



**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

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Mr. Dallas J. Parks  
Chief Executive Officer  
Housing Authority of the City of Durham  
PO Box 1726  
Durham, NC 27702-1726


Dear Mr. Parks:

Our office conducted a SEMAP Confirmatory Review of your Section 8 Housing Choice Voucher Program on June 14-15, 2010. We appreciate the assistance of your staff in providing materials needed, and for their courtesy and cooperation during the review. Please find attached the review report, which includes your final SEMAP score for the period ending 12/31/09. You have been designated a Standard Performer, with a confirmed score of 72.

As a reminder, your Agency is still required to provide this office with monthly reports of corrective actions taken in addressing the SEMAP indicators to which you received a score of "0". The corrective action plan will continue until all issues have been successfully resolved.

If you have questions regarding the information in this letter, please contact Wayne Woodell, Public Housing Revitalization Specialist, at 336-547-4000 ext. 2094.

Sincerely,

  
Michael A. Williams  
Director  
Office of Public Housing

Attachment:

# SECTION 8 MANAGEMENT ASSESSMENT PROGRAM

(SEMAP)

## CONFIRMATORY REVIEW REPORT

### Part I – Overview

The Section 8 Management Assessment Program (SEMAP) is designed to assess whether the Section 8 tenant-based assistance programs operate to help eligible families afford decent rental units at the correct subsidy cost. SEMAP also establishes a system for HUD to measure the PHA's performance in key Section 8 program areas and to assign performance ratings. SEMAP provides procedures for HUD to identify the PHA's management capabilities and deficiencies in order to target monitoring and program assistance more effectively. In addition, the PHA can use the SEMAP performance analysis to assess and improve its own program operations.

The three levels of performance under SEMAP and the criteria for achieving those levels are as follows:

1. **High Performer** – If the PHA achieves a SEMAP score of at least 90 percent it shall receive this designation. High performers may receive national recognition by HUD and may be given competitive advantage under notices of funds availability.
2. **Standard** – If the PHA receives a SEMAP score of 60 to 89 percent it shall receive this designation.
3. **Troubled** – If the PHA receives a SEMAP score of less than 60 percent it shall receive this designation.

### Part II – Review of the PHA's SEMAP Certification

The following source documents were provided by the PHA for the review: Section 8 Administrative Plan, briefing packet for participants, landlord packet, Section 8 waiting list, rent comparability information, utility allowance schedules, utility rate review documentation, payment standard information, participant files, and PHA quality control files.

## **Indicator #1 – Selection from the Waiting List**

This indicator shows whether the PHA has written policies in its Administrative Plan for selecting applicants from the waiting list, and whether the PHA follows these policies when selecting applicants from the waiting list. If the PHA has a written policy for how applicants are selected from the waiting list, and if 98 percent of its admissions were in accordance with that policy, it receives a score of 15 for this indicator.

The review showed that the PHA has a written policy for the selection of applicants from its waiting list. During their 2009 fiscal year, they selected 401 applicants from the waiting list and housed 51 new admissions. Based on these numbers the PHA selected 13 applicants that had been selected from the waiting list and 5 applicants that were housed for their quality control sample. Their sample was in accordance with applicable regulations and was completed in an unbiased method. Our review of their sample confirmed that the applicants selected from the waiting list during 2009 were made in accordance with their selection policy.

**The confirmed score for this indicator is 15.**

Observations for the Sample documentation:

1. The sample size was modified during the process because the initial universe of new admissions included port-ins, which is not selected from the waiting list. This resulted in a decrease of one in the initial sample size, but the information in the quality control file had not been adjusted to reflect this change. It would be helpful in the future to create a list of only new admissions, without the port-ins, to simplify the process. The information in the file should also correctly reflect the sample size used.
2. In the review documentation, there were two questions answered for both the sample of applicants selected and applicants housed. One question asked if the selection policy was followed, and the second asked about the disposition of the application. It would be helpful to put additional information on the form used to include:
  - a. The date of the waiting list used for selection, and the place the applicant had on the waiting list.
  - b. The preferences the applicant was verified as having.
  - c. Special programs of the applicant.
  - d. The date and time of the application.

## **Indicator #2 – Reasonable Rent**

This indicator shows whether the PHA has and implements a reasonable written method to determine and document for each unit leased that the rent to owner is reasonable based on current rents for comparable unassisted units: at the time of initial leasing, and whenever there is any increase in the rent to owner. The PHA's method must take into consideration the location, size, type, quality and age of the units, and the amenities, housing

services, and maintenance and utilities provided by the owners in determining comparability and the reasonable rent.

