

# GAO Highlights

Highlights of [GAO-18-53](#), a report to congressional requesters

## Why GAO Did This Study

With the goal of providing safe, decent, affordable housing, HUD provides rental assistance to low-income households through its HCV program, administered locally by approximately 2,200 PHAs around the country. In fiscal year 2016, the HCV program received approximately \$20 billion in funding and provided rental assistance to approximately 2.4 million households. Local demand in the program may exceed voucher supply, and individuals may wait years before receiving a voucher. After receiving a voucher, participants have a limited amount of time to secure a rental. Accordingly, PHAs have issued alerts about criminals targeting program participants with fraud schemes, such as by claiming to offer admission to the program for a fee.

This report describes (1) the types of reported fraud schemes against HCV participants, including older adults, PHAs' awareness of such schemes and their frequency, and indicators of such schemes online; and (2) HUD's and PHAs' antifraud regulations, guidance, and information related to fraud risks affecting program participants. GAO reviewed online fraud alerts and consumer complaint data from calendar years 2011 to 2016; conducted a generalizable survey of PHA officials about their awareness of fraud against participants; interviewed agency officials and experts; and conducted online covert tests of 350 rental ads and 26 commercial websites. GAO visited eight PHAs, selected based on size and location, among other factors.

GAO is not making recommendations in this report. HUD had no comments on a draft of this report.

View [GAO-18-53](#). For more information, contact Rebecca Shea at (202) 512-6722 or [shear@gao.gov](mailto:shear@gao.gov).

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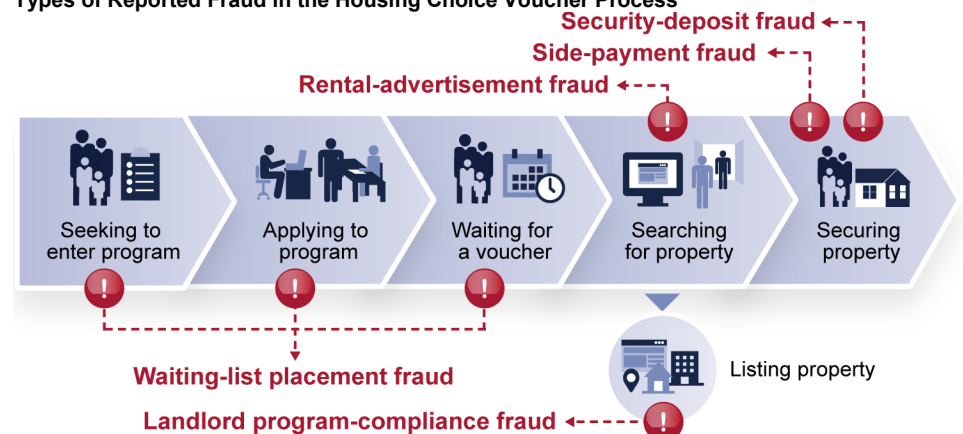
## HOUSING CHOICE VOUCHER PROGRAM

### Limited Indications of Potential Fraud against Participants Identified

## What GAO Found

Public Housing Agencies (PHA) have reported various types of fraud schemes against Housing Choice Voucher (HCV) participants, including older adults, but were aware of limited instances of such schemes. Similarly, GAO identified few potential indicators of these schemes in online covert testing of rental ads and websites. According to GAO's analysis of fraud alerts and complaint data, the type of fraud participants may encounter—such as waiting-list, rental, and side-payment fraud—depends on where they are in the HCV process and whether they are applicants, voucher holders, or landlords, as shown in the figure below. For example, side-payment fraud involves agreements—mutual or compelled—in which the voucher holder pays additional rent or other payments to the landlord for benefits, for example to secure a rental or avoid eviction.

Types of Reported Fraud in the Housing Choice Voucher Process



Source: GAO analysis of Federal Trade Commission (FTC), Department of Housing and Urban Development (HUD), Public Housing Agency (PHA), and academic research information. | GAO-18-53

According to GAO's survey of PHAs representing approximately 1.9 million households, PHAs reported few incidents of the various fraud types, although side-payment fraud, a program violation, was noted most frequently. Specifically, GAO estimates that while 41 percent of PHAs were aware of instances of side-payment fraud in the prior year, most reported 2 to 5 incidents in the prior year. In addition, 3 to 10 percent of PHAs were aware of instances of the other types of fraud GAO identified. GAO's online covert testing also found few indicators of potential fraud. For example, some websites requested payment for information about the HCV application process, but none explicitly offered to do something prohibited by program rules, such as placing someone on a waiting list for a fee.

The Department of Housing and Urban Development's (HUD) and PHAs' antifraud regulations, guidance, and information largely focus on efforts to protect the HCV program. For example, PHAs are required by HUD to inform families of program-related fraud and abuse, including the prohibition against side payments. In addition, GAO found that several PHAs voluntarily provide targeted messages to participants about fraud schemes by outside parties. Through industry associations, PHAs have mechanisms through which they share best practices that could include these and other issues.