

**BUILDING A SOLID FOUNDATION:
RESTORING TRUST AND TRANSPARENCY
IN PUBLIC HOUSING AGENCIES**

HEARING
BEFORE THE
**SUBCOMMITTEE ON OVERSIGHT AND
INVESTIGATIONS**
OF THE
COMMITTEE ON FINANCIAL SERVICES
U.S. HOUSE OF REPRESENTATIVES

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Tuesday, February 10, 2026

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**BUILDING A SOLID FOUNDATION:
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IN PUBLIC HOUSING AGENCIES**

Tuesday, February 10, 2026

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS,
COMMITTEE ON FINANCIAL SERVICES,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:06 p.m., in room 2128, Rayburn House Office Building, Hon. Dan Meuser [chairman of the subcommittee] presiding.

Present: Representatives Meuser, Wagner, Loudermilk, Garbarino, Haridopolos, Hill, Flood, Green, Tlaib, Williams of Georgia, Fields, Liccardo, Torres, and Waters.

Chairman MEUSER. The Subcommittee on Oversight and Investigations will come to order. Jumped the gavel a little bit there. Without objection, the chair is authorized to declare a recess of the committee at any time.

This hearing is titled, "Building a Solid Foundation, Restoring Trust and Transparency in Public Housing Agencies."

Without Objection all members will have 5 legislative days within which to submit extraneous materials to the chair for inclusion in the record.

As Chairman I now recognize myself for 4 minutes for an opening statement.

**OPENING STATEMENT OF HON. DAN MEUSER, CHAIRMAN OF
THE SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS,
A U.S. REPRESENTATIVE FROM PENNSYLVANIA**

Public housing agencies, PHAs, administer Housing and Urban Development's (HUD's). Combined, these programs account for roughly \$40 billion in Federal funding annually and serve approximately 9 million Americans through more than 3,300 housing authorities nationwide.

Secretary Bessent recently estimated 10 percent of taxpayer funds are lost to fraud, Government Accountability Office (GAO) published a report that another 10 percent of government payments are improper, and HUD identified 10 percent of PHAs fail physical inspections.

So that could be as high as 25 to 30 percent of the \$40 billion that is misappropriated. This is the scale of taxpayer exposure we are discussing today.

Yet, despite the level of funding, oversight failures, corruption, and financial mismanagement we continue to see surface across the country. For example, in November 2025, Federal prosecutors convicted 70 employees and contractors at the New York City Housing Authority for accepting cash bribes in exchange for no-bid contracts.

In Atlanta, in 2023, a senior housing authority executive was indicted for falsifying eligibility data to secure subsidized housing benefits for her own family members.

In 2020, tenant fraud investigations in Philadelphia uncovered hundreds of ineligible recipients, contributing to more than \$1.6 million in identified fraud.

This is just a very short list. These numerous examples—there is no cherry-picking here—this is widespread.

So these numerous examples of corruption are just a part of the issue. Financial mismanagement is equally prevalent. For example, HUD took over the Atlantic City Housing Authority in July 2025, after declaring it in substantial default following years of financial mismanagement since 2022.

These failures are not administrative. They are operational and they affect daily living conditions and quality of life.

As stated, approximately 5 percent of PHAs fail HUD financial management standards, and as stated, roughly 10 percent fail physical condition inspections.

As well, procurement controls inside many PHAs are often structurally weak, especially considering that many contracts under \$10,000 can be issued without competitive bidding.

In smaller housing authorities, procurement authority is often centralized to one individual, and at the property level, some authorities fail to reinvest capital funds or leverage financial tools.

The lack of controls on procurement, absence of anti-fraud tools in case of corruption makes HUD a prime candidate for where we want to stop waste, abuse, and fraud. That is why the Trump Administration and this committee have made oversight and enforcement of PHAs a priority.

Earlier this year, HUD announced that it was placing the Manhattan Housing Authority in Kansas under Federal monitorship because it has systematically failed to achieve HUD's most basic requirements.

While disappointing, we should all be pleased to see HUD is taking oversight of PHAs far more seriously.

As well HUD, under Secretary Scott Turner, is deploying enhanced data analytics and AI-enabled tracking systems to follow funds from HUD through PHAs and down to subcontractors.

