



FOR IMMEDIATE RELEASE

Contact: Greg Fugate  
osa.media@state.co.us

October 25, 2021

### **Emergency Housing Assistance Program Was Implemented Quickly to Distribute Millions in Financial Aid, but Problems With Some Payments Occurred**

DENVER—The Colorado Office of the State Auditor (OSA) has released its performance audit of the Property Owner Preservation Program (Program), which was a pandemic relief program administered by the Division of Housing (Division) at the Department of Local Affairs to help stabilize the housing sector and reduce the risk of homelessness for vulnerable individuals affected by the pandemic.

Authorized by House Bill 20-1410 in June 2020, the Division developed and implemented the Program within 1 month, including establishing eligibility requirements, building an online application portal, staffing the program, and accepting applications. The Program was a new model that allowed property owners, rather than tenants, to apply for overdue rent owed by tenants. From July 2020 through June 2021, the Division distributed more than \$50 million through the Program to roughly 1,600 property owners. By paying overdue rent directly to property owners on behalf of tenants, the Program was intended to help prevent evictions. The Program ended in June 2021.

“The Program was important for helping tenants and property owners affected by the pandemic,” said Heidi Wagner, Audit Supervisor. “Because the Program was new and implemented quickly, we used this audit to look at the accuracy of payments and ensure they were being used for their intended purpose.”

Auditors found that for 10 of 62 payments reviewed, the Division paid about \$16,000 more than allowed by Program guidelines. Problems identified with payments included duplicate payments, payments for fees that were not allowed, a payment for unpaid rent that was incurred prior to the pandemic, and a payment that was higher than the amount requested. Auditors estimated that a total

of about \$2.4 million in payments (5 percent of the total payments from July 2020 through March 2021) included similar problems and may have been paid in error.

Auditors also found that the Division did not always obtain a signed rental agreement prior to making rental assistance payments. Auditors estimated that about 6 percent of Program payments that the Division made from July 2020 through March 2021 were paid prior to the Division obtaining a signed rental agreement to verify the accuracy of information provided by the property owner, such as the monthly rent owed by the tenant.

Additionally, auditors found that the Division did not send tenant notification letters in a timely manner to notify tenants that a rental assistance payment had been made to the property owner on their behalf. For example, the Division did not send tenant notification letters at all for about 11,000 payments made through March 2021 until being notified of the discrepancy by auditors. These letters let the tenants know that their overdue rent had been paid directly to the property owner and that they could not be evicted for nonpayment for those months.

Auditors made two recommendations for improvements. The full report is available @ [www.colorado.gov/auditor](http://www.colorado.gov/auditor).

#### **About the Office of the State Auditor (OSA)**

Under the direction of the State Auditor, the OSA's nonpartisan, professional staff promote government accountability by conducting independent performance, financial, and IT audits and evaluations of state agencies, departments, and institutions of higher education, conducting independent evaluations of the State's tax expenditures (e.g., credits, exemptions, deductions), tracking about 4,000 Colorado local governments for compliance with the Local Government Audit Law, and operating a statewide fraud reporting hotline.

###