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DECEMBER 12, 2019

TO THE EXECUTIVE DIRECTOR AND BOARD OF THE CHICAGO LOW-INCOME HOUSING TRUST FUND, MAYOR, CITY COUNCIL, CITY CLERK, CITY TREASURER, AND RESIDENTS OF THE CITY OF CHICAGO:

The City of Chicago Office of Inspector General (OIG) has completed an audit of the Chicago Low-Income Housing Trust Fund's (the "Trust Fund") management of housing quality inspections for units participating in the Rental Subsidy Program (RSP). The RSP supports the City's affordable housing efforts by providing subsidies to extremely low-income individuals and families.

Based on the results of our audit of 2017 operations, OIG concluded that the Trust Fund did not ensure all RSP properties met its standards for safe, sound, and secure housing. The Trust Fund subsidized properties with City building code violations and other serious housing quality deficiencies, had a payment system that was inadequately protected against potential fraud and errors, and paid properties that did not have complete contract documentation. Moreover, the Trust Fund's 2014-2018 public reports to the City were inaccurate and incomplete. In response, the Trust Fund stated that it was working with its contracted vendor to merge its inspection, contract, and payment systems; reviewing building violations and payment ledgers; correcting its property tracking system to ensure accuracy; and "completely revamp[ing]" its public reporting.

It is critical that the Trust Fund devise a contracting, inspection, and payment process that ensures it is only subsidizing

well-maintained, safe housing for low-income Chicagoans. Likewise, the Trust Fund needs to correct its records to reassure its stakeholders and funders that it is operating responsibly and effectively.

We thank Trust Fund staff and management for their cooperation, and urge them to continue taking the corrective actions they have already begun in response to this audit.

IGCHICAGOORG | OIG TIP LINE (866) 448-4754 | TTY (773) 478-2066

Respectfully,

Joseph M. Ferguson Inspector General City of Chicago

Marisa Novara, Commissioner, Department of Housing

December 12, 2019

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ACRONYMS

AMI	Area Median Income
DOB	Department of Buildings
DPD	Department of Planning and Development
HQS	Housing Quality Standards
HUD	United States Department of Housing and Urban Development
MAUI	Multi-Year Affordability through Upfront Investment Program
OIG	Office of Inspector General
RHSP	Illinois Rental Housing Support Program
RSP	Rental Subsidy Program

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I. EXECUTIVE SUMMARY

The Office of Inspector General (OIG) conducted an audit of the Chicago Low-Income Housing Trust Fund's management of housing quality inspections for units participating in the Rental Subsidy Program (RSP) in 2017.

The objectives of the audit were to determine if the Trust Fund met its mission of providing "secure, safe, and sound" housing by ensuring that RSP properties,

- received their required annual Housing Quality Standards (HQS) inspections;
- had evidence of a lead safe housing certificate in their contract;
- came into compliance after the discovery of housing deficiencies, including serious health and safety risks; and
- addressed unresolved Chicago Building Code violations.

A. CONCLUSION

OIG concluded that, in 2017, the Trust Fund did not ensure that all properties participating in the RSP met its standards for safe, sound, and secure housing. The Trust Fund subsidized properties with Chicago Building Code violations and other serious housing quality deficiencies, had a payment system that inadequately protected against potential fraud and errors, and paid properties with incomplete contract documentation. In addition, errors in its internal management tool meant the Trust Fund published inaccurate and incomplete quarterly reports from 2014 through 2018, and could not accurately gauge the amount of funding it had allotted to RSP properties in those years.

B. FINDINGS

The Trust Fund did not ensure that all RSP properties met their annual health and safety requirements in 2017. Full HQS compliance required each subsidized unit to receive and pass inspections. Analysis of a random representative sample showed that 45.8% of the properties did not reach full compliance in 2017. We also found that the Trust Fund allowed properties with longstanding Chicago Building Code violations to remain in the program, including properties with serious housing quality deficiencies. Based on the same sample, 61.4% of RSP properties had unresolved Chicago Building Code violations at the end of 2017.

The Trust Fund issued overpayments totaling \$30,703 to at least six properties in 2017 and \$6,120 to at least one property in 2018, based on a sample of 83 properties. Before OIG inquired, the Trust Fund was not aware of most of the errors. These overpayments were possible because the Trust Fund's system did not have controls

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to prevent erroneous or fraudulent payments, and its payment review process did not provide sufficient oversight to prevent those payments from being approved.

In addition, the Trust Fund did not maintain complete documentation of known lead hazards, City Building Code violations, and local court action against subsidized properties. Specifically, OIG found that 22.3% of the property files in our sample were missing complete ownership disclosure affidavits, and 31.3% lacked evidence of a completed lead hazard exhibit for all covered units. These documents are essential to ensure that the Trust Fund is subsidizing only safe and well-maintained properties. A previous external review completed in 2017 found similar problems with the Trust Fund's contract management practices, largely related to tenant eligibility documents and payment reconciliations.

Finally, OIG identified errors in the Trust Fund's property inventory, establishing that its quarterly reports related to the City's 2014-2018 Five-Year Housing Plan were inaccurate and incomplete. Therefore, the City and the public could not rely on them to accurately represent Trust Fund activities. Because the reports were generated from the Trust Fund's core operational spreadsheet, these inaccuracies also meant that it could not rely on its own records to show the distribution of RSP properties across the City or the amount of funding it had committed in those time periods.

C. RECOMMENDATIONS

OIG recommends that the Trust Fund develop a contracting, inspection, and payment process sufficient to ensure that it only subsidizes well-maintained housing for low-income Chicagoans. To achieve this, the Trust Fund should continue developing a software system that monitors properties' inspection compliance status, ensures that noncompliant properties do not receive payment, and tracks contract documents in a reliable manner. The system should allow the Trust Fund to independently monitor the compliance of its HQS inspection vendor, Globetrotters International. Furthermore, the Trust Fund should assess properties compliance with the Chicago Building Code every quarter before it pays property owners. The system should also incorporate controls for quarterly payments to reduce or remove the opportunity for fraud and errors. Finally, the Trust Fund must immediately resolve errors in its property tracking spreadsheet, and should take additional measures to ensure that its reports accurately reflect both the full distribution of active subsidies across the City and the amount of available funding for the RSP.

D. TRUST FUND RESPONSE

In response to our audit findings and recommendations, the Trust Fund stated that it was working with Globetrotters to merge its inspection, document submission, and payment systems to allow for real time inspection updates and improved reporting

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on funding, inspection status, unoccupied units, and units with emergency deficiencies. The Trust Fund aims to have all initial property inspections completed by September 30 of each year to allow for re-inspections between the months of

October and December. The new system will block payments to noncompliant landlords. The Trust Fund will review outstanding Building Code violations and document its rationale if it decides to pay a landlord with unresolved violations. Regarding payment ledgers, the Trust Fund stated that staff members are reconciling payments as landlords submit new payment requests, and that it has assigned a staffer to audit past years' ledgers. The Trust Fund has also instructed program coordinators to document prior lead hazard compliance by ensuring that each file includes a copy of the original lead hazard exhibit.

Finally, the Trust Fund is updating its property spreadsheet to reflect accurate property records, which can be uploaded into its new database. The Trust Fund stated that its public reports will be "completely revamped" after the new system is in place.

The specific recommendations related to each finding, and the Trust Fund's response, are described in the "Findings and Recommendations" section of this report.

