

April 14, 2021

The Honorable Gene Dodaro
Comptroller General of the United States
United States Government Accountability Office
441 G Street NW
Washington, D.C. 20548

Dear Mr. Dodaro:

We are writing to request that the Government Accountability Office (GAO) analyze and audit the Department of Housing and Urban Development (HUD) Housing Trust Fund (HTF), with a particular focus on the cost per unit of housing supported by the program. According to HUD, the HTF was launched in 2008 as “an affordable housing production program that complements existing federal, state, and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for low- and extremely low-income households, including families experiencing homelessness.”¹ GAO’s review will assist the congressional committees of jurisdiction to assess whether the HTF is effectively meeting those objectives and consider various affordable housing initiatives.

On April 6, 2021, HUD announced the allocation of more than \$689 million through the HTF. This distribution more than doubles the amount allocated last year, bringing the total amount of homeowners’ contributions to the HTF to \$1.89 billion.² However, it is unclear whether these allocations will provide a reasonable return on the investment to increase our nation’s supply of affordable housing.

In fact, according to HUD data, before its most recent allocation, the HTF program received total funding in excess of \$1.19 billion since fiscal year 2016. Yet through February 2021, more than two-thirds of these funds remain undisbursed.³ From the funds that have been

¹ HUD Press Release No. 21-053, Apr. 6, 2021, https://www.hud.gov/press/press_releases_media_advisories/hud_no_21_053.

² *Id.*

³ HTF National Production Report (Feb. 28, 2021), https://files.hudexchange.info/reports/published/HTF_Prod_Natl_20210228.pdf.

disbursed, the HTF has completed production of only 800 units of housing.⁴ That five-year production rate equates to one completed unit of housing for every \$1.5 million in the fund.

Even when the cost per unit is calculated in the light most favorable to HUD, the HTF still appears to compare poorly to the private sector housing production in terms of cost per unit. In addition to federal funds, the HTF can be used, in some cases, to leverage additional funding from various sources such as state and local real estate taxes and fees. When those leveraged funds are included in the production calculation, the total dollars for completed HTF units was approximately \$882 million—still more than \$1 million per completed unit of housing.⁵

Furthermore, the data released by HUD show only 485 of the HTF's 800 completed projects are new construction.⁶ The other 315 projects involved the acquisition or rehabilitation of existing housing units.⁷ Those figures represent one newly constructed unit of housing for every 681,000 people living in the United States. The HTF's rate of delivery therefore appears to fall short of the program's goal to "increase and preserve the supply of decent, safe, and sanitary affordable housing" for low-income Americans.

To help the Committee address those questions, please conduct an analysis and audit of the HTF, including, but not limited to, the following:

1. The HTF provides grants to states to produce and preserve affordable housing.
 - a. With respect to state grantees, to what accounts does the money go?
 - b. What restrictions are in place with respect to how the money can be used?
 - c. How are those restrictions enforced?
 - d. What oversight mechanisms are in place at the states to prevent waste, fraud, and abuse? Are those mechanisms effective?
2. The cost per unit of housing supported by the HTF appears to far exceed private sector comparable costs.
 - a. Why is the completed unit cost so high for HTF projects?
 - b. How does the HTF's cost per unit compare to private sector construction costs?
 - c. Is HUD effectively leveraging private dollars for HTF projects?
 - d. What is the total cost to date to support the HTF in terms of fees and other assessments for homeowners?

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

3. Up to 10 percent of an HTF grant may be used for the grantee's administrative and planning costs.
 - a. On a state-by-state basis, what is the total amount and percentage of HTF funds used to pay administrative and planning costs?
 - b. Can those funds be put to better use?
 - c. When was the last comprehensive audit of funding recipients regarding administration and planning costs, and what did it determine?

4. HTF has completed only 800 projects since fiscal year 2016.
 - a. Why does it take so long to produce completed units, especially considering approximately 40 percent of the units are acquisitions or rehabilitations?
 - b. What accounts for discrepancies, if any, between and among states in terms of average time to complete HTF projects?

Thank you for your attention to this matter. Please contact Ed Skala or Connor Dunn of the House Committee on Financial Services minority staff at Edward.Skala@mail.house.gov and Connor.Dunn@mail.house.gov to provide updates or with any questions about this request.

Sincerely,



Patrick McHenry
Ranking Member



Steve Stivers
Ranking Member
Subcommittee on Housing,
Community Development,
and Insurance

cc: The Honorable Maxine Waters, Chairwoman
The Honorable Emanuel Cleaver, Chairman
Subcommittee on Housing, Community Development and Insurance