

**Statement of Senator Charles E. Grassley  
Before the United States Senate  
November 12, 2014**

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**Mr. President:** I intend to object to consideration of the nomination of Lourdes Castro Ramirez to be the Assistant Secretary of the Department of Housing and Urban Development (HUD) for the Office of Public and Indian Housing.

Over the last four years, I've been raising concerns about serious problems at public housing authorities and HUD's failure to address them. The Office of Public and Indian Housing is responsible for overseeing the public housing authority program.

I recently learned that HUD is negotiating new, ten year contracts with the thirty-nine housing authorities participating in the Moving to Work (MTW) demonstration program. The Office of Public and Indian Housing is also responsible for administering this program but has failed to conduct proper oversight for years.

The current contracts don't expire until 2018 so there's no need to rush into signing new contracts. Instead, I recommend HUD takes serious steps to address the program deficiencies and determine if this demonstration should continue.

A group of housing advocacy organizations sent a letter to HUD on November 7, 2014 raising concerns about the lack of transparency in the MTW contract negotiations. I am requesting that a copy of this letter is included with my statement in the record.

These organizations represent the people directly impacted by HUD decisions. They're asking questions that would strengthen the program and protect funding from abuse. But HUD is blocking them from participating in the process. Only the MTW agencies are allowed to review the contracts and comment on the proposed changes.

According to HUD briefing materials, the MTW housing authorities operate about 14 percent of the nation's housing stock and receive over \$3 billion in funding per year, equal to about 20 percent of total program funding. Yet, HUD has failed to require any meaningful accountability or transparency.

This has led to financial abuses at the Chicago Housing Authority and other MTW housing authorities.

On October 23<sup>rd</sup>, I sent a letter to HUD about the Chicago Housing Authority (CHA), a Moving to Work participant. CHA has diverted approximately \$432 million in federal funding into a reserve fund instead of issuing over 13,500 vouchers to Chicago families who need affordable housing assistance.

For example, the Atlanta Housing Authority has at least twenty employees receiving annual compensation ranging between \$150,000 and \$300,000 per year. The

executive director explained that these high salaries are necessary “to both ‘attract and retain’ competent staff.”

The executive director of the Philadelphia Housing Authority also received a high salary over \$300,000 per year. He also threw lavish parties, provided patronage to friends and supporters, and secretly paid sexual harassment claims.

Instead of providing safe, affordable housing for those in need, housing authority officials are using federal funding to feather their own nests. HUD tells me these problems are anomalies which lead me to believe the Department may be turning a blind eye to program failures no matter what the costs.

Both the HUD Inspector General and the Government Accountability Office, or GAO, audited the MTW program. Both determined that little program oversight is actually being done.

HUD has no procedures to verify agency self-reported performance data and HUD officials weren't even aware that they were required to perform annual risk assessments. HUD also has no program-wide performance indicators that would help determine if this program is a success or failure.

Worse yet, HUD never performed mandatory program evaluations to determine if the agencies complied with their MTW agreements or whether they should still be in the program. Department officials said they lack the funding to performing the evaluations. Under the current budget climate, additional funding may not be available anytime soon.

In other words, HUD can't tell me if the Moving to Work program actually works or if it will work in the future.

GAO officials informed me that the Agency may be close to closing three recommendations. For the other five recommendations, they are waiting for HUD to provide additional documentation about what steps are being taken or what is needed to close each of them.

Instead of taking steps to improve program performance and provide more effective oversight, the Agency is, instead, rushing to extend contracts for an additional ten years.

I expect a lot more answers and accountability before there is a vote on Ms. Castro Ramirez's nomination. HUD must also refrain from adding new housing authorities to the MTW program until the Agency provides GAO with the requested information and a definitive timeline for closing the outstanding recommendations.