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II. BACKGROUND

The Chicago Low-Income Housing Trust Fund (the "Trust Fund") is a City-funded nonprofit organization that provides

housing subsidies to low-income families It was created by City ordinance in 1989 and incorporated as a 501(c)(3) non-profit in 1990. Although it is funded by a contract with the City, the Trust Fund operates independently. A 15-member Board of Directors-appointed by the Mayor and approved by City Council-is responsible for setting policy and approving subsidies. The Trust Fund's executive director and staff run its day-to-day operations.

The Trust Fund operates the Rental Subsidy Program (RSP) and the Multi-Year Affordability through Upfront Investment (MAUI) program. This audit focuses on the RSP's activities in 2017.'

A. RENTAL SUBSIDY PROGRAM

According to the United States Department of Housing and Urban Development (HUD), a family with one full-time worker earning the minimum wage cannot afford fair-market rent for a two-bedroom apartment anywhere in the country.² In Cook County, half of all renting households are rent-burdened, meaning they spend more than 30% of their income on rent.⁵ The goal of the RSP is to "bridge the financial gap" between the cost of rental housing in Chicago and the cost a low-income family can actually afford.

The RSP supports affordable housing by incentivizing landlords to rent units at below market rates. The Trust Fund compensates the landlords for the difference between what eligible individuals can afford and the market rate of the unit.

The Trust Fund subsidizes units for tenants earning from 0% to 30% of the Area Median Income (AMI), and dedicates at least 50% of its resources to households earning less than 15%.⁴ In 2017, a family of 4 with an income of \$24,600 or less was

² QIC's March 2017 Affordable Requirements Ordinance Administration Audit (#15-0523) examined the MAUI program. OIG published a Follow-Up report (#18-0859) in February 2019.

³ United States Department of Housing and Urban Development, "Affordable Housing," accessed October 25, 2019, https://www.hud.gov/prociram...office5/comm_planning/ar/affordablehousing/

⁵ DePaul Institute for Housing Studies, "2019 State of Rental Housing Cook County," accessed October 25, 2019, <https://www.housingstudies.org/releases/state-rental-1-2019/>

⁴ HUD calculates median family income for every metropolitan area in the country based on American Community Survey data, which is published by the United States Census Bureau. For additional information, see United States Department of Housing and Urban Development, About Income Limits, accessed October 25, 2019, https://www.huduser.gov/portal/Ddredcic/pdr.ecloetrending_032315.html and United States Census Bureau, American Community Survey, accessed October 25, 2019, <https://www.census.gov/programs-surveys/acs/>

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eligible for the RSP. Figure 1 depicts an example of a recent subsidy calculated for a unit approved for a tenant earning 15% of AMI or less.

FIGURE V SAMPLE SUBSIDY FOR A TENANT EARNING 15% OF AMI OR LESS⁷

Market Rate of 2-Bedroom Unit: \$800

1

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Source Trust Fund records

Landlords participating in the RSP sign an annual agreement with the Trust Fund, which then pays them in advance for occupied units. The subsidy is tied to the unit; landlords are responsible for locating and approving tenants.

1. Distribution of RSP Subsidies Across the City

The Trust Fund produces quarterly RSP reports related to the City's Five-Year Housing Plans.⁶ However, as discussed in Finding 4, the quarterly reports from 2014 through 2018 were inaccurate and incomplete.

OIG identified 601 separate buildings with active RSP contracts in 2017, located across 53 community areas and 41 wards. Figure 2 maps these buildings by community area. Appendices C and D list 2017 RSP properties by community area and ward.

⁶ Appendix A shows all 2017 income limits

⁷ Quarterly reports corresponding to each of the City's Five Year Housing Plans are available online at <https://www.chicagocivicservices.org/reports.html>

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FIGURE 2 BUILDINGS WITH RSP UNITS WERE LOCATED IN 53 COMMUNITY AREAS IN 2017⁷

Source: OIG analysis of Trust Fund 2017 records

⁷ OIG identified 601 separate buildings with reported active RSP contracts in 2017. This excludes two decommissioned properties (as discussed in Finding A) and an additional four properties reported in 2017 that were not active until 2018. Because QIC did not verify the active status of all buildings reported in 2017, the true number of RSP properties may be smaller.

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2. Funding Sources

The Trust Fund receives public funding from the City of Chicago and the Illinois Housing Development Authority's Rental Housing Support Program (RHSP). Figure 3 shows total public funding received between 2012 and 2017.

FIGURE 3- PUBLIC FUNDING FOR THE TRUST FUND, 2012-2017^E



Source- OIG summary of the Trust Fund's 2012-2017 audited financial statements

Under its original contract with the City, the Trust Fund received "in-kind" donations from the Department of Planning and Development (DPD) for administrative support, office space, and the salaries and benefits of four employees. In 2018, the City stopped making these donations.

Each year from 2012 through 2017, the Trust Fund committed between \$15.0 and \$15.8 million to the RSP. As shown in Figure 4, it ultimately spent between \$12.8 and \$14.0 million on the program in those years.

-The Truss Fund received little state funding from 2013 to 2015 due to a legal challenge to the PHSP "Other" funding includes grants, in-kind donations, and other income

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FIGURE 4- RSP COMMITMENTS AND EXPENDITURES, 2012-2017

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2016 \$15,000,000 \$13,757,111

2017 \$15,800,000 (\$11,005,676)

Source. OIG summary of the Trust Fund's 2012-2017 audited financial statements

3 Inspections and Housing Quality Standards

RSP units must pass annual inspections to ensure they are clean, safe, and secure. Inspections are based on minimum housing quality standards (HQS) developed by HUD.⁹ Unlike City building inspections, HQS inspections cover only visible, exposed areas in 13 general categories:¹⁰

Sanitary facilities (bathrooms)

Food preparation and refuse disposal facilities

Space and security

Thermal environment

Illumination and electricity

Structure and materials

Interior air quality

Water supply

Lead-based paint

Access (emergency exits)

Site and neighborhood (environmental hazards)

Sanitary condition (rodent and vermin infestations)

Smoke detectors

The Trust Fund has a contract with Globetrotters International, an architectural engineering firm, to conduct annual HQS inspections. Globetrotters inspectors do not assess compliance with City or other building codes; they "are generalists [who] are

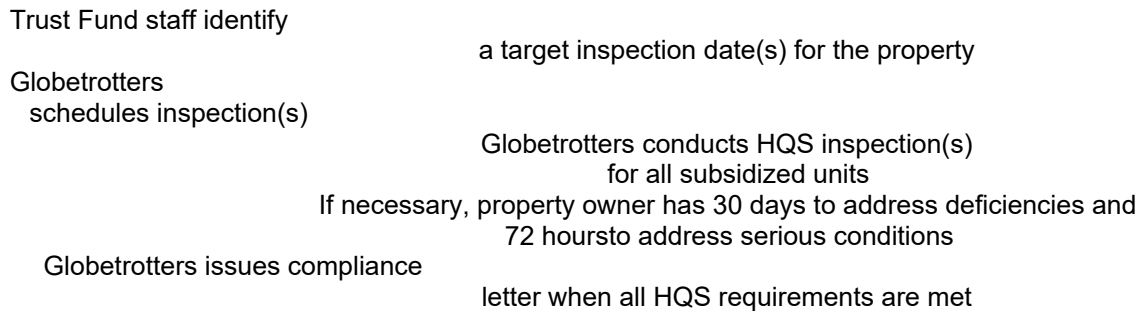
⁹ 47 Ill. Adm. Code § 380.407 "24CFR 5.982-401

not acting as or representing themselves to be licensed experts in any field."

