

## **Digest of Salt Lake County Housing Authority (Report #91-05)**

This report was in response to a request by the Legislative Audit Sub-committee. The request consisted of three allegations concerning the operation of the Salt Lake County Housing Authority (SLCoHA). Specifically the allegations dealt with the authority's management practices, the efficiency and effectiveness of the organization, and the possibility of falsification of records in the authority's bond issues. We could find no evidence to substantiate these allegations.

SLCoHA primarily operates under the umbrella of the U.S. Department of Housing and Urban Development (HUD). HUD policies and procedures set the program operations of the SLCoHA while HUD auditors maintain oversee operations to insure funding is used as HUD has intended. It is appropriate that oversight of the authority is at the federal level because the majority of the authority's work revolves around three HUD supported programs. HUD has been satisfied with the operation of SLCoHA programs and continues its program oversight with a number of audits each year. We reviewed a number of HUD's audits and did our own testing in higher risk areas. As a result, we believe that sufficient federal oversight and internal controls are in place for the current operation of the SLCoHA.

The final allegation concerned the SLCoHA's use of IRS statute, tax-free bonds for the development of low-income housing. We found that Broadway Tower, the bond's beneficiary, failed to fulfill its contractual obligations by violating a contractual stipulation that no renter have an income level higher than a preset limit and then failing to submit reports on renter information. The SLCoHA discovered the violation fairly early and acted to correct the violation but, later, failed to fully exercise its oversight and review Broadway Tower records. Neither of these problems threatened the security of the bond or altered the primary federal intent of making the bonds available. The Broadway Towers has since been sold and its bonds paid off by the new owners and federal support for this kind of program has halted.