If the PHA follows its written method to determine reasonable rent, and has documented its determination of reasonable rent in 98 percent of the voucher leases sampled, it receives a score of 20 for this indicator. If the PHA follows its written method to determine reasonable rent and has documented its determination of reasonable rent in 80 – 97 percent of the voucher leases sampled, it receives a score of 15 for this indicator.

The review showed that the PHA follows its written method to determine reasonable rent, and has documented its determination of reasonable rent in 98 percent of the voucher leases sampled.

**The confirmed score for this indicator is 20.**

### **Indicator #3 – Determination of Adjusted Income**

This indicator shows whether, at the time of admission and annual reexamination, the PHA verifies and correctly determines adjusted annual income for each assisted family by obtaining third party verification of reported family annual income, the value of assets totaling more than \$5,000, expenses related to deductions from annual income, and other factors that affect the determination of adjusted income, and using the verified information in determining adjusted income, and/or documenting tenant files to show why third party verification was not available.

If the PHA verifies and correctly determines adjusted annual income for at least 90 percent of the participant families, it receives a score of 20 for this indicator. If the PHA verifies and correctly determines adjusted annual income for at least 80 to 89 percent of the participant families, it receives a score of 15 for this indicator.

If the PHA verifies and correctly determines adjusted annual income for less than 80 percent of the participant families, it receives a score of 0 for this indicator.

The reviewed showed that the PHA currently has 2601 participants on its HCV Program. This constitutes 34 files for quality control purposes. The PHA gave itself a score of zero for this indicator because it failed to adequately determine adjusted income. Specifically, the PHA did not calculate income correctly, failed to pursue third party verification, used incorrect payment standards and utility allowances, and did not properly apply medical deductions. The source documentation used to conduct the quality control process sufficiently outlines the process the PHA took to perform its review and the fact that the PHA failed to perform satisfactorily on this indicator is confirmed. It is suggested that the PHA include a copy of the utility allowance schedule calculation to further facilitate audit by a third party.

**The confirmed score for this indicator is 0.**

#### **Indicator #4 – Utility Allowance Schedule**

This indicator shows whether the PHA maintains an up-to-date utility allowance schedule by reviewing utility rate data within the last 12 months and adjusting its utility allowance schedule if there has been a change of 10 percent or more in a utility rate since the last time the utility allowance schedule was revised. If the PHA's records show current utility rate reviews and utility allowance adjustments where necessary, it receives a score of 5 for this indicator.

The review showed that utility rate data was properly maintained and updated in a timely manner, according to regulations.

**The confirmed score for this indicator is 5.**

#### **Indicator #5 – Housing Quality Standards (HQS) Quality Control Inspections**

This indicator shows whether a supervisor or other qualified person reinspects a sample of units under contract during the PHA's fiscal year. The sample must be drawn from inspections performed during the 3 months preceding reinspection and must represent a cross section of neighborhoods. The sample must meet the minimum sample size requirements specified at 24 CFR Part 985.2. If the PHA's records show that the required sample of quality control inspections were performed, it receives a score of 5 for this indicator.

The review showed that the required sample of quality control inspections were performed for this SEMAP rating period.

**The confirmed score for this indicator is 5.**

#### **Indicator #6 – Housing Quality Standards (HQS) Enforcement**

This indicator shows whether cited life-threatening HQS deficiencies were corrected within 24 hours from the inspection and all other cited HQS deficiencies were corrected within no more than 30 calendar days from the inspection. If 98 percent of cited life-threatening HQS deficiencies were corrected within 24 hours from the inspection and all other cited HQS deficiencies were corrected within no more than 30 calendar days from the inspection, the PHA receives a score of 10 for this indicator.

The review showed that the PHA did not enforce HQS. Documentation in the quality control sample of files did not indicate that follow-up was completed in the time frames required for cited deficiencies. There were 1400 failed inspections during 2009 which required a sample of 25. Per the PHA sample, 32 percent of the failed inspections were corrected in a timely manner. Our review of the file indicated that the actual percent may have been less than 32 percent.

