

United States House of Representatives
Committee on Financial Services
Washington, D.C. 20515

May 17, 2011

The Honorable Shaun Donovan
Secretary
U.S. Department of Housing and Urban Development
451 7th Street, S.W.
Washington, DC 20410

Dear Secretary Donovan:

A May 14, 2011 *Washington Post* article cites numerous examples of mismanagement and abuse among grant recipients under the HOME Investment Partnerships program administered by HUD, including failures to initiate projects, failures to complete projects and failures to produce habitable residences. Reports of waste in this program are particularly troubling because funds for providing affordable housing are necessarily limited. We are writing to express our concern about the reports alleging millions of dollars of waste among grantees of the HOME program.

The HOME program is the largest federal block grant program for affordable housing. The program provides formula grants to States and localities to build, buy or rehabilitate single and multi-family properties. Each year approximately \$2 billion is allocated for this program and \$32 billion has been disbursed since 1992. Effective agency oversight of grantees' use of funds is a fundamental responsibility of HUD and especially crucial given the scale and importance of the HOME program. The *Post* article suggests that HUD has failed to exercise appropriate supervision over the final grant recipients of HOME funds administered by the states and localities.

HUD must ensure that every dollar dedicated to affordable housing is used responsibly and that funds that have been misused or misappropriated are promptly repaid. To that end, we ask that you provide the following documents and information:

1. A list of all outstanding HOME projects that have been delayed for one year or more along with a detailed reason for such delay. Please include the amount of money invested by HUD for the project, the local housing agency that facilitated the project, and the recipient of the HUD funds. Please also indicate whether the recipient is a non-profit, a developer or some other classification.
2. A list of all HOME projects that have drawn all of their allotted funding from HUD but are still reflected as ongoing in HUD's records. Please also include a detailed update on each of those projects.
3. A list of all site visits by HUD to final HOME grant recipients in the past 2 years.
4. All documentation related to repayment of HOME grant funds by states and localities found to have misused these funds, including statistics on how much has been repaid as a percentage of all requested repayments.
5. HUD guidelines, policies, practices and procedures for state and local administration of HOME funds and selection of final HOME grant recipients.

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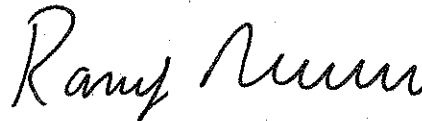
6. HUD guidelines, policies, practices and procedures for states and localities to evaluate the financial health of final HOME grant recipients.
7. HUD guidelines, policies, practices and procedures for evaluating the performance of HOME grant recipients.
8. HUD guidelines, policies, practices and procedures for withholding access to HOME funding for states and localities which have consistently provided HOME funding to grantees who have failed to produce affordable housing and/or provided HOME funding for ineligible uses.

We look forward to your prompt attention to this matter and request that you respond no later than May 27, 2011.

Sincerely,



SPENCER BACHUS
Chairman



RANDY NEUGEBAUER
Chairman
Subcommittee on Oversight
and Investigations



JUDY BIGGERT
Chairman
Subcommittee on Insurance
Housing, and Community
Opportunity