The Department has created an internal fraud detection strike force and increased physical inspections by 25 percent in 2025. Yesterday, alongside Chairman Hill and Subcommittee Chairman Flood, we sent oversight letters to 32 PHAs designated as troubled by HUD, seeking detailed records on financial management, procurement, and property conditions.

We will also review high-performing housing authorities to identify management practices that could be replicable and be shown as being best practices. We can see how funds are controlled and

whether residents are receiving the housing conditions Federal law requires.

So this committee intends to ensure those standards are enforced in partnership with HUD and Secretary Turner so that Federal housing dollars are protected and properly administered.

I yield back.

I now recognize the ranking member of the subcommittee, Mr. Green, for 4 minutes for his opening statement.

OPENING STATEMENT OF HON. AL GREEN, RANKING MEMBER OF THE SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS, A U.S. REPRESENTATIVE FROM TEXAS

Mr. GREEN. Thank you, Mr. Chairman. I thank the ranking member, and of course I thank the witnesses for appearing today.

The title of this hearing is Building a Solid Foundation, Restoring Trust, and Transparency in Public Housing Agencies. However, I believe that a better title for the hearing would include at least five additional words. These five additional words are “lost under the Trump Administration.”

The title would appropriately now read, “Building a Solid Foundation, Restoring Trust and Transparency in Public Housing Agencies Lost Under the Trump Administration.”

The truth is, if we want to address the oversight of PHAs by HUD, we must begin by looking at HUD’s Secretary—Secretary Turner—and we have to review his actions since he has taken office.

Shortly after the Secretary took office, he began with the Department of Government Efficiency and with others in the administration, they together decided that they would dismantle HUD and undermine the agency’s ability to fulfill this mission.

Secretary Turner shuttered, or significantly scaled back, the operations at the HUD Office of Fair Housing and Equal Opportunity, as well as several HUD regional and field offices across the country.

This includes at least 780 employees terminated from the Office of Fair Housing and Equal Opportunity, and more than 43 of the HUD—43 percent of the HUD workforce in the field.

The impact of these measures is already being felt. According to ProPublica, HUD spent years building the case against a PHA in the Midwest that favored White applicants and denied applicants with modest criminal records.

In April 2025, this PHA offered a six-figure settlement to these tenants that they had rejected, only to rescind and withdraw the offer 2 days later, citing President Trump’s newly issued executive order, deprioritizing enforcement of disparate impact laws.

These delays and cuts will continue, and they will continue to hinder HUD’s ability to oversee the public housing authorities we are discussing today.

Chronic underfunding, lack of compliance, and insufficient oversight has resulted in the Trump Administration’s severe cutbacks in these housing programs, which make the programs less safe and less effective.

We must cease acknowledging the problems while ignoring the solutions. The solutions are available to us—proper funding, proper

oversight, and also proper testing, something the Secretary seems to have little knowledge of as a result of questioning him at a prior hearing.

At this time, I yield back the balance of my time.

Chairman MEUSER. The ranking member yields back. We will now move to witness testimony. If the chairman of the full committee or the ranking member come in, we will yield to them for their opening statements, but we will start and welcome the testimony of Mr. Bart Schwartz first off.

Mr. Schwartz is a founder and chairman of Guidepost Solutions, where he conducts investigations and provides compliance, ethics, and integrity monitoring. In 2019, Mr. Schwartz was selected to serve as the Federal monitor of the New York City Housing Authority, NYCHA. Throughout his 5-year monitorship, Mr. Schwartz and his team oversaw the implementation of HUD agreement, aimed at reforming NYCHA, to improve residents' living conditions. Mr. Schwartz received his bachelor's degree from the University of Pittsburgh—I like that—and his juris doctorate from the New York University School of Law. So, welcome.

Also, Mr. Chase Haller: Mr. Haller is deputy attorney general and section chief of the homeowner protection unit for the attorney general office for the State of Indiana. Prior to this role, Mr. Haller worked at the neighborhood Christian legal clinic where he focused on housing and consumer justice issues. Mr. Haller graduated with a bachelor's degree from Indiana University in Bloomington and received his juris doctorate from the University of Dayton School of Law. Welcome.

