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### Official: Housing authority mended

Audits' red flags fixed, he declares

by Tess Vrbin | April 4, 2021 at 3:06 a.m.



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Members of the Metropolitan Housing Authority Commission including, left to right, Louis Jackson, H. Lee Lindsey, Kenyon Lowe, and Leta Anthony chose an interim executive director Thursday July 2, 2020 during a commission meeting in Little Rock. The commission selected Nadine Jarmon, a housing professional who previously worked in Florida, as the agency's interim executive director. (Arkansas Democrat-Gazette/Staton Breidenthal)

Auditors regularly raised concerns about the management of the Metropolitan Housing Alliance, Little Rock's federally funded public housing authority, in annual reviews during the 2010s, but the authority said the issues have been rectified.

The Arkansas Democrat-Gazette obtained the required yearly audits of the authority's management and finances from 2011-18 through a public-records request, and they showed a range of potential management problems with both the public housing and Section 8 voucher programs.

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Problems involved ensuring tenant eligibility, inspecting units and selecting housing applicants in the right order from the public housing waiting list.

Kenyon Lowe, the chairman of the housing authority's board of commissioners and the only person authorized to speak for the agency, said these issues have been resolved thanks to updated technology, continuous staff training and changes in leadership.

"My position has always been that there should be some type of routine training going on to keep up with the Code of Federal Regulations and any changes that [the federal housing department] does," Lowe said.

The 2019 and 2020 audits are still in progress, with the deadline for the former extended because of covid-19. BKD, a Little Rock accounting firm, conducted the audits from 2012-18. The Reznick Group, with offices in California and Washington, D.C., conducted the 2011 audit.

The annual audits are required by the U.S. Department of Housing and Urban Development.

The Metropolitan Housing Authority oversees about 900 traditional public housing units, 200 affordable housing units and 160 market-rate units. It also administers more than 2,000 Section 8 housing choice vouchers. It provides housing assistance to about 8,000 people.

Public housing is available for rent below the market rate based on income level, while Section 8 vouchers allow recipients to choose their own residences within a housing authority's jurisdiction. The housing authority does not always own units occupied by Section 8 recipients, but it always owns public housing units.

Not all of the public housing units in 2011 were the same in 2018. The Metropolitan Housing Alliance started converting some public housing to Section 8 housing in 2017 and 2018, according to the audits.

The housing authority has seen four new executive directors since 2018. Former executive director Rodney Forte resigned in November 2018 after six years in the position. Marshall Nash then served as interim executive director for five months. Anthony Snell was the next interim director for six months before he was officially hired into the position, and he left nine months later, in July 2020.

Nadine Jarmon, the interim executive director since Snell's departure, will take over as the new executive director Monday.

## PUBLIC HOUSING

The federal Housing Department issues Public Housing Assessment System scores every year after housing authorities have submitted the previous year's audit. The total score of 100 possible points is comprised of 40 maximum points for the physical condition of public housing, 25 points for the financial condition, 25 for management operations and 10 for the use of its capital fund.

The management category was the Metropolitan Housing Alliance's only score that was consistently below the standard performance threshold of 15 points, or 60%, between 2011 and 2018. The scores of 14 or lower led to a "substandard performer" designation from the department from 2012-16. The management score was 5 and the total score was 57 in 2017, leading to a "troubled" designation because the total score fell below 60 points.

Lowe said one reason for the "troubled" label in 2017 was that the authority did not meet the deadline for allocating its capital fund money.

"We owned it, we corrected it, we fixed it," Lowe said. "We took a hit, bounced back and kept moving forward."

The authority purchased new computer software in 2015 through an \$183,000 software contract with Tenmast, a Lexington, Ky.-based firm later bought by MRI Software. This eliminated several of the recurring issues in the audits, Lowe said, because the authority was unable to find and produce documentation in the first half of the 2010s to prove that it was adhering to critical rules, including verifying tenants' incomes and housing them in order from the waiting list.

