

HUD fails to oversee federal money to local housing authorities

Written by Grassley Press

Tuesday, 28 January 2014 15:50

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Floor Statement of Senator Chuck Grassley

Before the United States Senate

Oversight at the U.S. Department of Housing and Urban Development

Delivered Tuesday, January 28, 2014

Recently, the Obama administration has been talking a lot about income inequality and poverty.

The U.S. has spent trillions of dollars in the last fifty years fighting the so-called “War on Poverty.”

The results have been marginal.

Yet, this administration wants to spend more money on more programs.

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That doesn't fix the problems.

If you just hand this money out with no strings and no oversight, it gets diverted and misused.

Wasted money doesn't help the poor.

There are a lot of people who make a nice profit from the poverty of others. And, the Obama administration has been helping a number of these profiteers, while the poor suffer.

Through my oversight work, I have seen this happen over and over again.

The Department of Housing and Urban Development hands out \$4 billion in federal money every year to local housing authorities.

This money is supposed to help provide clean, affordable housing to the poor.

But, while no one is watching, so much of the money gets spent on high salaries and perks for the people who run the housing authorities.

These housing authorities have other sources of money, but for most of them, up to 90 percent of their total funding comes from that \$4 billion contributed by federal taxpayers.

HUD argues that because housing authorities are state and local government entities, there is no reason to scrutinize them from Washington.

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As far as I'm concerned, HUD is missing about four billion reasons.

Taxpayer money should come with federal oversight.

I have been conducting oversight of wasteful spending at housing authorities for almost four years.

I have been urging the Obama administration to look at what is happening and take action.

But, there is little, if any, interest in oversight of these federal dollars by the folks writing the checks in Washington.

They just want to send the check and pat themselves on the back.

They don't want to talk about what actually happens to the money.

Federal funds end up feathering the nests of local housing authority bureaucrats instead of housing the poor.

Here are some of the most egregious examples of how ineffective the Department of Housing and Urban Development has been at policing local housing authorities:

Bradenton, Florida, is an area of the country that was hit extremely hard during the foreclosure crisis.

But, employees at the Bradenton Housing Authority only have to work four days a week.

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They get two weeks off at Christmas, bonuses in June and December, and the option to cash out up to a month of sick leave twice per year.

They get free use of a car purchased by the housing authority.

After 15 years of employment, they get to keep the car when they leave, or take \$10,000 instead. It's their choice.

Those are generous fringe benefits.

But, many housing authorities also provide very lucrative salaries.

These salaries far exceed the salaries of the federal employees who hand out taxpayer money to the housing authorities.

The biggest salary jackpot winners I've encountered so far are at the Atlanta Housing Authority.

At least 22 employees there earn between \$150,000 and \$303,000 per year.

The Atlanta Housing Authority benefits from a special HUD designation called Moving to Work.

That program exempts designated housing authorities from certain requirements including salary justifications.

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This is not just an isolated example.

The executive director of the Raleigh, North Carolina, housing authority receives about \$280,000 in salary and benefits, plus up to 30 vacation days.

He also accumulates comp-time for any hours he works over seven and a half hours per day.

He has used over 20 days of comp time per year since 2009.

Add that to his regular vacation time, and he was out of the office nearly three months per year.

Nine months of work for \$280,000 is an annualized salary of nearly \$375,000 per year.

Very few taxpayer funded jobs pay anything close to that amount.

What is the justification for such high salaries?

After years of ignoring the issue, HUD finally capped federal funding for executive salaries at \$155,500 per employee. Of course, this was only after various local media and I exposed deep-rooted problems and pushed HUD to act.

But now, housing authority executives have turned to creative accounting tricks to get around the limit.

Since some of their money comes from other sources, the housing authorities simply claim that any salary over the federal limit comes from one of those other sources.

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Because of my oversight letters on this subject, HUD recently notified the housing authorities that they must document the original source of the funding used to pay salaries over the federal limit.

That's good news, but there are still larger problems.

The Department is still not making this salary data public in a reasonable timeframe.

For example, the Obama administration refused to release the 2010 set of data for almost a year. I hope we don't have to wait a year to get the new data.

Like many of our federal agencies, some housing authorities spend large amounts of money on travel for conferences and training.

Staff and board members often attend the same conferences throughout the United States, year after year.

They often attend multiple conferences in a single year.

In addition to travel costs, housing authorities must pay a conference fee for each attendee they send, often ranging between \$400 and \$1,000 per employee.

That money could easily be used to improve conditions and make needed repairs in public housing facilities, but instead it is frittered away on conferences.

The Tampa Housing Authority has spent more than \$860,000 since 2009 for staff and board

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members to attend various conferences, seminars and training programs.

Tampa has been sending 20 or more employees per year to conferences sponsored by the National Association of Housing and Redevelopment Officials.

That alone costs more than \$177,000 per year.

The Atlanta Housing Authority has spent more than \$480,000 since 2009 for employees to attend conferences and training sessions.

In fact, the housing authority paid over \$68,000 in conference fees to a software company after giving them a multi-million dollar contract for a new computer system.

I wonder if the housing authority executive director thought to ask for a discount.

Many of the housing authorities with questionable spending don't limit the abuses to salaries or travel.

The Tampa Housing Authority purchased a new \$7 million administrative office that includes nearly \$3 million in renovations and upgrades. That could have helped hundreds, if not thousands, of poor people needing housing.

They are also paying nearly \$800,000 in salary and benefits for a public relations department while paying an employee another \$170,369 as a PR consultant.

Other housing authorities are also spending exorbitant amounts for outside consultants.

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Some of these consultants are former employees of the local housing authority.

In 2013, the Pittsburgh Housing Authority retained 10 law firms for a total of \$3.5 million over three years.

One law firm has been representing the housing authority during inquiries by the HUD Office of Inspector General and the city Controller.

Think about that.

It's bad enough that taxpayer money meant to help the poor is wasted.

But then the taxpayer also pays the lawyers to defend the very organization from scrutiny about whether the taxpayer money was wasted.

That just adds insult to injury.

In Philadelphia, outside lawyers blocked the Inspector General's office from accessing spending data for months, costing the taxpayers millions.

The Pittsburgh Housing Authority also paid an outside consulting firm \$1.25 million for 2012.

The vice president at the consulting company billed the housing authority \$404,000 for 2,400 hours of work.

That's 48 hours a week for a year.

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It is more than double the \$168,000 salary of the housing authority executive director.

Harris County, Texas, is one of the most egregious examples of out of control spending.

In 2013, the HUD Inspector General questioned the mismanagement of over \$27 million in federal funding in Harris County.

The IG provided the following examples of fraud and abuse:

- Over \$1.7 million in excessive payroll expenses;
- \$190,000 for statues and monuments;
- \$66,000 for employee shirts embossed with logos;
- \$27,000 for trophies, plaques and awards;
- \$14,500 for a helicopter, a chartered bus and golf cart rentals for a grand opening; and
- \$18,000 for letters written by Abraham Lincoln

I continue to send my oversight letters to the Senate appropriators and the Senate Banking committee.

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These committees have jurisdiction over the Department of Housing and Urban Development.

They have the authority to do something about these abuses.

My colleagues need to know the extent of the problems and that I am ready to work with members of this body to address these issues.

I would like to have these letters placed into the record.

Employment at a public housing authority should be about public service.

It's supposed to be about providing clean, safe, and affordable housing for those in need — not helping bureaucrats live large on the taxpayers' dime.

If the Obama administration is truly serious about income inequality, and not just using it for political purposes, it would stop shoveling taxpayer money out the door with practically no oversight, no controls, and no limits.

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