Mr. Milan Ozdinec: Mr. Ozdinec is the president of Vargas Premier Corporate Consultants which specializes in affordable housing and government consulting. Mr. Ozdinec has served several roles at HUD. Most recently he served as the deputy assistant secretary for the Office of Public Housing and Voucher Programs, which oversees the Housing Choice Voucher Program and serves 2 million low-income Americans. Mr. Ozdinec started his career with the Bethlehem Housing Authority where he restored 100 distressed rental units under the Section 8 Program. Mr. Ozdinec received his bachelor's degree from Moravian College, and we have with us, Mr. Oberdorfer: Mr. Oberdorfer is the director of policy and legislative affairs at the National Association of Housing and Redevelopment Officials, where he provides member agencies with one-on-one technical assistance and policy guidance, among other responsibilities.

Mr. Oberdorfer previously worked in research relating to rural, affordable housing, senior housing, and supportive housing. He received his bachelor's degree from the University of Washington and a master's degree in community and regional planning from the University of British Columbia.

I thank each of you for taking the time to be here. Each of you will be recognized for 5 minutes to give an oral presentation of your testimony. Without objection, your written statements will be made part of the record.

Mr. Schwartz, you are now recognized for 5 minutes for your remarks.

**STATEMENT OF BART M. SCHWARTZ, CO-FOUNDER &
CHAIRMAN, GUIDEPOST SOLUTIONS**

Mr. SCHWARTZ. Thank you. My name is Bart Schwartz, and I am the chairman and co-founder of Guidepost Solutions, a global investigations, compliance and consulting company of about 300 full-time employees.

I am also an attorney, and I was chief of the criminal division of the U.S. Attorney's Office in the Southern District of New York.

As the chair has stated, I was the first monitor of NYCHA from 2019 through 2024, and the comments that I have today are based on the reports—the public reports—that we submitted each year and also the final report that I submitted in 2024.

The team that I put together pursuant to the agreement that NYCHA signed included engineers, architects, attorneys, consultants, IT specialists, and administrative staff but in addition to that, I added a team of highly skilled former New York City detectives. It was that group that—when I turn to the corruption aspects of the monitorship—it was that team that developed the information that resulted in 70 indictments by the U.S. Attorney's Office in the Southern District.

The investigators visited developments across the city every day, taking pictures, talking to residents and employees, and writing reports. They developed information through many sources and cultivated relationships.

They documented suspicious circumstances involving NYCHA personnel and contractors and developed a record of shoddy work and materials that were being used.

It was the few cases that these prior detectives developed that ended up with the 70 indictments later brought by the U.S. Attorney's Office.

As far as I can tell from the public record, those 70 cases, approximately \$15 million of contracts were involved. Approximately \$2.1 million of bribes were paid, and approximately \$2.1 million of fines were meted out by the court.

One of the questions that I have to present today is wondering what happened to the \$11 million, between the \$15 million and the \$4.2 million? Because I think it demonstrates an ongoing problem at NYCHA, which is that it tends not to defend itself.

I know many of you may think that is not true, but in fact, they tend to take the punches and then move on rather than try to go after those who have been unfair to NYCHA and have been non-competitive and who have been corrupt.

So, I think that is one area that I would ask you to address but more generally, the problem was that NYCHA had no integrity or program at all. There was not even a code of conduct. We saw poor management, shoddy work by field employees, failure to use technology, a lack of accountability.

One example would be annual reviews. Almost all of us are reviewed annually, but NYCHA refused to have annual reviews of employees, reviews which would be used to help the workers do a better job, not to punish the workers.

Despite all of this and the difficulties we had, we had some excellent results. As part of the mold action plan, NYCHA installed new

and performed major repairs on approximately ventilation ducts and fans which reduced mold claims by over 50 percent.

When we first started, NYCHA was cleaning lead from apartments at the rate of 400 a year. When we finished, they were doing 700 a month. We create—NYCHA had no definition for “clean.” We created definitions with photographs and so forth.

If I may, I would ask that the remainder of my remarks be included in the record as I see my time is gone. Thank you.

