City audit finds several “serious” problems with Denver affordable housing program

By Alex Varela

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Denver's affordable housing program has "multiple, significant problems," the city auditor determined in a report released today.

The program, with its 3,000 units throughout the city, is overseen by the Denver Office of Economic Development (OOD). That office earlier this year came under fire after a Metro婉婉estor revealed that some of the program's recipients were improperly selling affordable homes for which they were too low to qualify — and then alphabetically offered them for sale, possibly at a loss, and move on to other housing outside the program.

The new audit claims that the OOD "secretly calculated initial sale and resale prices of affordable homes resulting in both unsold and underpricing of homes." The report found that the units were undersold for more than the allowed maximum price, and that the OOD did not calculate a maximum sale price at all during 2009. Leading to its own homes at too low a price.

Additionally, the audit found, the OOD is "improperly calculating income eligibility to guarantee affordable rates."

According to the audit, the OOD also:
- "Did not accurately collect fees from developers meant to fund affordable housing, and it allowed interest payments to developers in excess of annual limits."
- "Did not monitor federal funded rental projects for compliance in a timely manner."
- "Did not properly maintain its compliance spreadsheet and in correspondence with the city's Clerk and Recorder’s Office.

In a news release accompanying the report, Denver Auditor Timothy M. O'Brien said, "This audit revealed serious errors in the way the Office of Economic Development was running the program" and that errors like those "could keep our city's overall affordable housing supply from properly.

O'Brien said the audit indicates major lapses, and that some of the issues identified could recur.

"The Office of Economic Development has not demonstrated that they can continue to work without a program hiatus," O'Brien said. "If we can't put this standard in place over time, many of the reserves may not be used to the city's benefit for affordable housing and conducting work the city's affordable housing goals are met."

In a letter to the city, the OED said that many of the problems of the city's office had been detailed in a Colorado Independent article that was directed to the city's efforts in this area.

"We have taken steps to review the audit, the city's housing programs and our housing programs and the city's efforts in this area.

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