As illustrated in Figure 5, Globetrotters is responsible for conducting inspections and issuing compliance letters to properties that pass. Although the contract requires Globetrotters to alert the Trust Fund within 24 hours of discovering hazardous or life-threatening housing conditions, in practice the Trust Fund allows up to 72 hours for such notification.

FIGURE 5: RSP INSPECTION PROCESS

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Source. OIG overview of RSP inspection process, as described in the Trust Fund's RSP Program Guide and contract with Globetrotters

¹ Globetrotters compliance letters provided to landlords after their HQS inspections contain this description.

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III. FINDINGS AND RECOMMENDATIONS

. FINDING: THE TRUST FUND DID NOT ENSURE;

The Trust Fund requires RSP properties to be well maintained, meet minimum HQS standards, and "contain no conditions that would endanger the health and safety of its residents."¹² Properties must also comply with all local, state, and federal laws, including the Chicago Building Code.

In 2017, an estimated 45.8% of RSP properties failed to meet minimum Housing Quality Standards and an estimated 61.4% did not fully comply with the Chicago Building Code. As such, the Trust Fund did not meet its mission to provide "well-maintained" properties to Chicago's low-income residents, continuing to pay properties that were not in compliance.¹³

1. In 2017, 45.8% of RSP properties did not meet minimum Housing Quality Standards, including homes with serious housing quality deficiencies.

Based on a random representative sample, in 2017, 45.8% of properties in the RSP did not fully comply with HQS requirements. A unit that passes its HQS inspection receives a "letter of compliance" from Globetrotters. A property, whether multi-unit or single family, is fully compliant when it has received inspections and letters for all subsidized units.

In 2017, within OIG's sample of 83 properties,

- 12 received no HQS inspections;
- 20 received inspections but did not receive compliance letters, either because they never met HQS standards or because the compliance letters were delayed until 2018,
- 6 received I-QS inspections and compliance letters for only some of their subsidized units; and

12 "The Trust Fund's 2017 RSP Program Guide for landlords contains this description

"Chicago Low-Income Housing Trust fund, "About Us," accessed October 22, 2019, www.clht.f.org

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- 45 received all required HQS inspections and compliance letters

In 2017, the Trust Fund paid a collective total of \$1.6 million to the 38 properties in our sample that did not reach full HQS compliance.

Of these 38 properties, inspection found that 13 had serious HQS deficiencies, including missing and inoperable smoke or carbon monoxide detectors, significant roof leaks, and fire hazards. (Appendix E contains a list of serious conditions as defined by HUD.) Although Globetrotters is required to notify the Trust Fund within 24 hours to ensure that serious issues are corrected, the files for these 13 properties contained no evidence that Globetrotters met this requirement. We also identified recurring non-emergency deficiencies, such as properties cited for "immediate extermination needs" due to

rodent and insect infestations, homes without quick-escape mechanisms on windows, and noncompliant electrical outlets. Taken together, this shows that the Trust Fund did not ensure that all funded units were secure, safe, and sound, and that it continued to pay noncompliant properties- including those with serious health and safety concerns.¹⁹

While the Trust Fund set inspection target dates, it relied on Globetrotters to ensure that inspections, deficiency notifications, and re-inspections occurred on a timely basis. Of the 83 properties OIG reviewed, we found 29 instances where Globetrotters sent deficiency letters more than 10 days after inspection, in violation of its contract with the Trust Fund. We also found that the vendor's shared software system did not allow the Trust Fund to monitor the status of scheduled inspections, learn of upcoming or passed deadlines, or easily identify serious and emergency conditions at funded properties. Moreover, the Trust Fund allowed Globetrotters to schedule inspections on a rolling basis throughout the year and maintained a practice of paying landlords while properties were awaiting inspection. This meant that a property could receive its annual inspections as late as November or December, thereby participating in the program for nearly a year without having met its annual compliance requirements. Trust Fund management stated that they are transitioning to a software system that will allow staff to independently monitor and report on the compliance status of properties, and to ensure Globetrotters' adherence to the terms of the parties' contract.

¹⁹ OIG further found that 18 of these 38 properties remained in the program in 2018, and that, they again failed to meet HQS requirements. Inspections discovered serious or emergency conditions at 13 of those 18 properties.

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2 In 2017, 61.4% of RSP properties did not meet Chicago Building Code requirements.

The Trust Fund requires funded properties to comply with the Chicago Building Code. Staff must: initially verify compliance upon each property's acceptance into the program and confirm compliance in advance of each annual contract renewal.

As of the end of 2017, 51 of the 83, or 61.4%, RSP properties in OIG's sample had unresolved Chicago Building Code violations. Many had been unresolved for several years. The violations included a variety of serious and emergency conditions, such as,

- non-working smoke and carbon monoxide detectors;
- dangerous porches;
- outdated fire extinguishers; and
- one case of a dangerous electrical hazard caused by water leaking into a light fixture.

A 61% had unresolved Building Code violations A Many unresolved for years

This shows that the Trust Fund allowed properties with longstanding deficiencies not only to house tenants, but to receive subsidies for doing so. If the Trust Fund identifies a Building Code violation, staff are required to work with the property owner to address it. Due to the City's often lengthy permit and inspection processes, Trust Fund staff exercised their discretion by allowing noncompliant properties to provide plans for future compliance. (During the winter, for example, the Trust Fund may accept an approved construction permit as evidence that the landlord intends to come into compliance when the weather allows.) However, of the 51 properties in our sample with unresolved violations, we identified only 12 with evidence of correspondence between Trust Fund staff and property owners.

Properties with unresolved Chicago Building Code violations remained in the program partly because Trust Fund staff were required to check for violations only once a year (during contract renewal). Management stated that program coordinators should conduct these checks on a quarterly basis when approving subsidy payments

More importantly, OIG found that Trust Fund staff were relying on DOB's Building Permit and Inspection Records webpage (previously known as the "Warehouse") to

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verify whether properties had unresolved violations.' Because the webpage was not user friendly, Trust Fund staff only checked the status of the most recent inspection. Staff therefore may not have discovered unresolved violations from previous inspections A 2018 OIG audit found that DOB's webpage was misleading and failed to indicate when a violation had been corrected.¹⁶

DOB management told OIG that, rather than relying on the "Warehouse," the Trust Fund should use the "Building Violations" dataset on the City Data Portal to determine the current status of all violations. However, during our 2018 audit we found that the Portal does not always provide a comprehensive list of prior violations. In its response to our follow-up to that audit, DOB stated that it had found "significant problems" with the Building Violations dataset on the Portal.¹⁷ While DOB has not determined the extent of the problems with the dataset, it speculated that the records were approximately 95% accurate, and therefore the best available resource for the Trust Fund and the public. Nonetheless, DOB has chosen not to direct the public to this site until it has fully addressed the data flaws, a project the Department anticipates completing by late 2020.

RECOMMENDATIONS

To ensure that it subsidizes only safe and well-maintained properties, the Trust Fund should,

1. continue to develop and implement an integrated software system that enables it to independently monitor and report on the compliance status of properties, and to ensure Globetrotters' adherence to the terms of the parties' contract. The system should allow the Trust Fund to run global reports and identify inspection backlogs. It should also include property-level alerts when serious/emergency deficiencies are identified, and compliance deadlines have passed.