[The prepared statement of Mr. Schwartz follows:]

House Committee on Financial Services

Oversight and Investigations Subcommittee Hearing of 2.10.2026, Entitled
“Building a Solid Foundation: Restoring Trust and Transparency in Public
Housing Agencies”Statement of Bart M. Schwartz

My name is Bart Schwartz. I am the Chairman and co-founder of Guidepost Solutions, a global investigations, compliance, and consulting company. I am also an attorney and former federal prosecutor who served as the chief of the Criminal Division of the United States Attorney’s Office in the Southern District of New York.

Most relevant to the purpose of today’s hearing, I served as the first term federal monitor for the New York City Housing Authority, known as “NYCHA,” from February 2019 through February 2024. Please see the Addendum to this document for details about how the monitorship came about.

I note that NYCHA is an irreplaceable asset for the City of New York and provides homes for thousands of good, hard-working people who are entitled to live in a decent, safe, and secure environment.

Today, I point out some changes that we made at NYCHA which did not require additional funding. I will also list some recommendations which can be used by all public housing agencies.

My statement today is principally derived from my Final Report as monitor, which is available at guidepostmonitor.com.

The Team

The team I assembled as monitor included engineers, architects, attorneys, consultants, IT specialists, administrative staff - and importantly - a highly skilled team of field investigators who had previously served as New York City detectives.

The investigators visited developments across the city every day, taking pictures, talking to residents and employees, and writing reports. They developed information through many sources - and cultivated relationships with tipsters. They documented suspicious circumstances involving NYCHA personnel and contractors and developed a record of shoddy work and materials.

In a short time, our investigators found that many superintendents were corrupt and colluded with like-minded contractors to abuse HUD's well-intentioned micro purchase rule. We developed informants, and eventually 70 superintendents were indicted.

Identifying Problems and Finding Solutions

We also saw that the prevailing thinking at NYCHA included the idea that failure was always an option. Acceptance of an unacceptable status quo was prevalent.

I observed that NYCHA executives did not know how to defend the agency. I was reminded of something I used to say to my law clients, "would you rather be a porcupine or a pinata?"

NYCHA had severe problems with governance and administration, and no focus on values-based integrity and ethics. It did not have a proper code of conduct.

We saw poor management, shoddy work by field employees and contractors, deficient employee oversight and lack of discipline, and standard operating procedures that were obsolete. There was a lack of pride in the workforce.

Use of technology and data to enable efficient operational and capital performance and planning - as well as oversight and compliance assessments - was deficient.

There was a lack of accountability, transparency, and cooperation. Functions operated in silos.

The problems that attracted the attention of the media were as bad as we had feared: rampant mold, improperly maintained lead paint, filthy grounds, lack of heat and hot water, faulty elevators, vermin.

Blame for NYCHA's operational problems and physical deterioration was always cast on lack of funding.

Building a Solid Foundation for Public Housing Agencies

This committee is interested in the question of how to build a solid foundation for public housing agencies to restore trust and transparency - particularly when resources are scarce. Much can actually be done which does not require additional funding.

For example, we formed teams to collaborate with NYCHA managers to address the many problems with mold, lead paint, heat, elevators and pests and waste.

Detailed action plans were discussed and documented and posted on our web site for all to see. Everyone knew what was to be done, how, and when.

We sought to identify, empower and unleash talented managers at NYCHA to build their teams, be creative – and to be serious in striving to always do better, to be leaders. Pride on the part of many NYCHA employees became evident.

A few examples of accomplishments follow:

As part of the mold action plan, NYCHA installed new or performed major repairs on approximately 6,200 roof fans and cleaned approximately 74,000 ventilation ducts to draw mold-causing moisture out of apartment bathrooms. Mold outbreaks were cut by 50% from their height of just three years before.

Through proactive methods we strongly supported, NYCHA identified the locations of thousands more children at risk of lead exposure than had previously been reported.

As part of the lead action plan, through excellent management, NYCHA radically improved its performance in abating lead in the thousands of apartments inhabited by children under six years old. At the beginning of our tenure, NYCHA was abating only around 700 apartments per year. At the completion of our service, NYCHA was abating some 400 apartments per month. Compliance with lead safe work practices in maintenance work became the norm through rigorous training, spot inspections and digital record keeping.

