

Congress of the United States
Washington, DC 20515

June 22, 2017

The Honorable Ben Carson
Secretary
United States Department of Housing and Urban Development
820 First Street NE
Washington, D.C. 20002

Dear Secretary Carson:

In 2015, *The Southern Illinoisan* newspaper exposed the plight of Cairo, Illinois, residents living in United States Department of Housing and Urban Development (HUD) funded public housing units managed by the Alexander County Housing Authority (ACHA).¹ Living conditions at two of the authority's housing units – Elmwood and McBride – are extremely unsafe and unsanitary, in large part due to the neglect of the housing authority and the mismanagement of federal housing funds and potential fraud committed by its employees. The desperate living conditions in Cairo have since been highlighted by *The New York Times* and *USA Today*.

According to subsequent media reports, it appears that HUD Region V may have first become aware of these issues as early as 2014, when a “cross-functional” HUD team reviewed the ACHA and determined it was in “non-compliance with federal, state housing and labor laws.”² Reports also allege the former director of the ACHA was awarded an improper consulting contract that included no record of work being done to justify the contract.³ Other violations of HUD public housing regulations were noticed by the agency in 2013, as well.⁴

Given the poor physical condition of the Elmwood and McBride properties, which HUD has determined are beyond rehabilitation, it is clear that a lack of proper maintenance and upkeep took place over many years, possibly decades. However, at no time prior to 2014 does it appear that HUD ever adequately inspected or audited the ACHA to ensure its compliance with federal public housing laws and regulations.

As a result, officials at the ACHA may have felt no inhibition about engaging in improper and fraudulent behavior. In fact, the former executive director of the ACHA, Mr. James Wilson, may have freely admitted

¹ Molly Parker, *Chaos in Cairo: Alexander County Public Housing Authority in financial turmoil as employees “lived it up” and residents went without*, *Southern Illinoisan*, Aug. 23, 2015, available at http://thesouthern.com/news/local/chaos-in-cairo/article_2dcf027e-e465-552a-a71f-fd8085941b6e.html [hereinafter *Chaos in Cairo*].

² Molly Parker, *‘Nearly Bankrupt’: A multi-part review of how the ACHA ended up broke: Executive Director Pay*, *Southern Illinoisan*, May 20, 2017, available at http://thesouthern.com/news/local/acha/nearly-bankrupt-a-multi-part-review-of-how-the-acha/article_c01f52d8-f2ca-588a-ac9c-09a70b2d201a.html

³ *Id.*

⁴ Letter from Lourdes Castro Ramirez, Principal Deputy Assistant Secretary for Public and Indian Housing, United States Department of Housing and Urban Development, to Andy Clarke, Chairman, Alexander County Housing Authority (Feb. 19, 2016) (on file with Representative Mike Bost).

as much to local press. Mr. Wilson was quoted as saying, “We lived it up good... Over the last 20 years, there were things that were too good.”⁵ He also described ACHA salary agreements as “too fat.”⁶

Now local residents, specifically the nearly 400 who live at the Elmwood and McBride properties, have been served notice by HUD that they must vacate their units in return for vouchers and counseling services that compel them to relocate away from the only community many of them have ever known. While we appreciate that the current administration has considered varied remedies to this difficult situation, we are hopeful that solutions may exist to keep residents in Cairo and to levy justice on the former ACHA officials who helped create this problem in the first place.

Unfortunately, reports of financial mismanagement and fraud are not exclusive to Alexander County. Similar failures in management protocols have also occurred at other HUD-funded public housing authorities nationwide, including the Richmond Housing Authority in California and the Harris County Housing Authority in Texas. Many of these instances are known to us only through media reports.

Given the inadequate supervision of the ACHA by HUD Region V in the past, we request:

- A list of inspections and financial audits, or other reviews, conducted by HUD of the ACHA going back to at least 1995;
- Findings of the inspections and audits, and reviews, including physical inspection scores of the Elmwood and McBride buildings;
- Audits, inspections, or reviews of Elmwood and McBride maintenance records; and
- Documents and communications relating to potential fraud, waste or abuse involving ACHA officials and employees.

A response to these inquiries is respectfully requested by July 25, 2017. If you have any further questions regarding this matter, please do not hesitate to contact our offices.

Sincerely,



Mike Bost
Member of Congress



Sean Duffy
Chair, Subcommittee on Housing & Insurance
Committee on Financial Services



Gary Palmer
Chair, Intergovernmental Affairs Subcommittee
Committee on Oversight & Government Reform



Ann Wagner
Chair, Oversight & Investigations Subcommittee
Committee on Financial Services

⁵ Chaos in Cairo, *supra* note 1.

⁶ *Id.*