2. in cooperation with Globetrotters, adjust inspection schedules to ensure that, participating properties receive inspections early enough in the year to provide the Trust Fund with reasonable assurance it is subsidizing only compliant properties. For example, the Trust Fund may consider prioritizing inspections of properties with histories of noncompliance.

^{1 2} https://www.chicago.gov/depts/bldgs/provdrs/inspec/svcs/building_violations.html ⁹ [DOB Complaint Based Inspections Audit \(J/76-0301\)](https://www.chicago.gov/depts/bldgs/provdrs/inspec/svcs/building_violations.html), published April 2018, https://www.chicago.gov/depts/bldgs/provdrs/inspec/svcs/building_violations.html

¹ [DOB Complaint-Based Inspections Audit Follow-Up Inquiry \(#19-0589\)](https://www.chicago.gov/depts/bldgs/provdrs/inspec/svcs/building_violations.html), published November 2019, https://www.chicago.gov/depts/bldgs/provdrs/inspec/svcs/building_violations.html

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3. integrate the new subsidy payment system with its inspection system, in order to allow it to identify and withhold of payment from properties that have not achieved full compliance for all applicable units. The Trust Fund should also implement an internal control system allowing program coordinators to verify that all covered units received compliance letters and that related payments are calculated accurately.
4. assess Building Code compliance every quarter before issuing subsidy payments. If the Trust Fund decides to pay a property with unresolved violations, management and staff should carefully document the decision rationale and store in the property file in case questions arise in the future.
5. use the Data Portal to identify unresolved Building Code violations. However, given the significant errors in the Portal, the Trust Fund should remain in regular contact with DOB to ensure it understands the severity, content, and status of violations, and to remain up to date on where to find the best data for identifying violations.

MANAGEMENT RESPONSE

7. *"We are currently working with Globetrotters in the final phase to develop a customized interface that merges our inspection system, landlord portal, document submission, and payment system. It will have a landlord dashboard and staff dashboard with detailed reporting. It will also allow for real time inspection updates as well. The reporting will allow us to produce accurate reports on funding, inspection status, unoccupied units, units with emergency deficiencies, etc. Landlords will be notified in real time if inspections pass or fail so repairs can be made immediately. If a landlord is out of compliance the system will not allow for payment to be issued. The system will also let landlords know where they are noncompliant so they can remedy. It is our goal, through a phased process, to have all eligible participants active on the new system by QJ, 2020."*
2. *"Our current policy (effective January 1, 2019) aims to have all participant landlords' initial property inspections completed by September 30 of each year. This schedule will allow for re-inspections on failed units between the months of October and December."*
3. *"We are currently working with Globetrotters in the final phase to develop a customized interface that merges our inspection system, landlord portal, document submission, and payment system. It will have a landlord dashboard and staff dashboard with detailed reporting. It will also allow for real time inspection updates as well. The reporting will allow us to produce accurate reports on funding, inspection status, unoccupied units, units with emergency deficiencies, etc. Landlords will be notified in real time if inspections pass or fail so repairs can be made immediately. If a landlord is out of compliance the system will not allow for payment to be issued. The system will also let landlords know where they are noncompliant so they can remedy. It is our goal, through a phased process, to have all eligible participants active on the new system by QJ, 2020."*

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- 4 *"[...] Outstanding DOB [violations] will be reviewed and rationale documented before the Trust Fund decides to pay a property with unresolved violations.*
- 5 *"During the course ofthe audit, the Trust Fund staff was directed to use the Data Portal to identify unresolved Building Code violations, effective 2019."*

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The Trust Fund issues subsidy payments on a quarterly basis. It pays for occupied units in advance, based on the terms of an annual agreement between the Trust Fund and the property owner.

While reviewing historical payment ledgers for a sample of 83 properties, OIG identified at least seven instances where the Trust Fund overpaid landlords in 2017 and 2018. As described in Figure 6, the Trust Fund overpaid a total of \$30,703 to six properties in 2017, and \$6,120 to another property in 2018. As we did not review the full population of ledgers in those years, the total amount in overpayments may be larger.

FIGURE 6- SEVEN OVERPAYMENTS TO TRUST FUND PROPERTIES IN 2017 AND 2018

Year	
2017 2018	
2017	
2017 2017 2017 2017	
'Address;	
2517 W. Fullerton	
7420-28 N Western/ 2411 W. Fargo	
1039 N Hamlin 1429-31 W Lunt 1006 N Lawndale	
Renaissance Realty Group, Inc.	
Ferguson, Jacqueline Lunt Avenue LP Median LLC	
@^erpaid;; \$24,925 \$6,120	
\$3,900	
	\$1,059 \$450 \$270 \$99

The Trust Fund was not aware of most of these errors until we inquired. It had already corrected the \$24,925

overpayment after discovering it had paid the property owner twice for the same quarter. However, the Trust Fund had not identified the other six overpayments. Upon notification by OIG, it contacted the property owner overpaid by \$6,120 and requested a refund. (Here, too, the Trust Fund had mistakenly paid twice.) The Trust Fund committed to addressing the remaining five accounts upon the

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property owners' next reimbursement requests, based on its general practice of curing payment inaccuracies by accounting for overpayments in future quarters.

Taken together, these seven errors show that the Trust Fund's system for distributing payments did not effectively safeguard its assets. The Trust Fund's payment system did not have controls to prevent erroneous or fraudulent payments, and its payment review process did not provide sufficient oversight to prevent their approval. Specifically:

- Program coordinators manually entered subsidy amounts, creating the risk of transposition errors. For example, in 2017, the Trust Fund overpaid a landlord by \$450 because the coordinator entered \$24,615 instead of the proper \$24,165. Three overpayments in 2017 were attributable to this type of error.
- Program coordinators also had the power to create new payees and submit payment requests. In four of the seven examples above, coordinators mistakenly created multiple vendor codes for the same property, allowing the landlords to be paid twice. Although the executive director was responsible for approving payments, the system did not automatically flag duplicate payments or the existence of duplicate accounts for the same property.

RECOMMENDATIONS

The Trust Fund should consider reviewing all remaining 2017 and 2018 payment ledgers to identify and correct any additional overpayments in those years.

The Trust Fund should also develop a payment system that reduces or removes the opportunity for fraud and errors by,

1. eliminating, to the extent possible, manual data entry;
2. flagging potentially duplicative payments for review;
3. requiring management approval for the creation of new payee codes; and
4. separating authority and responsibility to create new payees, enter subsidy amounts, and approve payments between multiple staff.

MANAGEMENT RESPONSE

"The review of the payment ledgers is an ongoing process. As payments are being requested by participants, staff is reconciling any under or over payments. We currently have a staff person who is assigned to audit all past years' ledgers."

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"We are currently working with Globetrotters in the final phase to develop a customized interface that merges our inspection system, landlord portal, document submission, and payment system. It will have a landlord dashboard and staff dashboard with detailed reporting. It will also allow for real time inspection updates as well. The reporting will allow us to produce accurate reports on funding, inspection status, unoccupied units, units with emergency deficiencies, etc. Landlords will be notified in real time if inspections pass or fail so repairs can be made immediately. If a landlord is out of compliance the system will not allow for payment to be issued. The system will also let landlords know where they are noncompliant so they can remedy."