Regarding trash and grounds, we developed and gave NYCHA a methodology and software for groundskeepers to use to assess and document daily cleanliness – and it meant a great deal to residents to see clean grounds. We also gave NYCHA a definition of “clean” and had them document it using photos.

We worked with NYCHA to do summertime maintenance of boilers and heating systems and created detailed data dashboards, and used data driven analytics to greatly reduce the number of heating outages. Outage notices and repair times were put on a public dashboard.

Preventive maintenance plans and remote electric monitoring systems for elevators were created and implemented to improve performance and NYCHA’s outage response time.

We held bi-monthly in-person town hall meetings with residents where my staff and I took questions, comments and reports of problems. We had a toll-free telephone line where residents could communicate directly with the monitor’s office.

Community Advisory Committee meetings were convened every other month and at least once in each borough every 12 months.

Inspection “blitzes” of almost 100 tank rooms found untrained workers, broken equipment and leaking pipes and deficient record keeping.

Over 8,000 door sweeps to impede rats were eventually successfully installed - after three attempts by NYCHA – when we insisted that

management assume proper responsibility for their successful installation.

NYCHA established competent and robust departments for Compliance, Environmental Health and Safety, and Quality Assurance.

As a result of our investigative work, in February 2024, 70 NYCHA superintendents were arrested and charged by the U.S. Attorney with bribe receiving, fraud and extortion charges. By November 25, 2025, all 70 NYCHA employees had been convicted of bribery, fraud, or extortion offenses, either by guilty plea or by trial.

General Recommendations

Proper administration of housing authorities must include common sense and best practices such as the following:

Better management gets better results.

Annual reviews for the purpose of improving workers and not punishing them gets better results.

Private sector procedures such as using available data gets better results.

Demanding quality work improves results.

Better training gets better results.

Separating the purchaser from the inspectors of goods and services increases the quality of the work.

Repeatedly procuring from shoddy vendors gets what you pay for.

Oversight, audit trails and inspections are among the most common ways to control quality, but they often are ignored.

Emphasizing honesty and integrity has a positive impact on culture and all that is undertaken.

To conclude, the simplest observation I can offer is that housing agencies must be held accountable for strict compliance with best business practices and HUD regulations, and be vigilant in preventing waste, fraud, and abuse by crafting and applying appropriate controls.

Finally, I would very much like to thank the Committee for the opportunity to appear before it and offer these remarks.

ADDENDUM

Details About the Monitorship

The monitor's office was created pursuant to an out-of-court agreement between the federal government – specifically the United States Attorney's Office and the Department of Housing and Urban Development, and the City of New York and NYCHA.

The agreement settled a lawsuit brought by the government in 2018 in the Southern District of New York which sought redress for various serious violations of federal housing laws committed by NYCHA, including

- falsely reporting compliance with HUD regulations on lead paint (endangering the health of thousands of children who resided in NYCHA buildings which contained lead paint),

- willfully instructing employees how to cover up poor and substandard building and facility conditions so that they would not be detected during HUD inspections,

- failing to address unsafe environmental conditions such as chronic toxic mold,

- failing to provide reliable heating and elevator systems.

Among other provisions, the agreement required the monitor report on NYCHA's compliance with performance requirements in five major areas

impacting resident quality of life, which we referred to as the “pillars” of the agreement: lead paint, mold and leaks, pests and waste, elevators, and heating.

It required us to establish direct means of communication with NYCHA residents and tenant leadership, including by convening a “Community Advisory Committee,” or “CAC,” composed of community leaders, representatives of City agencies such as the NYPD, FDNY, the Mayor’s Office and City Council members, and resident representatives to solicit input from stakeholders regarding the achievement of the agreement’s purpose through discussion and cooperation and joint problem solving.

We were also directed or granted authority to closely examine NYCHA’s operations, administration, and governance, and establish departments for Compliance (with a Chief Compliance Officer), Environmental Health and Safety, and Quality Assurance.

We were required to submit detailed, public reports on our undertakings every quarter. All our reports are still publicly available at guidepostmonitor.com.