From 2012-15, "it could not be determined that the Authority is housing applicants in the proper order from the waiting list" for public housing, according to the audits. Applicants for the most part are housed on a first-come, first-served basis, but each housing authority can set its own preferences that move some applicants up the list.

The Metropolitan Housing Authority gives preference to employed applicants and to people who were previously homeless.

Kendall Lewellen, Fort Smith-based managing attorney for the Center for Arkansas Legal Services, said housing authorities should be able to prove they adhere to their own rules in order to maintain public trust.

"People should be able to reasonably expect when they're going to get off the waiting list, and if there are local preferences, those should be followed consistently so applicants know what to expect," Lewellen said.

The housing authority was not verified to be following federal rules for ensuring tenant eligibility from 2013-15, raising concerns that the authority "could be charging the incorrect amount of rent or could be housing ineligible tenants."

Auditors also saw that third-party income verification, or the housing authority's efforts to ensure public housing tenants were truthful about their incomes and would be able to afford rent, was not adequately documented from 2012-16.

Fred Fuchs, an attorney based in Austin, Texas, and the housing group coordinator with Texas RioGrande Legal Aid, said adherence to income verification and tenant eligibility rules is imperative to treating tenants fairly.

"If you don't have in place good standards to ensure income is correctly calculated and so is rent, and tenants aren't given the proper amount and allowed to have reduced payments when they suffer a decrease in income, that's a serious issue because tenants might be evicted who would otherwise be able to stay," Fuchs said.

The housing authority verifies prospective tenants' incomes by checking their W2 tax forms and contacting their employers if applicable, Lowe said. If neither option is available, the housing authority can get a sworn declaration, under penalty of perjury, from the tenants themselves regarding income.

Lowe said the documentation problem has been fixed, thanks to the housing authority's new technology, and the income verification issue has not come up again since the 2016 audit.

"That goes back to training and keeping abreast of what [federal housing department] rules say," he said. "It's the only way you're going to keep up how rules change."

### SECTION 8

The audits also spotlighted repeated issues with documenting Housing Assistance Payments, the three-way agreement between Section 8 tenants, landlords and housing authorities that enumerates who pays how much of the rent, some of which is billed to the federal housing department.

Housing authorities must keep records of Housing Assistance Payment contracts, and the authority did not meet federal requirements for monitoring these contracts and payments from 2012-14, according to the audits. Lowe said increased training and better technology rectified these issues.

Fuchs said incorrect Housing Assistance Payments could be detrimental to a housing authority's Section 8 program.

"If the housing authority is not making correct payments and has a general reputation in the community with landlords that they're not correctly administering the Section 8 program, you'll have fewer landlords willing to participate, and it's harder for people to find housing with their voucher," Fuchs said.

Lowe said this has never been a problem and has not reduced the amount of potential Section 8 units in Little Rock.

"Availability has to do with whether there's enough housing stock, including apartments, in order to fulfill the Section 8 requirements," he said. "If there's less housing stock, and landlords don't have to accept Section 8, then housing is going to be reduced. There are a lot of moving parts, [and] it's more than just writing the check."

Required inspections of Section 8 units from 2013-15 were found to be lacking in both number and timeliness, according to the audits. Lowe said one way the housing authority addressed this from 2016 onward was to hire contractors for inspections instead of handling them all in-house.

Unit inspections have been conducted via photographs and videos since March 2020 in order to limit interpersonal contact during the covid-19 pandemic.

Lowe emphasized that the findings in the yearly audits are meant to help the housing authority better serve its tenants.

"Anybody who knows me knows I love constructive criticism because that's the only way we're going to get better," he said. "I don't shy away from it."

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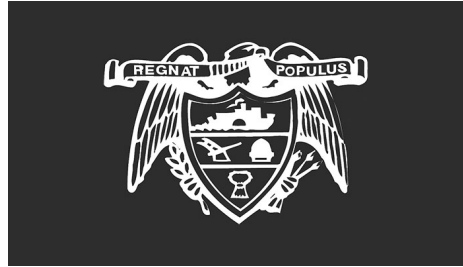


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