The Trust Fund's Program Guide states that until the property owner submits a signed agreement with all required attachments, contracts are considered incomplete and payments will be withheld. However, in 2017, the Trust Fund paid landlords for housing tenants in properties lacking completed contracts.¹⁰ Of 83 property files reviewed, 19, or 22.9%, were missing complete ownership affidavits. These documents are important to the Trust Fund's decision whether or not to provide a subsidy, because they disclose any ongoing judicial or administrative litigation related to the property, as well as any lack of "Essential Service" (gas, water, heat, or electricity).

Although the Trust Fund's Program Guide states that annual agreements begin on January 1st and expire on December 31st, in practice the Trust Fund offered renewals any time between January and November each year and paid owners who had not submitted all required attachments.¹⁹ OIG could not determine if this practice of allowing rolling renewals explained the missing ownership affidavits or if their absence was simply not noticed by Trust Fund staff.

In addition, for 26 of the 83 property files reviewed, or 31.3%, program coordinators could not readily determine if a property had a completed lead exhibit on file. This exhibit certifies that a unit is free of lead hazards and complies with Illinois lead-safe housing law. The Trust Fund required lead exhibits only upon a property's initial admission to the program and relied on hardcopy files to track each property's annual contract. Contracts from prior years are stored off-site.²⁰ Without ready access to historical files, the Trust Fund cannot easily confirm receipt of lead disclosures for all funded units. It also cannot easily identify and flag properties presenting a heightened risk of lead exposure. For example, OIG discovered a property that had reported lead remediation prior to joining the RSP. Globetrotters later cited peeling

^{1,3} Our review focused on contract exhibits relating to building quality and tenant health and safety. A previous external review found similar deficiencies with the Trust Fund's contract management practices for tenant eligibility documents and payment reconciliations.
¹ In one instance, a property owner was offered a 2017 contract renewal in March, received subsidy payments for the first three quarters of 2017, and ultimately left the program without ever submitting a full contract.

During the audit, the Trust Fund described efforts to implement an automated solution to replace hardcopy files.

paint.-a potential indicator of hazardous lead-during HQS inspections in 2017 and 2018. But neither Globetrotters nor the Trust Fund flagged this condition as a potentially serious deficiency.

RECOMMENDATIONS

We recommend that the Trust Fund,

- 1 continue to develop and implement a document tracking system to ensure that landlords complete and return all contract documents every year;

2. implement a process for completion and confirmation of renewal contracts before the end of December, in order to ensure that funds are provided only to properties that have met contractual requirements; and
3. take steps to ensure that lead exhibits are readily available. For example, the Trust Fund should consider requiring program coordinators to document prior lead compliance status by retaining a copy of the original lead exhibit in each subsequent year's updated property file.

MANAGEMENT RESPONSE

7. *"We are currently working with Globetrotters in the final phase to develop a customized interface that merges our inspection system, landlord portal, document submission, and payment system. It will have a landlord dashboard and staff dashboard with detailed reporting. It will also allow for real time inspection updates as well. The reporting will allow us to produce accurate reports on funding, inspection status, unoccupied units, units with emergency deficiencies, etc. Landlords will be notified in real time if inspections pass or fail so repairs can be made immediately. If a landlord is out of compliance the system will not allow for payment to be issued. The system will also let landlords know where they are noncompliant so they can remedy."*

2 *"Currently, the Trust Fund renewal process includes the following-*

- *In October of each year, property owners are notified that they are in jeopardy of not receiving the next year's Agreement due to noncompliance as of the start of QA.*
- *Landlords are given an opportunity to comply by November 30th.*
- *Recommendations are made to the Board for renewal and nonrenewal.*

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- *Approved renewals are issued to the property during the first week of January of each year.*

"For the Initial 2020 rollout, we have identified a beta test group that will receive contracts electronically using the customized interface that merges our inspection system, landlord portal, document submission, and payment system. All other Agreements will be issued manually."

- .3 *"Program coordinators have been instructed to immediately document prior lead compliance status by retaining a copy of the original lead exhibit in the property portal."*

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D1N GtB EGAD S E^ITtSf20J4i4fe THRQUph^ ri-^;-
";^A^*;;! ^?;j;^ A^;;-^A^Ot"" A^;f;f;-.-'--";. ;""> V;!!!^l-^y" :"";~V_ ".f ■ s;^;L f;"-w?/?/-^~r;^;:-?r-

The Trust Fund publishes quarterly "RSP Allocations" reports related to the City's Five-Year Affordable Housing Plans. These include each participating property owner, address, number of funded units, and total allotted funding for the year.¹ However, the Trust Fund's public reports between 2014 and 2018 were inaccurate and • incomplete. Thus, the City and public could not rely on them to accurately represent the Trust Fund's activities. The Trust Fund likewise may not be able to rely on its own data related to operations and the amount of funding available. Specifically, in 2017, the Trust Fund incorrectly reported the locations of buildings with RSP units, thereby misrepresenting the distribution of subsidies across the City, and under reported total funding amounts by \$295,680.

1. The Trust Fund inaccurately reported the locations of subsidized buildings in 2017.

The Trust Fund's 2017 quarterly reports contain 55 instances providing incorrect locations for subsidized buildings. As a result, neither the Trust Fund nor its stakeholders could rely on the reports to discern the distribution of RSP units across

the City. In most cases, properties with RSP units were manually assigned an incorrect ward, community area, or address.²² However, the Trust Fund also reported buildings covered under the same contract jointly, with the result that buildings located in separate places, and even some located across multiple wards, were counted as single properties.⁷³ We provide corrected ward and community area breakdowns in Appendices C and D.

⁷³ The reported allocation is the maximum subsidy a property is entitled to receive each year. The reports do not reflect actual amounts paid, because quarterly payments vary based on whether properties have met eligibility requirements.

We found one instance where a subsidy was reported at an incorrect street address. From Q4 2016 through Q3 2018, the Trust Fund reported a subsidy at 6142 N California. The correct address for this subsidy was 7800 N Laflin.

⁷⁴ The Trust Fund uses forward slashes (/) to identify corner buildings and buildings covered under the same contract. For example, the listing for "202-20 E Garfield/5730-40 S Calumet/5447 S Indiana/5446-50 S Prairie" includes a corner building and a separate building located at 5730 S Calumet. The Calumet address is in the 20th Ward but was reported as in the 3rd Ward with the corner building.

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'?.. The Trust Fund under reported total funding allocations by \$295,680 in 2017.

In 2017, the Trust Fund reported \$15.8 million of total funding allocations instead of \$16.1 million. This error occurred because the Trust Fund,

- over reported \$21,000 in funding allocations for at least two decommitted properties, as shown in Figure 7;⁷⁵
- under reported \$291,480 in funding allocations by excluding an active property from all 2017 reports; and
- under reported \$25,200 in funding allocations by excluding a "confidential" property from its total funding amount.²

Therefore, the Trust Fund could not rely on its own records to reflect the amount of funding committed to RSP properties.

FIGURE 7: TWO DECOMMITTED PROPERTIES WERE INCLUDED IN 2017 TRUST FUND REPORTS²⁶

		Reported	
		1 st Quarter 2017	3 rd Quarter 2017
3320 W. Beach	Globetrotters	\$9,600	\$9,600
6735 S. Claremont	Edward Josephs	\$11,400	\$11,400

Source: DPD Quarterly Housing Reports and Trust Fund records

The errors in the Trust Fund's reported funding were caused by its use of a manually updated "master" spreadsheet to track the inventory of properties, track funding commitments, and populate quarterly reports.