NYCHA is a huge organization: at the start of my tenure, it had over 175,000 apartments in over 300 developments spread across the five boroughs of New York and employed some 12,000 people. According to some estimates, over 600,000 people live in NYCHA apartments, with only about 400,000 people named on official records.

The First Term NYCHA Federal Monitorship Final Report, Published March 20, 2024 (“Final Report”), is available at guidepostmonitor.com

The Final Report provides details on all aspects of NYCHA’s performance with the Agreement with the federal government and our oversight thereof.

Beginning on page 93 of the Final Report, a series of recommendations are made under the headings “Accomplishing the Basics,” and “Additional Recommendations.”

Chairman MEUSER. The gentleman's time is expired. Thank you for your testimony. We now have Mr. Haller. Mr. Haller, you are now recognized for your 5-minute remarks.

STATEMENT OF CHASE M. HALLER, DEPUTY ATTORNEY GENERAL AND SECTION CHIEF, HOMEOWNERS PROTECTION UNIT, OFFICE OF THE INDIANNA ATTORNEY GENERAL

Mr. HALLER. Thank you, Chairman and members of the subcommittee. My name is Chase Haller, and I serve as the deputy attorney general and section chief of the homeowner protection unit in the Office of the Indiana Attorney General, Todd Rokita, who is a former member of your body.

I appreciate the opportunity to testify today regarding the critical need for enhanced Federal oversight of public housing agencies. My home State of Indiana has about 6.5 million residents. About 2.1 percent, or 146,000, of them live in federally subsidized housing as of 2023.

Seventy-six percent of them are categorized as extremely low-income households, so they represent some of our State's most vulnerable residents.

Our office, with a dedicated team of 5, and an agency of 400 public servants, has aggressively enforced State housing laws over the past 5 years under the leadership of Attorney General Rokita, uncovering systemic issues like sham nonprofits, abandoned housing projects, and severe habitability issues.

One of our most time-intensive enforcement actions has involved Indianapolis Housing Agency, which administers HUD funds for low income, elderly, and disabled residents, via Section 8 vouchers and other HUD programs.

Despite our Rental Assistance Demonstration (RAD) conversion and substantial capital upgrades years prior, residents of Richard G. Lugar Tower, a 17-story, 200-unit building, serving elderly and disabled tenants in Indianapolis, have faced persistent problems—hot water and elevator outages, security lapses, repeated leaks, and trespassers intimidating residents.

After tenants organized and filed 59 complaints with our office in early 2023, we conducted an investigation and ultimately negotiated an assurance of voluntary compliance with Indianapolis Housing Agency (IHA), mandating licensed property management, stronger security protocols, and regular inspections for a period of 2 years.

Attorney General Rokita also visited the building in December 2023 and spoke with residents about their frustrations.

In April the following year, HUD engaged in a takeover of IHA through a cooperative endeavor agreement. Progress at Lugar stalled in the summer of 2025 when IHA's funding shortfalls triggered a default on our agreement, prompting the departure of management and security vendors, and a resurgence of disorder.

We have since renegotiated a new agreement with the owner of the building with more detailed reporting standards, including a staffing plan, security incident reporting, and a resident's council to rebuild trust.

Our office has also learned that RAD conversions, like at Lugar Tower, are unable to use generalized HUD funding for mainte-

nance and operations, creating possible disparities compared with non-RAD sites, like the nearby John J. Barton Tower, where IHA is more capable in its responses to maintenance and security needs.

Recent local reporting also investigated incidents where Section 8 tenants were made homeless when ownership transfer paperwork went unprocessed. Owners say IHA failed to respond or transfer vouchers after acquisitions, cutting off subsidy payments and triggering evictions of tenants with valid vouchers.

These breakdowns illustrate how weak oversight can produce catastrophic outcomes for families relying on housing assistance.

With new leadership at IHA and with HUD's assistance, we are hopeful, for the sake of tenants under its care, that IHA can change course.

Similarly, our office has seen significant inspection and habitability failures at other HUD funded projects. In June 2024, we sued the owner of Bingham Square Apartments in Anderson, Indiana, after the owner abandoned tenants.

