



U.S. Department of Housing and Urban Development  
**Office of Inspector General**  
Region IX  
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March 14, 2007

Arnold J. Corlin  
Vice President  
Apartment Association Greater Los Angeles  
621 So. Westmoreland Avenue  
Los Angeles, California 900005-3981

Dear Mr. Corlin:

This is in response to your January 29, 2007 letter addressed to myself and Mr. Donohue that requested the Office of Inspector General review management and operational issues at the Housing Authority of the City of Los Angeles (HACLA).

Since 2004, we have conducted six audits of HACLA and issued the following audit reports<sup>1</sup>:

<b>Issuance Date</b>	<b>Title</b>	<b>Report Number</b>
March 30, 2004	HACLA Management of Legal Matters	2004-LA-1002
November 5, 2004	HACLA Nonprofit Organizations	2005-LA-1802
January 21, 2005	HACLA Resident Management Corporations/Resident Advisory Councils – Procurement and Procurement-Related Activities	2005-LA-1805
November 8, 2005	HACLA Did Not Adequately Determine and Support Section 8 Rents	2006-LA-1002
March 1, 2006	HACLA Did Not Adequately Administer and Maintain Its Section 8 Waiting List	2006-LA-1008
June 21, 2006	HACLA Did Not Adequately Determine and Support Section 8 Tenant Eligibility	2006-LA-1012

As shown above, we have devoted substantial resources over the past few years to assure that HACLA's programs are administered in accordance with HUD rules and regulations. We would also like to acknowledge that since Mr. Montiel became the Executive Director at HACLA, he has been very supportive and cooperative of our audit efforts. In fact, Mr. Montiel recognized

<sup>1</sup> These audit reports are available on our website: <http://www.hud.gov/offices/oig/>

that there were problems with how the prior administration managed HACLA's Section 8 program, and the three most recently conducted OIG audits were in response to his formal requests for assistance. Further, the Los Angeles HUD Office has been working closely with HACLA to review its programs and assure compliance with HUD requirements.

You requested that we conduct an audit of HACLA to determine whether poor management was causing financial hardships for owners and that they were not being allowed to opt out of the Section 8 program. As discussed above, we have audited many aspects of HACLA's Section 8 program. As a result of those audits, we made recommendations for corrective action to improve how HACLA's Section 8 program is administered. HACLA has been responsive to our audit recommendations and has implemented the corrective action, which in turn, should improve its administration of the Section 8 program. In addition, the HUD Los Angeles Office is monitoring the authority's continued implementation and performance.

You also requested that we audit HACLA's waiting list process and evaluate whether HACLA is under-leased. As shown above, we conducted an audit of HACLA's Section 8 waiting list and found that HACLA did not adequately maintain the list. HACLA has implemented corrective actions in response to our audit to assure that its waiting list is administered in accordance with HUD requirements. In addition, HUD Los Angeles Office personnel report that HACLA currently has a lease-up rate of about 100 percent.

Lastly, you requested that we audit Mr. Montiel's performance in accordance with the Memorandum of Understanding and his performance agreement in his employment contract. Mr. Montiel continues to put forth efforts to fix what HUD already knew to be a housing authority with many problems. We believe we have assisted Mr. Montiel through our audits and recommendations and that he has made many strides to correct the problems identified in our reports. However we recognize that he may still have many more areas needing improvement, but we do not intend to conduct any immediate audit work to review his performance against his contract. We will keep your request in mind for future audit work at HACLA.

Sincerely,



Joan S. Hobbs  
Regional IG for Audit