

United States Senate

WASHINGTON, DC 20510

September 25, 2018

Representative Sean P. Duffy
Chairman
Subcommittee on Housing and Insurance
House Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

Representative Emanuel Cleaver
Ranking Member
Subcommittee on Housing and Insurance
House Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Duffy and Ranking Member Cleaver:

Thank you for holding today's hearing on the findings of the U.S. Department of Housing and Urban Development (HUD) Inspector General (IG) July 2018 report detailing the results of its evaluation into HUD's oversight of Alexander County Housing Authority (ACHA). The IG commenced this evaluation at our request made in a letter sent in May 2017. We appreciate the opportunity to share our views on this report with the Committee.

Public housing authorities (PHA) across the country have a responsibility to provide safe, healthy, and affordable housing to their residents. However, it is HUD that has the responsibility to oversee PHAs to ensure they are meeting their obligations to our nations' most vulnerable residents. As the IG report that is the subject of today's hearing reveals, despite having early knowledge of serious issues related to the physical, financial, and managerial health of ACHA, HUD failed to effectively oversee the agency. Hundreds of families were left to languish in uninhabitable living conditions as a result. That any community should have its access to safe and healthy housing threatened as a result of HUD's inaction is unacceptable, and HUD must work to implement the IG report's recommendations and improve its oversight of PHAs.

By the time HUD took ACHA in administrative receivership in February 2016, 185 families—including around 200 children—were living in two 1940s-era housing complexes in Cairo, Illinois, overrun with rodents, bed bugs, roaches, crime, mold, asbestos, and lead. The deterioration of these housing complexes was so severe that in April 2017, HUD announced that 185 families would be forced to relocate from their homes and find alternative housing. In February 2018, HUD announced that more than 30 families from two additional aging housing complexes in nearby Thebes, Illinois, also would be forced to relocate due to deteriorating conditions.

While relocation for these families has meant being able to move to safe and healthy housing, for too many of these families, the limited local housing stock also meant having to leave their beloved tight-knit community and the only place they have ever called home. The effects of this relocation have been felt by the families and community alike as the Cairo school district enrollment is down nearly 30 percent this year.

While there were many factors that contributed to the housing crisis in Cairo, Illinois, including the severe mismanagement and alleged misappropriation of federal funds by former

ACHA officials that is still under investigation by the HUD IG, the IG report concludes that HUD “could and should have done more to oversee” ACHA.

As the IG report details, HUD was aware of negative conditions at ACHA since at least 2010, yet chose not to exercise its full authority to intervene earlier. The report notes that despite having early knowledge of ACHA’s deteriorated physical condition, significant governance and financial management issues, violations of HUD polices and civil rights laws, and noncooperation with federal officials, it was hesitant to take ACHA into receivership.

In examining HUD’s hesitancy to take ACHA into receivership, the IG report highlighted a prevailing misunderstanding by HUD staff of HUD’s own emergency authority to intervene in a PHA if conditions warrant—as the IG report found ACHA conditions warranted. Additionally, the report cited HUD officials’ fear of “political repercussions” from taking a PHA into receivership as a factor contributing to HUD’s hesitancy to act. Further, the report warned that HUD “may avoid taking PHAs into receivership when it is necessary and may oversee PHAs in receivership improperly or inadequately” due to the “small pool of experienced receivers, inadequate guidance, and outdated training” on HUD administrative receivership. The report contained four recommendations to improve and clarify its procedures governing administrative receivership, as well as strengthen staff training.


Following the release of the IG report in July 2018, we wrote to HUD Secretary Carson urging HUD to quickly implement the report’s recommendations to improve HUD’s oversight of public housing authorities and requested an update on the Department’s plan to implement those recommendations. On September 24, 2018, HUD responded to our letter indicating the Department agreed to implement the IG report’s recommendations and outlined implementation timelines for each of the report’s recommendations. We look forward to continuing to work with HUD throughout the implementation process to ensure HUD is capable of executing its oversight responsibility.

We cannot allow the severe mismanagement—both federally and locally—that enabled the housing crisis in Alexander County, Illinois, to be repeated in any other community. Ensuring HUD is capable and effective in its role overseeing public housing authorities in meeting their obligations to provide safe, healthy, and affordable housing is essential to this goal and restoring public housing residents’ faith and confidence in our government.

I commend the Committee for holding this hearing and bringing awareness to the housing crisis that continues to impact Alexander County residents and the local community in Cairo, Illinois. HUD must hold public housing authorities accountable and ensure they are meeting their responsibilities to provide our most vulnerable residents safe and affordable housing.

Sincerely,


Richard J. Durbin
U.S. Senator


Tammy Duckworth
U.S. Senator