After dozens of failed housing-quality standards inspections and abatement orders, the owner simply canceled their Section 8 contract and began evicting subsidized tenants and the property continued to fall into severe disrepair, including one building that burned to the ground and was never rebuilt.

In another case we secured a settlement for a voucher holder whose apartment was riddled with mold and reportedly made her children sick for months. A third-party inspector we hired found building-wide mold, even though her unit had passed a HUD inspection just weeks prior.

These are not isolated incidents. They are predictable outcomes when oversight fails and accountability is deferred. The path forward requires aligning authority with accountability.

If agencies receive Federal dollars to administer life-sustaining housing assistance, they must also meet verifiable standards for fiscal stewardship, livable property conditions, and adequate tenant protections.

Our office asks this committee to consider stronger HUD auditing requirements, including annual financial reviews for high-risk agencies, consider performance-based funding metrics, tying funding allocations to things like voucher utilization rates and inspection scoring, and audit of the RAD Conversion Program addressing disparities in tenant treatment, unit habitability, and ongoing funding viability concerns, finally, more robust and verifiable inspection standards to hold landlords accountable, ensuring that Federal funds support safe housing and not neglect.

Chairman, Members, all Hoosiers deserve safe, dignified housing and the Indiana attorney general's office will continue to work toward ensuring that happens in our State. I appreciate, again, the opportunity to offer testimony today. Thank you.

[The prepared statement of Mr. Haller follows:]

OFFICE OF THE ATTORNEY GENERAL
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TODD ROKITA
ATTORNEY GENERAL

Title: Prepared Written Testimony of Chase Haller, Deputy Attorney General & Section Chief, Homeowner Protection Unit

Organization: Office of the Indiana Attorney General

Hearing Details: Before the Subcommittee on Oversight and Investigations, Committee on Financial Services, U.S. House of Representatives

Date: February 10, 2026

Thank you, Chairman and members of the Subcommittee. My name is Chase Haller, and I serve as Deputy Attorney General and Section Chief of the Homeowner Protection Unit in the Office of Indiana Attorney General Todd Rokita, a former member of your body. I appreciate the opportunity to testify today regarding the critical need for enhanced federal oversight of public housing agencies, drawing from our agency's experiences with public housing agencies and other subsidized housing providers.

My home state of Indiana has approximately 6.5 million residents. As of 2023, about 146,000 of those residents lived in federally subsidized housing, representing about 2.1% of the state's population. Residents in subsidized housing are some of our state's most vulnerable. As a state government agency tasked with protecting consumers, the Indiana Attorney General has taken action repeatedly against the Indianapolis Housing Agency and other subsidized housing providers who have neglected their tenants. My Section includes a dedicated staff of five in an agency that employs 400 public servants. Under the leadership of Attorney General Rokita and over the last five years, our Section has been aggressively enforcing our state's housing laws, including within government subsidized housing. Our investigations and enforcement actions have uncovered systemic problems ranging from sham nonprofit owners, owners abandoning failing housing projects, and issues unique to public housing programs such as HUD inspection standards and deferred maintenance involving public housing agencies.

One of the most striking examples of these systemic failures is the Indianapolis Housing Agency. As Indianapolis' public housing authority, IHA administers significant federal funds from HUD to provide affordable housing for low-income,

elderly, and disabled residents through programs like Section 8 vouchers and other subsidized housing programs. Yet, over the past several years, IHA has exemplified how inadequate oversight can lead to financial chaos, tenant neglect, increased crime, safety concerns, and lasting harm to the community.

At Richard G. Lugar Tower in Indianapolis, a 17-story building serving elderly and disabled individuals, residents have faced years of neglect. Lugar Tower underwent a Rental Assistance Demonstration project conversion in 2011. Despite what was then touted as a landmark \$30 million dollar public-private partnership, Lugar Tower tenants have since suffered years of substandard and dangerous living conditions despite the building being located in one of the fastest growing and thriving areas of downtown Indianapolis.

In early 2023, news reports revealed Lugar Tower faced hot water and elevator outages along with serious security lapses. Tenants filed 59 complaints with our office over a matter of a few months. Our investigation found widespread deferred maintenance, trespassers in vacant units, and stairwells being used as toilets by unauthorized visitors who intimidated residents.

