

**STATEMENT OF REP. SUE KELLY  
CHAIRWOMAN, SUBCOMMITTEE ON OVERSIGHT & INVESTIGATIONS  
HEARING ON HOUSING AUTHORITY OF NEW ORLEANS  
JUNE 4, 2001**

Good afternoon, we are here this afternoon to discuss the report issued last month by the Inspector General of HUD on the Housing Authority of New Orleans, and the distressing problems disclosed in that report. In 1996, the committee held a hearing here, chaired by a different subcommittee chairman, but in this same building, on the problems HANO has had in providing of safe, decent, and sanitary housing. The Inspector Generals report calls into question claims of improvements made by the HANO under the Cooperative Endeavor Agreement.

It is my hope that we will identify how HANO's problems have affected the lives of the thousands of residents who depend on it for housing, and to search for ways to improve their living conditions. All of us, regardless of where we live, want to make a better life for our family. We need a place where our children can grow without fear or danger. We need an open, clean, peaceful neighborhood. HANO residents deserve management

that quickly responds to maintenance requests, keeps its promises to make long-term neighborhood improvements, and wisely spends its funds.

I want to begin by thanking my colleague on the Financial Services Committee, Congressman Richard Baker, a deeply concerned representative from nearby, who both brought this situation to my attention and asked me to convene this hearing, and we are grateful for his support and expertise on this issue. We also welcome Congressman William Jefferson who represents this area, for his hospitality in welcoming us to this great city and Congressman David Vitter, a strong advocate for the people of Louisiana. Both Congressman Baker and Jefferson were here five years ago, and I can understand the passion and frustration they must feel for trying, again, to get a handle on the problems at HANO and see some real improvements. We also want to thank Chief Judge A.J. McNamara of the Eastern District of Louisiana and his staff for their cooperation in using this courtroom.

The Inspector General's recent report on HANO raises some really troubling questions about events over the past five years. The report states that after spending over \$139 million of the \$243 million it received for modernization in the past eight years, HANO has not revitalized even one of its conventional sites. The report also states that management at HANO has constantly changed, without an improvement in results. In fact, HUD's own staff wrote that HANO can plan but not implement, and that whatever progress has been touted is all - quote - smoke and mirrors - end quote. HANO's most recent scores on HUD's Public Housing Assessment System are, once again, failing, after claiming improvements for the last two years. That claim might have been shaky at best according to the report, since HUD management in Washington would not allow its own New Orleans housing office director to verify it. The bottom line is that hundreds of millions of dollars have been spent by HANO in the past 10 years, but apparently without a lot of positive results.

Five years ago, the HUD IG testified that – quote- the best path for HUD is the total takeover of the authority- end quote. Last

month, the same IG official concluded that HANO cannot renovate, demolish, build, or manage its units. That is where HANO was 5 years ago, and 5 years of operating under a Cooperative Endeavor Agreement has not changed that fact. I do not doubt that there have been some positive actions taken in the last year to stop the bleeding, but it might be time for more drastic action to help HANO's residents get the housing and management to which they are entitled.