



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-1000

ASSISTANT SECRETARY FOR CONGRESSIONAL
AND INTERGOVERNMENTAL RELATIONS

February 27, 2024

The Honorable French Hill
U.S. House of Representatives
Washington, DC 20515-0402

Dear Representative Hill:

On behalf of Secretary Fudge, thank you for your letter regarding the Department of Housing and Urban Development's (HUD) oversight of the Housing Authority of the City of Little Rock d/b/a Metropolitan Housing Alliance (MHA). The following information is from HUD's Office of Public and Indian Housing (PIH).

Below are the responses to items in your letter dated January 12, 2024, from PIH's Office of Housing and Voucher Programs, Quality Assurance Division:

1. Following the QAD report, has HUD determined whether MHA has violated its Section 8 ACC? If not, when will HUD be making this determination?

HUD has identified non-compliance that violates the terms of the Housing Choice Voucher (HCV) Annual Contributions Contract (ACC). HUD is currently working through the procedures in 24 CFR 907.5 for declaring substantial default, specifically the notice of a finding of substantial default and will keep you updated on the progress.

2. Has HUD determined whether MHA has violated its public housing ACC? If not, when will HUD be making this determination?

HUD has decided that the PHA is in violation of its Public Housing (PH) ACC. HUD is currently working through the procedures in 24 CFR 907.5 for declaring substantial default, specifically the notice of a finding of substantial default and will keep you updated on the progress.

3. If HUD determines MHA has violated either ACC, will HUD pursue substantial default as outlined in 24 CFR 907? If not, why?

HUD has decided that the PHA is in violation of its PH ACC and its HCV ACC. HUD is currently working through the procedures in 24 CFR 907.5 for declaring substantial default, specifically the notice of a finding of substantial default and will keep you updated on the progress.

4. If HUD pursues actions as outlined in 24 CFR 907, does HUD have cause to use the "emergency situations" section outlined in 24 CFR 907.5(d)?

HUD is continuing to research and investigate if there are conditions that exist that would support the emergency provisions of 24 CFR 907.5(d), which states that a PHA shall not be afforded the opportunity to respond to a written determination or to cure a substantial default in any case where:

(1) HUD determines that conditions exist that pose an imminent threat to the life, health, or safety of public housing residents or residents of the surrounding neighborhood; or

(2) The events or conditions precipitating the default are determined to be the result of criminal or fraudulent activity.

5. If HUD determines MHA is in substantial default of its Section 8 and/or public housing ACC, does HUD plan to pursue receivership, transfer MHA's voucher program to another PHA, or propose another strategy?

The Principal Deputy Assistant Secretary (PDAS) for PIH visited the PHA given the severity of issues. HUD is in the process of determining the proper course of action as outlined in 24 CFR 907. HUD recently sent a team onsite to perform an independent assessment to determine the root cause of the issues and to inform decision making for next steps and what is needed to bring the PHA into compliance. The independent assessment report further highlights the PHA's non-compliance with its PH ACC.

6. HUD staff previously committed to providing my office with the specific deliverables listed below. When does HUD plan on providing this information?

- **Any additional debt incurred by MHA identified during the required Corrective Action process.**
 - MHA is in the process of reconstructing its financial records. Until this process is complete, the additional debt incurred is undetermined at this time.
- **The Corrective Action Plan when submitted by MHA to HUD for approval.**
 - HUD is currently engaging with MHA on submission requirements of its Corrective Action Plan. Once an acceptable plan is submitted, a copy will be provided to your office.

7. Does HUD confirm that it is still preparing these pending deliverables, and that it will share them with my office when completed?

- a. **The Recovery Agreement when it entered into by MHA and HUD.**
HUD confirms that it will share the pending deliverables with your office once these are finalized.
- b. **HUD's determination regarding MHA's financial solvency, per question #4 of my September 7, 2023, letter.**
HUD is assessing MHA's instances of noncompliance to determine if it is financially insolvent, but this determination is pending.

8. HUD's "holistic assessment of MHA", "which will focus on root-cause operations, procurement, governance, and conflicts of interest between it and the Central Arkansas Housing Corporation and determine if any mitigating actions should be taken."

HUD is in the process of determining the proper course of action. HUD recently sent a team onsite to perform an independent assessment to determine the root cause of issues in an effort to make an informed decision about our next steps and what is needed to bring the PHA into compliance. The assessment team's report identified instances of MHA's non-compliance that violates the terms of its ACC. The outcome of this independent assessment will be memorialized in a Results and Determination Letter to be provided to your office once completed.

If you have additional questions or concerns for HUD, please contact Anthony S. Landecker, Public Housing Director in HUD's Little Rock field office, at 501-918-5753 or Anthony.S.Landecker@hud.gov.

I hope this information is helpful in responding to your constituent. If I can be of further assistance, please let me know.

Sincerely,

Dr. Kimberly A. McClain

Dr. Kimberly A. McClain
Assistant Secretary for Congressional
and Intergovernmental Relations