



U.S. Department of Housing and Urban Development
Office of Inspector General
Region X Office of Audit
909 First Avenue
Suite 126
Seattle, WA 98104

MEMORANDUM NO:
2010-SE-1801

April, 21 2010

MEMORANDUM FOR: Harlan Stewart, Director, Region X, Office of Public Housing, OAPH

//signed//

FROM: Ronald J. Hosking, Regional Inspector General for Audit, OAGA

SUBJECT: Seattle Housing Authority's Capacity To Administer Recovery Act Funding Under the Capital Fund Program

INTRODUCTION

In accordance with our goal to review funds provided under the American Recovery and Reinvestment Act of 2009 (Recovery Act), we conducted a capacity review of Seattle Housing Authority's (Authority) capital fund to determine whether there was evidence that the Authority lacked the capacity to adequately administer its Recovery Act funding in accordance with requirements.

METHODOLOGY AND SCOPE

Our review of the Authority was limited to gaining an understanding of internal controls over the administration of Recovery Act funds. To meet our objective, we reviewed Recovery Act documentation and funding agreements. We interviewed Authority management and staff and briefly reviewed Authority documentation such as policies and procedures, organizational charts, and the U.S. Department of Housing and Urban Development's (HUD) remote review. Our review of this documentation was limited to our stated objective and should not be considered a detailed analysis of the Authority's internal controls or operations.

BACKGROUND

The Authority was created in 1939 for the acquisition, development, modernization, operation, and administration of public housing programs. The primary purpose of the Authority is to provide safe, decent, sanitary, and affordable housing to low-income and elderly families in Seattle, WA. The programs are administered through HUD under provisions of the U.S. Housing Act of 1937, as amended.

The Recovery Act, signed into law on February 17, 2009, provided \$4 billion for the Public Housing Capital Fund. The funding was to be used for capital and management activities for public housing agencies as authorized under Section 9 of the U. S. Housing Act of 1937 as amended. The Recovery Act required that \$3 billion of these funds be distributed by the same formula used for amounts made available in fiscal year 2008. The remaining \$1 billion was to be awarded on a competitive basis. Under the formula program, housing agencies were required to give priority consideration to the rehabilitation of vacant rental units and prioritized projects that were already underway or included in the 5-year capital fund plans.

The Authority was awarded \$45 million from the Recovery Act; \$17 million was its proportional share of the \$3 billion formula grant, and \$28 million was part of the \$1 billion competitive grant. The Authority allocated the grants as follows:

- \$3.1 million to fund the construction of Tamarack Place, an 86-unit low-income apartment building located in Rainier Vista next to the Rainier Vista Boys and Girls Club;
- \$10.3 million to fund the infrastructure at Rainier Vista North to build sewers, electrical systems, streets, and sidewalks to prepare for the construction of additional low-income housing in the community;
- \$10 million to fund Rainier Vista North Phase III to complete construction of additional low-income housing;
- \$8 million to fund the Lake City Village Apartments, increasing the use of green features;
- \$10 million to help fund rehabilitation of Denny Terrace to increase energy conservation to the highest possible level and replace and update major building systems that had reached the end of their useful life; and
- \$3.5 million to the Bell Tower rehabilitation project to provide new windows for the building, waterproof the exterior, and correct water line problems.

RESULTS OF REVIEW

We did not find evidence that the Authority lacked the capacity to adequately administer its Recovery Act funding. Based on our limited review, the Authority

- Had written policies and procedures for standard procurement,
- Had adequate controls for Recovery Act procurement,
- Had an adequate staffing plan,
- Had a plan for the use of funds that had been reviewed and approved by HUD,
- Had obligated the formula grant and was progressing toward timely obligation of competitive grants, and
- Had properly reported information on Recovery.Gov including adequately supporting the number of jobs created and retained.

AUDITEE COMMENTS

We provided the Authority with the draft memorandum on March 19, 2010. We explained that the Authority's comments were not necessary, but if it chose to provide comments, we requested that they be provided within 7 days. The Authority declined an exit conference and had no comments since the report has no findings or recommendations,

RECOMMENDATIONS

Based on the results of the capacity review, this memorandum contains no recommendations.