**The confirmed score for this indicator is 0.**

Observations for the Sample documentation:

1. The quality control sample file appeared to be reviewed by a supervisor but it was not signed or dated by the supervisor. It is suggested that when the file is reviewed the supervisor should sign and date the file, as having been reviewed.
2. Several of the days to correct were not calculated correctly. Those starting in February were overstated as to the time needed to correct and those starting with days in a 31 day month were understated as to the time needed for correction. It appeared that a 30 day month was used for each month whether the month really had 30 days or not. Please ensure that the calendar days to correct are calculated correctly.
3. Five of the 25 follow-up inspections were marked as "passed"; however, information in the inspection form seemed to indicate that the same deficiency still existed. PHA staff indicated this was due to a problem in their software, but staff should ensure that the form reflects the true nature of the inspection to ensure that the deficiency had truly been corrected.
4. The quality control file appeared to be incomplete. The indicator log in the file was great, but it had very little information completed on it. Some of the other schedules were not complete either. Six of the 25 in the sample never had a passed inspection and several of these did not adequately show abatement or other action to enforce the HQS. Please ensure for future years that the file contains complete information.

**Indicator #7 – Expanding Housing Opportunities**

This indicator applies only to housing authorities with jurisdictions in Metropolitan Statistical Areas (MSA) areas. The PHA's jurisdiction is within the Raleigh-Cary, NC MSA. This indicator shows whether the PHA has adopted and implemented a written policy to encourage participation by owners of units located outside areas of poverty or minority concentration; informs rental voucher holders of the full range of areas where they may lease units both inside and outside the PHA's jurisdiction; and supplies a list of landlords or other parties who are willing to lease units or help families find units, including units outside areas of poverty or minority concentration.

The review showed that the PHA has policies in place, and is following HUD directives in expanding housing opportunities throughout its jurisdiction. This includes units located outside of areas of poverty or minority concentration.

**The confirmed score for this indicator is 5.**

## **Indicator #8 – Payment Standards**

This indicator shows whether the PHA has adopted a payment standard schedule that establishes voucher payment standard amounts by unit size for each FMR area in the PHA jurisdiction, and, if applicable, separate payment standard amounts by unit size for a PHA-designated part of an FMR area, which payment standards do not exceed 110 percent of the current applicable published FMRs and are not less than 90 percent of the current applicable published FMRs (unless a higher or lower payment standard amount is approved by HUD). If the PHA has used appropriate FMRs and its payment standards are within that range, it receives a score of 5 for this indicator.

The review showed that the PHA has instituted policies and procedures for establishing payment standards for each bedroom size in its jurisdiction. The established payment standards are currently 100% of FMR which is within the acceptable range.

**The confirmed score for this indicator is 5.**

## **Indicator #9 – Timely Annual Reexaminations**

This indicator shows whether the PHA completes a reexamination for each participating family at least every 12 months. The score for this indicator is obtained from data transmitted by the PHA on the Family Report Form (HUD-50058) to HUD's Multifamily Tenant Characteristics System (MTCS) database. SEMAP extracts data from MTCS to assign a score for this indicator. If a PHA's reporting rate is below 95 percent, an automatic score of 0 is assigned to this indicator. If fewer than 5 percent of all reexaminations are more than 2 months overdue, the PHA receives a score of 10 for this indicator. If 5 to 10 percent of all reexaminations are more than 2 months overdue, the PHA receives a score of 5 for this indicator. If more than 10 percent of all PHA reexaminations are more than 2 months overdue, the PHA receives a score of 0 for this indicator.

Data transmitted to MTCS for this SEMAP rating period showed that the PHA had 11 percent late reexaminations.

**The confirmed score for this indicator is 0.**

Observation:

1. The PHA has made significant strides in catching up with conducting annual reexaminations. As of the reporting period ending 4/30/10, the PHA had 1% late reexaminations.

## **Indicator #10 – Correct Tenant Rent Calculations**

This indicator shows whether the PHA correctly calculates the family's share of the rent to owner in the rental voucher program. The score for this indicator is obtained from data transmitted by the PHA on the Family Report Form (HUD-50058) to HUD's Multifamily Tenant

Characteristics System (MTCS) database. SEMAP extracts data from MTCS to assign a score for this indicator. If a PHA's reporting rate is below 95 percent, an automatic score of 0 is assigned to this indicator. If the reporting rate is above 95 percent, and 2 percent or fewer of family's share of the rent to owner calculations are incorrect, the PHA receives a score of 5 for this indicator. If the reporting rate is above 95 percent, and more than 2 percent of family's share of the rent to owner calculations are incorrect, the PHA receives a score of 0.

The reporting rate to MTCS for the PHA was above 95 percent, and the PHA had 2 percent or fewer of family's share of the rent to owner calculations incorrect.

