

FRENCH HILL, AR
CHAIRMAN



MAXINE WATERS, CA
RANKING MEMBER

United States House of Representatives
One Hundred Nineteenth Congress
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

June 3, 2025

Mr. Stephen M. Begg
Acting Inspector General
U.S. Department of Housing and Urban
Development
451 7th Street SW
Washington, D.C. 20410

Dear Acting Inspector General Begg:

I write to express my continued disappointment with the troubled operations of the Housing Authority of the City of Little Rock, known as the Metropolitan Housing Alliance (MHA). As you may know, MHA and its nonprofit affiliate, the Central Arkansas Housing Corp (CAHC), have been in disarray for the last decade. In 2023, MHA was designated by the Department of Housing and Urban Development (HUD) as a Troubled Public Housing Agency, and last year its non-compliance with the terms of its Federal contracts was so dire that HUD began the process to declare it to be in substantial default. In fact, MHA and CAHC have failed or refused to provide any required audited financial statements since 2018, resulting in nearly \$30 million in questionable or potentially disallowed expenses.

Most concerning is the pending foreclosure action at the Madison Heights apartment complex stemming from defaults on questionable loans connected to CAHC from 2019. As a result, Arkansans might end up on the hook for a \$7.5 million MHA bailout to avoid foreclosure, which could affect the housing for residents of more than 240 Federally-assisted affordable housing units.

Simply put, that is unacceptable. After years of broken promises, shameful mismanagement, and questionable expenditures – including multiple Corrective Action Plan findings by HUD and a Federal law enforcement raid – it is clear that MHA has lost both my and the public's trust. I have sent several letters seeking to understand how this situation has been allowed to degrade so appallingly without any actionable response. Something has to change as it is obvious that recovery is no longer a feasible option going forward.

Thus, I am requesting that your office launch an investigation as to how MHA and CAHC were allowed to operate so irresponsibly for so long. Specifically, please address why HUD did not more aggressively seek to intervene earlier to spare taxpayers and Little Rock residents from this unacceptable situation, including using its Sanctions for Troubled Performer PHAs authorities

under 24 CFR 902.83. Assessing accountability for these long-standing issues at MHA is an essential component for both resolving the current financial fiasco as well as establishing a bulwark against any similar problems in the future.

Thank you for your prompt attention to this matter.

Sincerely,



French Hill
Chairman

cc: Representative Maxine Waters, Ranking Member, House Committee on Financial Services