The Trust Fund attempted to reduce errors by allowing only one individual to update the spreadsheet. However, the Executive Director confirmed that labeling and formula issues led to "shifting and duplication errors," causing properties to be incorrectly included or excluded from its quarterly reports. For example, the Trust

There may have been more decommitted properties OIG did not identify, we did not examine the full population of properties-in those years. Although this "confidential" property was excluded from the total funding allocation, it was included in the Trust Fund's subsidy list in some quarterly reports.

The Trust Fund allowed Globetrotters to take a property under receivership after the original owner left the program in 2014. OIG found no evidence that Globetrotters had subsequently inspected the property or ever been paid a subsidy.

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Fund had not paid the properties identified in Figure 7 because they had left the program in 2014 and 2016, respectively. Because the properties were classified as "active" in the spreadsheet, however, the Trust Fund included them in its funding calculations and overvalued its commitments for the three years after they left the program. Conversely, the Trust Fund excluded \$291,480 because the associated property had not been labeled "active."²⁷

In addition to these reporting inaccuracies, the "RSP Allocations" report (formally titled "Rental Subsidy Program Allocations as of [Date]") misleadingly suggests that it is limited to RSP properties.²⁸ On the contrary, Trust Fund management intentionally includes MAUI properties that do not receive RSP funding.²⁹ Management acknowledged the title is potentially misleading, but asserted that the inclusion of MAUI properties was necessary to track its entire set of funding commitments. Consequently, any calculations in the City's quarterly housing reports that rely on this amount to represent RSP-only funds will also be incorrect, including goal achievement rates for rental subsidies. For example, the reported goal achievement rates in DPD's "Commitment and Production Comparison to Plan" table in its quarterly reports are incorrect: the RSP goal achievement rate for Q4 2017 is reported as 104.9% because it included MAUI funding, while the MAUI goal achievement rate is reported as 0.0%.³⁰

RECOMMENDATIONS

The Trust Fund should,

1. immediately review the contents of its master spreadsheet, correct all formulas and labels to ensure it captures only active properties, and ensure that the funded unit totals, wards, and community areas are correct;
2. implement an ongoing review system to ensure that the spreadsheet is accurately updated before publication;

²⁷ This subsidy was assigned to a property at 915-17 W Wilson via the Chicago Title Land Trust Company. ⁷⁰ City of Chicago, "2014-2018 Chicago Five-Year Housing Plan 2017 Fourth Quarter Progress Report," Appendices - 28, accessed November 29, 2019, <https://www.chicago.gov/content/dam/planandpolicy/housing/2014-2018%20Five-Year%20Housing%20Plan%202017%20Fourth%20Quarter%20Progress%20Report/Appendices/Appendix%2028.pdf>

²⁹ Some MALM properties have units participating in the RSP, while others do not. Of the \$15,792,357 total funding reported in Q4 2017, \$947,520 represented funds solely dedicated to MAUI. We provide more detail in Appendix B.

³⁰ City of Chicago, "2014-2018 Chicago Five-Year Housing Plan 2017 Fourth Quarter Progress Report," Appendices - 4, accessed November 29, 2019, <https://www.chicago.gov/content/dam/planandpolicy/housing/2014-2018%20Five-Year%20Housing%20Plan%202017%20Fourth%20Quarter%20Progress%20Report/Appendices/Appendix%204.pdf>

- o consider reporting unique buildings separately (even if they are covered under the same contract), or identifying all wards or community areas related to each building address;
- 4. adjust the title of its "RSP Allocations" table in the City's quarterly housing reports to reflect that it includes MAUI funding, and alert the City that its calculations elsewhere in the report should be adjusted accordingly; and
- 5. reduce the opportunity for errors by transitioning away from a manually updated spreadsheet to an electronic tool integrated with the Trust Fund's inspection database, online portal for landlords, and payment system.

MANAGEMENT RESPONSE

1. *"The master spreadsheet is currently being recreated with the correct information so it can be imported into the new database."*
2. *"We are currently working with Globetrotters in the final phases to develop a customized interface that merges our inspection system, landlord portal, document submission, and payment system. It will have a landlord dashboard and staff dashboard with detailed reporting. The new system will allow us to produce accurate reports on funding, inspection status, unoccupied units, units with emergency deficiencies, etc. The system will track the number of units, funding allocation, participant information, bedroom sizes, vacancies, etc. This process should ensure accurate reporting."*
3. *"It is the Trust Fund policy to identify all wards or community areas related to each building address. We are at the stage of exploring an automatic update of all wards and community areas."*
4. *"The report will be completely revamped after new system is in place. The report is currently under development and should be complete before the submission of the Q1, 2020 Quarterly Report. We will be sharing this information with the City."*
5. *"We are currently working with Globetrotters in the final phase to develop a customized interface that merges our inspection system, landlord portal, document submission, and payment system. This system will replace the existing Excel Spreadsheet. It will have a landlord dashboard and staff dashboard with detailed reporting. It will also allow for real time inspection updates as well. The reporting will allow us to produce accurate reports on funding, inspection status, unoccupied units, units with emergency deficiencies, etc. Landlords will*

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be notified in real time if inspections pass or fail so repairs can be made immediately. If a landlord is out of compliance the system will not allow for payment to be issued. The system will also let landlords know where they are noncompliant so they can remedy."

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IV. OBJECTIVES, SCOPE, AND METHODOLOGY A. OBJECTIVES

The objectives of the audit were to determine if the Trust Fund met its mission of providing "secure, safe, and sound" housing by ensuring that RSP properties,

- received their required annual HQS inspections;
- had evidence of a lead safe housing certificate in their contract;
- came into compliance after the discovery of housing deficiencies, including serious health and safety risks; and
- addressed unresolved Chicago Building Code violations.

B. SCOPE

This audit examined the Trust Fund's compliance with its standards for HQS inspections, lead-based certification, and the City's Building Code for active RSP properties in 2017. We did not assess the Trust Fund's compliance with tenant and property owner program eligibility, including income eligibility, rent contribution, fair market rents, and laws concerning non-discrimination and fair housing.

C. METHODOLOGY

To address the objectives, OIG conducted meetings with Department of Planning and Development leadership, the Trust Fund executive director and staff, and leadership and staff from Globetrotters. We reviewed the Trust Fund's contracts with the City of Chicago and Globetrotters, the Trust Fund's quarterly and annual reports, inspection guidance from HUD, and Illinois Administrative Code pertaining to affordable and lead safe housing.

To establish a population of active RSP properties in 2017, we reviewed the Trust Fund's historical internal reporting spreadsheets and compared them to its quarterly public reports. We assessed the reliability of the Trust Fund's inspections data and quarterly reports by (1) performing electronic testing of required data elements, (2) reviewing existing information about the data and the system that produced them, and (3) interviewing agency officials knowledgeable about the data.

Due to reporting limitations in the Trust Fund's electronic database and the time-intensive nature of reviewing paper records, we selected a random, representative sample of 83 properties with a 10% margin of error.

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1 HQS Inspections and Compliance

To determine if the Trust Fund had a record of all subsidized units passing their HQS inspections in 2017, we reviewed paper and electronic inspection records for each property in our sample.¹ Specifically, we reviewed each property's 2017 inspection profile in the Trust Fund's electronic database, IAN, to ensure it contained a Globetrotters compliance letter for all units in 2017, as well as supporting inspection reports and photographs. To determine which units should have been inspected, we compared records in IAN with the paper contract files for each property. To determine whether noncompliant properties were paid, we requested and reviewed payment ledgers for the 83 files in our sample.

