

# United States Senate

WASHINGTON, DC 20510

May 25, 2017

The Honorable David A. Montoya  
Inspector General  
Office of Inspector General  
U.S. Department of Urban Development  
451 Seventh Street, SW  
Washington D.C. 20410

Dear Inspector Montoya:

As your agency works to complete its investigation into the mismanagement and alleged misappropriation of federal funds by former Alexander County Housing Authority (ACHA) officials, we ask that you conduct an evaluation of the Department of Housing and Urban Development's (HUD) oversight of the ACHA from 2010 to the present.

The HUD recently conducted a financial assessment of the Alexander County Housing Authority (ACHA) where it found that the ACHA is insolvent and is unable to pay its bills due to exposure from litigation claims and settlements, high utility costs, and the ACHA's governance and financial management practices, which your agency is currently investigating. While we believe that former ACHA officials should be held responsible for apparent abuses of power, fraud, and negligence, based on HUD's recent financial assessment it is clear that HUD shares responsibility for the gross mismanagement that created the current federal public housing crisis.

The report, as well as assessments and evaluations conducted by HUD over the past six years, repeatedly highlighted concerns with the governance of the ACHA, including improper payments, conflict of interests, unauthorized use of funds, failure to comply with HUD policies and federal civil rights laws, and generous employment and benefit contracts. According to the recent report, ACHA was designated as a "troubled performer" in 2013, has failed HUD's physical assessment tool used to determine the habitability of public housing units since 2012, and has failed HUD's financial indicator every year since 2013. Based on these findings, it is clear that HUD had knowledge of the mismanagement of the ACHA, misuse of federal funds, and the deteriorating conditions of ACHA housing. Despite HUD's claims that it repeatedly pushed local authorities to fix the well documented problems at the ACHA, it did little to intervene until it took over the ACHA in February 2016. At that time, the damage had been done and options to adequately address the situation were few.

HUD's negligent oversight of the ACHA is inexcusable and its actions warrant a comprehensive review to make certain that those responsible are held accountable and the necessary reforms are implemented to prevent this from happening at other housing authorities.

We appreciate your continued support assistance in this matter and await your timely response.

If you have questions or need assistance, please contact Lakecia Foster on Sen. Durbin's staff at 202-224-2152 or Erika Moritsugu on Sen. Duckworth's staff at 202- 224-2854.

Sincerely,



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Richard J. Durbin  
United States Senator



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Tammy Duckworth  
United States Senator