). The Authority is awaiting its compiled score.

## **SECTION X: OTHER INFORMATION AS REQUIRED BY HUD**

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### **RESULTS OF LATEST COMPLETED 133 AUDIT (including program-specific OMB compliance supplement items, as applicable to the HA's Agreement)**

The most recent 133 Audit was completed on June 30, 2004, in which there were no significant findings. See Attached.

### **REQUIRED CERTIFICATIONS AND OTHER SUBMISSIONS (from which the Agency is not exempted by the MTW Agreement)**

The Authority previously submitted with its Annual Plan all those certifications from which it is not exempted by the MTW Agreement.

### **SUBMISSIONS REQUIRED FOR THE RECEIPT OF FUNDS**

The Authority attaches to its Annual Plans all those submissions required for the receipt of funds.



# MORRIS, DAVIS & CHAN LLP

Certified Public Accountants

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners  
**Housing Authority of the City of Oakland**  
Oakland, California

Regional Inspector General for Audit  
Department of Housing and Urban  
Development  
San Francisco, California

### Compliance

We have audited the compliance of the **Housing Authority of the City of Oakland (OHA)** with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. OHA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of OHA's management. Our responsibility is to express an opinion on OHA's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about OHA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on OHA's compliance with those requirements.

As described in items 04-1, 04-2, and 04-3 in the accompanying schedule of findings and questioned costs, OHA did not comply with requirements regarding eligibility, reporting, and provisions related to utility allowances that are applicable to its Low Rent Housing and Section 8 Housing Programs. Compliance with such requirements is necessary, in our opinion, for OHA to comply with the requirements applicable to those programs.

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*Offices in San Francisco, California and Charlotte, North Carolina*



In our opinion, except for the noncompliance described in the preceding paragraph, OHA complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of OHA is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered OHA's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect OHA's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 04-1, 04-2, and 04-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable conditions described above to be material weaknesses.

This report is intended solely for the information and use of the Board of Commissioners, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Morris, Davis & Chan*

February 4, 2005

**HOUSING AUTHORITY OF THE CITY OF OAKLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

**I – SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of auditors' report issued: Qualified

Internal control over financial reporting:

- Material weaknesses identified? No
- Reportable conditions identified that are not considered to be material weaknesses? None Reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? No
- Reportable conditions identified that are not considered to be material weaknesses? Yes

Type of auditors' report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.850	Low Rent Housing Program
14.871	Section 8 – Housing Choice Vouchers

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low-risk auditee? No

**II – FINANCIAL STATEMENT FINDINGS**

None

**HOUSING AUTHORITY OF THE CITY OF OAKLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

**III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**04-1 SITUATION NOTED:**

During our review of 50 Low Rent Housing Program tenant files we noted the following:

- Third party income verification was not performed for 4 tenants;
- 1 file could not be located; and
- Recertification was not performed timely for 6 tenants.

**RECOMMENDATION:**

We recommend that OHA enhance and strengthen controls and procedures to ensure that all program compliance requirements are met.

**MANAGEMENT RESPONSE/ACTION PLAN:**

- We have modified the third party verification form and revised the method of collecting this information. Third party income verification forms will be mailed and once received, a review of rent will be performed;
- We are searching for the missing file and if it cannot be located we will reconstruct the documentation; and
- We will review our recertification process to make sure future recertifications are performed in a timely manner.

The person responsible for the implementation of this action plan is Tim Jones, Director of Housing Management, and the anticipated completion date is June 30, 2005.

**04-2 SITUATION NOTED:**

During our review of 30 Section 8 Housing Program tenant files we noted the following:

- Third party income verification was not performed for 1 tenant;
- An old utility and appliance allowance schedule was used for 1 tenant; and
- Income was not properly calculated for 2 tenants.

**HOUSING AUTHORITY OF THE CITY OF OAKLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

RECOMMENDATION:

We recommend that OHA enhance and strengthen controls and procedures to ensure that all program compliance requirements are met.

MANAGEMENT RESPONSE/ACTION PLAN:

- We have modified the third party verification form and revised the method of collecting this information. Third party income verification forms will be mailed and once received, a review of rent will be performed;
- An updated utility allowance schedule has been used; and
- Income has been properly calculated.

The person responsible for the implementation of this action plan is Joseph Villarreal, Director of Leased Housing, and the anticipated completion date is June 30, 2005.

04-3 SITUATION NOTED:

We also noted that OHA could not provide the proper supporting schedule for the total number of applicants denied who met the one-strike criteria for the Public Housing Assessment System (HUD Form 500072) report.

RECOMMENDATION:

We recommend that OHA keep all supporting schedules used in preparing federal reports.

MANAGEMENT RESPONSE/ACTION PLAN:

OHA's existing process for tracking the number of applicants denied due to the "One Strike" screening criteria may yield a total number of applicants denied, on a specific date reviewed, for the purpose of complying with HUD reporting requirements. However, Public Housing application processing is ongoing, and over a given period of time that number will fluctuate due to successful appeals and additional denials. Furthermore, permanent records of these files can not be maintained according to California Penal Code Section 11105.03, which requires specific handling instructions of this information in regards to confidentiality and subsequent destruction.

The person responsible for this process is Tim Jones, Director of Housing Management.

**HOUSING AUTHORITY OF THE CITY OF OAKLAND**  
**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

<u>FINDINGS</u>	<u>STATUS</u>
03-1 During our review of 40 Low Rent Housing Program tenant files we noted the following:	
- Third party income verification was not performed for 18 tenants;	Current year finding 04-1
- Family assets were not verified for 27 tenants;	Resolved
- HUD Form 50058 was not maintained in the files for all files selected and since there was no electronic archive for this information, we were unable to agree the information on the Form 50058 with the information in the tenant files;	Resolved
- Income was not properly calculated for 1 tenant;	Resolved
- An incorrect utility allowance was computed for 4 tenants;	Resolved
- A claimed disability deduction was not verified for 1 tenant; and	Resolved
- Copies of social security cards were missing from 5 files.	Resolved
03-2 During our review of 40 Section 8 Housing Program tenant files we noted the following:	
- Third party income verification was not performed for 12 tenants;	Current year finding 04-2
- HUD Form 50058 was not maintained in the files for all files selected and since there was no electronic archive for this information, we were unable to agree the information on the Form 50058 with the information in the tenant files;	Resolved
- A claim for a full-time student deduction was not verified for 1 tenant;	Resolved
- Copies of social security cards were missing from 8 files; and	Resolved
- Tenant files could not be provided for 4 tenants selected for testing.	Resolved
We also noted that OHA did not keep a log or records of failed housing inspections. As a result, we were unable to test whether they were reinspected in a timely manner.	Resolved