To determine if the Trust Fund enforced compliance for HQS deficiencies, we reviewed compliance documentation for properties that failed their initial HQS inspection in 2017. Specifically, from the results of the HQS inspections test, we reviewed the property profile in IAN for properties within our sample that failed their initial inspection.³² Using the IAN

database, we determined when the properties' deficiencies should have been resolved-either 30 days from the date in which the issue letter was sent or within 72 hours (for serious and/or life-threatening conditions). To compile a list of serious and/or life-threatening HQS deficiencies, we interviewed Trust Fund and Globetrotters staff, reviewed template language provided by Globetrotters, and reviewed HUD guidance published in 2017.

We then reviewed IAN to identify the date each compliance letter was sent, showing that the property had come into compliance. Finally, we compared the date each property should have come into compliance with the date it actually came into compliance.

We repeated this methodology for the 2018 annual inspection process for properties within our sample that were not compliant in 2017.

~³¹ The estimated error rate in the population was based on observations of the HQS compliance rate in our probability sample of subsidized properties in 2017. Because this estimate is based on a probability sample, it is subject to sampling error. A different probability sample could have produced different results. Based on the size of our sample and the method used to select it, we are 95% confident that the rate of properties that did not come into compliance in 2017 is between 35.62% and 56.19%.³² The estimated rate of noncompliance in the population was based on observations of the HQS inspection compliance rate in our probability sample of subsidized properties in 2017. Because this estimate is based on a probability sample, it is subject to sampling error. A different, probability sample could have produced different results. Based on the size of our sample and the method used to select it, we are 95% confident that the rate of properties with deficiencies identified by HQS inspectors was

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2. Building Code Compliance

To determine if the Trust Fund ensured that property owners addressed unresolved Building Code violations,³³ we searched the "Building Violations" dataset on the City of Chicago Data Portal to determine if the properties had unresolved building violations in 2017.³⁴ OIG used this dataset upon DOB's advice that it was the best available resource for the Trust Fund and the public.

3. Contract Documentation

To determine if properties had evidence of a lead safe housing certificate, we reviewed each property's 2017 contract to ensure the lead safe housing certificate was filled out, signed, and listed the appropriate subsidized units. We also reviewed each property's contract to ensure each contained a completed and signed building disclosure exhibit.³⁵

D. STANDARDS

We conducted this audit in accordance with generally accepted Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

E. AUTHORITY AND ROLE

The authority to perform this audit is established in the City of Chicago Municipal Code § 2-56-030 which states that OIG has the power and duty to review the programs of City government in order to identify any inefficiencies, waste, and

¹³ The estimated rate of noncompliance in the population was based on observations of the Chicago Building Code compliance rate in our probability sample of properties in 2017. Because this estimate is based on a probability sample, it is subject to sampling error. A different probability sample could have produced different results. Based on the size of our sample and the method used to select it, we are 95% confident that the rate of properties with open Chicago Building Code violations in 2017 was between 51.00% and 71.07%.

Chicago Data Portal, "Building Violations." <https://data.cityofchicago.org/CityofChicago/BUILDINGS/BUILDING-VIOLATIONS/>

³⁵ The estimated error rate in the population was based on observations of the Building Disclosure compliance rate in our probability sample of subsidized properties in 2017. Because this estimate is based on a probability sample, it is subject to sampling error. A different probability sample could have produced different results. Based on the size of our sample and the method used to select it, we are 95% confident that the rate of properties that did not have evidence of a building disclosure in 2017 is between 15.05% and 32.61%. In addition, based on the size of our sample and the method used to select it, we are 95% confident that the rate of properties that did not have evidence of a lead exhibit in 2017 is between 22.24% and 41.64%.

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potential for misconduct, and to promote economy, efficiency, effectiveness, and integrity in the administration of City programs and operations.

The role of OIG is to review City operations and make recommendations for improvement.

City management is responsible for establishing and maintaining processes to ensure that City programs operate economically, efficiently, effectively, and with integrity.

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APPENDIX A: MAXIMUM INCOME LIMITS FOR TRUST FUND SUBSIDIES IN 2017

The Trust Fund provides subsidies to those living at or below 30% of the Area Median Income (AMI). It dedicates at least 50% of its resources to households earning less than 15%

Income limits are adjusted each year based on the Chicago-Naperville-Joliet, Il. HUD Metro Area. The table below displays the Trust Fund's maximum income limits in 2017, as published in its 2017 Program Guide.

FIGURE 8: 2017 MAXIMUM INCOME LIMITS FOR TRUST FUND SUBSIDIES

Household Size	Tena 0-15% AMI	nt Maximum Income 16- 20% AMI	Jmit 21-30% AMI
1	\$ 8,295	\$11,060	\$ 16,600
2	\$ 9,480	\$12,640	\$ 19,000
3	\$ 10,665	\$14,220	\$ 21,350
4	\$ 11,850	\$15,800	\$ 24,600
5	\$ 12,810	\$17,080	\$ 28,780
6	\$ 13,755	\$18,340	\$ 32,960
7	\$ 14,700	\$19,600	\$ 37,140
8	\$ 15,645	\$20,8TJ0	\$ 41,320
9	\$ 16,590	\$22,120	\$ 45,500
10	\$ 17,550	\$23,400	\$ 49,680

Source. Trust Fund 2017 Program Guide

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APPENDIX B: MAUI PROPERTIES LISTED IN THE TRUST FUND'S RSP ALLOCATIONS

The Trust Fund includes MAUI properties in its list of "Rental Subsidy Program Allocation" in the City's quarterly Five-Year Housing Plan reports.

Some MAUI properties have units participating in the RSP. For example, as shown in Figure 9 below, the MAUI property located at 333 E 55th Place received a total of \$98,472 in 2017, \$31,032 of which was for RSP units. The Trust Fund listed the property twice to distinguish between the source of these two subsidies.

FIGURE 9: EXAMPLE OF A PROPERTY RECEIVING BOTH MAUI AND RSP FUNDING IN 2017

Chicago Low-Income Housing Trust Fund

Rental Subsidy Program Allocation as of December 31, 2017

Property Name	Building Address	Units	Funding	Funded Units
Washington Park 55th Place Ltd Partnership (Coppin House)	333 E 55th Place & 338 E 56th St	20	Washington Park \$ 31.032	6
Washington Park 55th Place Ltd Partnership (Coppin House) (M)	333 E. 55th Place & 338 E 56th St	20	Washington Park \$ 67.440	12

Source: 2014-2018 Chicago Five-Year Housing Plan, Fourth Quarter 2017 Progress Report.

The table in Figure 10 shows a list of all MAUI properties in 2017 and indicates whether they had units participating in the RSP program.