**The confirmed score for this indicator is 5.**

### **Indicator #11 – Pre-Contract Housing Quality Standards (HQS) Inspections**

This indicator shows whether newly leased units pass HQS inspection on or before the beginning date of the assisted lease and HAP contract. The score for this indicator is obtained from data transmitted by the PHA on the Family Report Form (HUD 50058) to HUD's Multifamily Tenant Characteristics System (MTCS) database. SEMAP extracts data from MTCS to assign a score for this indicator. If a PHA's reporting rate in MTCS is below 95 percent, an automatic score of 0 is assigned to this indicator. If the reporting rate is above 95 percent and 98 to 100 percent of newly leased units pass HQS inspection before the beginning date of the assisted lease and HAP contract, the PHA receives a score of 5 for this indicator. If less than 98 percent of newly leased units pass HQS inspection before the beginning date of the assisted lease and HAP contract, the PHA receives a score of 0 for this indicator.

The reporting rate to MTCS for the PHA was above 95 percent and 99 percent of newly leased units passed HQS inspection before the beginning date of the assisted lease and HAP contract for 2009.

**The confirmed score for this indicator is 5.**

### **Indicator #12 – Annual Housing Quality Standards (HQS) Inspections**

This indicator shows whether the PHA inspects each unit under contract at least annually. The score for this indicator is obtained from data from the MTCS database. If fewer than 5 percent of annual HQS inspections of units under contract are more than 2 months overdue, the PHA receives a score of 10 for this indicator. If 5 to 10 percent of all annual HQS inspections of units under contract are more than 2 months overdue, the PHA receives a score of 5 for this indicator. If more than 10 percent of all annual HQS inspections of units under contract are more than 2 months overdue, the PHA receives a score of 0 for this indicator.

The PHA has established policies and procedures for completing annual inspections of all units. Inspections are being conducted 90 – 120 days prior to the anniversary month. Currently, less than 5% of annual inspections are two months overdue. This is within the acceptable range. The reporting rate to MTCS for the PHA was above 95 percent, and 2 percent of the inspections were late.

**The confirmed score for this indicator is 10.**

**Indicator #13 – Lease-Up**

Data transmitted to MTCS for this SEMAP rating period showed that the PHA was 100% leased.

**The confirmed score for this indicator is 20.**

**Indicator #14 – Family Self-Sufficiency (FSS)**

This indicator consists of 2 components which show whether the PHA has enrolled families in the FSS program as required, and the extent of the PHA's progress in supporting FSS by measuring the percent of current FSS participants with FSS progress reports entered in MTCS that have had increases in earned income which resulted in escrow account balances. The score for this indicator is obtained from data transmitted by the PHA on the Family Report Form (HUD-50058) to HUD's Multifamily Tenant Characteristics System (MTCS) database. HUD also uses information reported on the SEMAP certification by initial PHAs concerning FSS families enrolled in their FSS programs but who have moved under portability to the jurisdiction of another PHA.

If the PHA has filled 80 percent or more of its mandatory FSS slots and 30 percent or more of FSS families have escrow account balances, it receives a score of 10 for this indicator. If the PHA has filled 60 to 79 percent of its mandatory FSS slots and 30 percent or more of FSS families have escrow account balances, it receives a score of 8 for this indicator. If the PHA has filled 80 percent or more of its mandatory FSS slots, but fewer than 30 percent of FSS families have escrow account balances, it receives a score of 5 for this indicator. If 30 percent or more of FSS families have escrow account balances, but fewer than 60 percent of the PHA's mandatory FSS slots are filled, it receives a score of 5 for this indicator. If the PHA has filled 60 to 79 percent of its mandatory FSS slots, but fewer than 30 percent of FSS families have escrow account balances, it receives a score of 3 for this indicator.

Data transmitted to MTCS for this SEMAP rating period showed that the PHA had 153 families enrolled in the FSS program out of 152 mandatory slots, which is over 100% of its mandatory slots. In addition, 65% of those enrolled had escrow balances.

**The confirmed score for this indicator is 10.**

### **Part III – Summary**

As a result of the Confirmatory Review conducted by this office, the final SEMAP score for the Housing Authority of the City of Durham for the fiscal year ended December 31, 2009, is **72**. Your overall performance rating is **Standard**.

The following are the scores for each indicator:

<b>Indicator</b>	<b>Score</b>
1 Selection from the Waiting List	15
2 Reasonable Rent	20
3 Determination of Adjusted Income	0
4 Utility Allowance Schedule	5
5 HQS Quality Control Inspections	5
6 HQS Enforcement	0
7 Expanding Housing Opportunities	5
8 Payment Standards	5
9 Timely Annual Reexaminations	0
10 Correct Tenant Rent Calculations	5
11 Pre-Contract HQS Inspections	5
12 Annual HQS Inspections	10
13 Lease-Up	20
14 Family Self-Sufficiency	10
15 Deconcentration Bonus	N/A