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FIGURE 10. FOUR MAUI PROPERTIES RECEIVED RSP FUNDING IN 2017

Address

1020 W Lawrence 1026 W Montrose

1032 W. Montrose

1203-09 W. 78th Place 1221 W. Sherwin

1325 W. Wilson

333 E. 55th Place & 338 E 56th St.

400 E. 41st Street 4041.W. RooseveltPd. 4727 N. Maiden

4875 N. Magnolia

5718 N. Winthrop

Confidential-Source Trust Fund records
Organization

Lawrence House Commons LLC Wilson Yards Partners LP / Holsten Management

Wilson Yard Senior Housing LP / Holsten
Management

The Beloved Community

Council for Jewish Elderly

CLK Management (CLK LV1325 W. Wilson LLC)

previously Wilson Towers LLC/Flats LLC

Washington Park 55th Place Ltd Partnership
(Coppin House)

Paul G. Stewart Apartments/Charles A Beckett Associates LP

North Lawndale Ltd-Partnership (Sankofa ;: House)

Mercy Housing Lakefront (Maiden Limited
Partnership II)

CLKManagemenr^

LLC) previously Magnolia Commons LLC/Flats' LLC

CLK Management (CLK LV 5718 N. Winthrop LLC) previously Winthrop Commons LLC

Confidential
Prqgram(s)

MAUI Only MAUI Only

MAUI Only

MAUI Only MAUI and RSP

MAUI Only MAUI and RSP MAUI Only MAUI and RSP MAUI and RSP

MAUI Only

MAUI Only-MAUI Only

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APPENDIX C: TOTAL RSP PROPERTIES BY COMMUNITY

AREA, 2017

The table below shows the total number of buildings receiving RSP subsidies in each community area in 2017. The table includes MAUI properties with RSP units. It excludes 6 properties that were either decommitted before 2017 or pre-approved for 2018. As described in Finding 4, this list may include additional decommitted properties that OIG was unable to identify.

1	Rogers Park	24
2	West Ridge	13
3	Uptown	16
4	Lincoln Square	1
4	5'	NorthCenter-.-
4	6	Lake View2
4	7j	Lincoln Parkett^ -
8	Near North Side	2
9	Edison Park	1.
10	Norwood Park-	

11	Jefferson Park1
12	Forest Glen-
13	North Park-
14	Albany Park2
15	Portage Park3
16	Irving Park4
17	Dunning-
18	Montclare1
19	Belmont Cragin3
20	Hermosa4
21	Avondale1
22	Logan Square17
23	Humboldt Park27
24	West Town8
25	Austin33
26	West Garfield Park16

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27	East Garfield Park12
28	Near West Side,2
29	North Lawndale21
30	South Lawndale7
31	Lower West Side5
32	Loop
33	Near South Side3
34	Armour Square-
35	Douglas 1
36	Oakland 1
37	Fuller Park 3
38	Grand Boulevard9
38	3?. Kenwood3 ;
40	Washington Park24
41	Hyde Park .
42	Woodlawn 20
42	43' South Shore75

44	Chatham	18
45	Avalon Park5 :	
46	South Chicago31	
47	Burnside	-
48	Calumet Heights2	
49	Roseland	'9,-
50	Pullman	7
51	South Deenng4	
52	EastSide	-
53	West Pullman7	
54	Riverdale	2
55	Hegewisch	-
56	Garfield Ridge-	
57	Archer Heights1	
58	Brighton Park-	
59	McKmleyPark-	
60	Bridgeport	
61	New City	8

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62	West Elsdon	
63	Gage Park	5
64	Clearing	
65	West Lawn	
66	Chicago Lawn	10
67	West Englewood	24
68	Englewood	25
69	Greater Grand Crossing	32
70	Ashburn	-
71	Auburn Gresham	22
72	Beverly	-
73	Washington Heights	7
74	Mount Greenwood	-
75	Morgan Park	-
76	O'Hare	-

77 Edgewater 17

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APPENDIX D: TOTAL RSP PROPERTIES BY WARD, 2017

The table below shows the total number of buildings receiving RSP subsidies in each ward in 2017. The table includes MAUI properties with RSP units. It excludes 6 properties that were either decommitted before 2017 or pre-approved for 2018 As described in Finding 4, this list may include additional decommitted properties that OIG was unable to identify.

1	11
2	1
3	21
4	5
4	5' 37
4	6 ' 41
4	7:: 60

4	8 33
4	94 20
10	14
11	-
12	3
13	-
14	5
15	10
16	18
17	24
18	-
19	-
20	47
21	16
22	4
23	-
24	22
25	6
26	19
27	17

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28	27
29	16
30	1
31	7
32	3
33	3
34	7
35	7
36	1
37	18
38	-
39	1
40	6

41	1
42	-
43	-
44	-
45 •	3
46	13
47	1
48	19
49	24
50	9

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APPENDIX E: HUD GUIDANCE ON LIFE-THREATENING CONDITIONS

HUD published the following definitions of life-threatening HQS conditions on October 27, 2017.^{3G}

Category	Life-Threatening Conditions
(1) Gas (natural or liquid)	• A fuel storage vessel, fluid line, valve, or connection that supplies fuel to a HVAC system has a leak that creates a potential for explosion or fire, or that results in health risk if inhaled.
(2) Electrical	• A light fixture is readily accessible, is not securely mounted to the ceiling or wall, and electrical wiring is exposed. • A receptacle (outlet) or switch has a missing or damaged cover plate and electrical connections are exposed. • A panel board, or other electrical box that contains circuit breakers or fuses, has a missing cover plate and electrical connections are exposed. • Any nicks, abrasions, or fraying of the insulation that expose conducting wire. • Electrical control device enclosures.

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- Water leaking or ponding near any electrical device. • Any condition that poses a serious risk
- (3) Inoperable smoke detector is missing. • The smoke detector does not function as it should.
- (4) Inoperable carbon monoxide detector (where required) is missing. • The carbon monoxide detector does not function as it should.
- (5) • The chimney or venting system on a fuel fired water heater is misaligned, negatively pitched, or does not provide adequate combustion air. • A non-vented space heater is present. • Safety devices on a fuel fired space heater are missing or damaged.
- (6) • Any of the components that affect the function of the fire escape are missing or damaged. • Stored items are not properly stored.
- (7) Other interior hazards (missing or damaged fire extinguisher, where required) • A fire extinguisher (where required) that is missing or expired. (This applies only if the PHA has adopted HQS to require fire extinguishers)

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- (8) Lead-Based Paint • Deteriorated paint surfaces in a unit built before 1978 and to be occupied by a family with a child under 6 years of age.
- (9) Any other condition subsequently identified by HUD in a notice published in the Federal Register • N/A
- (10) Any other condition identified by the PHA • Any other condition identified by the administering PHA as life-threatening in the PHA's administrative plan prior to April 18, 2017.

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MISSION

The City of Chicago Office of Inspector General (OIG) is an independent, nonpartisan oversight agency whose mission is to promote economy, efficiency, effectiveness, and integrity in the administration of programs and operations of City government. OIG achieves this mission through,

- administrative and criminal investigations by its Investigations Section;
- performance audits of City programs and operations by its Audit and Program Review Section;
- inspections, evaluations and reviews of City police and police accountability programs, operations, and policies by its Public Safety Section; and
- compliance audit and monitoring of City hiring and employment activities by its Hiring Oversight Unit.

From these activities, OIG issues reports of findings and disciplinary and other recommendations,

- to assure that City officials, employees, and vendors are held accountable for violations of laws and policies;
- to improve the efficiency and cost-effectiveness of government operations; and

- to prevent, detect, identify, expose, and eliminate waste, inefficiency, misconduct, fraud, corruption, and abuse of public authority and resources.

AUTHORITY

OIG's authority to produce reports of its findings and recommendations is established in the City of Chicago Municipal Code §§ 2-56-030(d), -035(c), -110, -230, and 240.

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