In response, our office has fought these abuses through enforcement actions. In August of 2023, our office secured an Assurance of Voluntary Compliance with the Indianapolis Housing Authority for Lugar Tower, which required licensed management, security, and inspections. Attorney General Rokita personally visited with residents at Lugar Tower in December of 2023 to speak with them about their frustrations. While we saw substantial progress during the two-year compliance period, IHA defaulted on their court-required commitments by the summer of 2025. Funding shortfalls led to both the management company and security vendor walking away from the project due to nonpayment. The situation regressed and the building quickly returned to chaos and disorder in the summer of 2025, resulting in our office seeking to renew and amend the obligations of the owner. While we have seen some progress and stabilization at the property since that time and continue to have productive conversations with current IHA leadership, we remain deeply concerned about the viability of Lugar Tower as a low-income housing project. Our office has devoted significant resources to this matter, which diverts resources from other issues and concerns facing our constituents.

IHA recently sold several troubled properties, which may have some positive financial impact on the organization. However, it is too early to tell what impact, if any, that will have on the habitability and quality of life of the tenants at Lugar Tower or IHA's remaining properties.

Another IHA case we investigated was similarly alarming. Our office initiated an investigation following complaints of raccoons inhabiting attics and other spaces at multiple IHA properties in the Concorde Eagle Creek neighborhood in 2023. The

complaints stated that the raccoon infestation began and was reported to IHA as early as 2020. When we investigated, residents complained of raccoons in their walls and attics, including one incident where a raccoon appears to have been poisoned and died and was trapped in the walls of the home. Months went by without IHA extracting its remains. **Exhibit 1** is a letter our office sent to IHA detailing their deficient response to these tenant complaints.

Additionally, recent reporting has alleged alarming cases where Section 8 voucher holders were rendered homeless following disputes between property owners and IHA after ownership changes. These tenants, despite holding valid vouchers, were displaced with little warning and through no fault of their own. These stories underscore how administrative breakdowns and poor oversight can directly translate into catastrophic outcomes for vulnerable families who rely on these programs for stability.

The federal and local takeover of IHA in April 2024, replacing IHA's board with a HUD-appointed commissioner and initiating a forensic audit, was a necessary step. But our office has come to understand that these structural problems have been so pronounced and so enduring at IHA, that the people who are there now and dedicated to fixing them have an incredibly difficult task ahead of them.

Our office has since learned that the Rental Assistance Demonstration – or RAD - conversion at Lugar Tower appears to have had severe and lasting consequences for the tenants. Because Lugar Tower is a RAD-converted property, our understanding is that IHA cannot use its general HUD funding for maintenance or operational expenses at the property. Funding shortfalls at Lugar Tower have therefore made proper maintenance and repairs nearly impossible. In contrast, just down the street at John J. Barton Tower, which can utilize generalized HUD funding, IHA is more capable in its responses to maintenance and security concerns. While RAD was intended to preserve affordable housing, in this example it has resulted in disparities in tenant treatment between properties serving similarly disadvantaged populations.

Our office has devoted significant resources to the oversight of a single public housing complex in Indianapolis. While progress has been made, we continue to see issues and have serious concerns about IHA and other public housing agencies who may have similar challenges. To prevent similar breakdowns nationwide, I urge this subcommittee to consider the following:

- First, stronger HUD auditing requirements, including annual financial reviews for high-risk agencies and penalties for misspending, such as fund clawbacks.
- Second, consider performance-based funding metrics, tying allocations to metrics like voucher utilization rates, inspection scores, and tenant complaint resolutions.

- Third, an audit of the RAD program, addressing disparities in tenant treatment, unit habitability, and ongoing funding viability concerns.
- Finally, more robust and verifiable inspection standards, incorporating mold and moisture protocols under NSPIRE, to hold landlords accountable, ensuring federal funds support safe housing, not neglect.

Chairman, members: Hoosiers deserve safe, dignified housing and the Indiana Attorney General's Office will continue to work towards ensuring that happens in our state. I appreciate again the opportunity to offer testimony today. Thank you.

Appendix I – News Articles

Date	Event/Description	Source/Link
June 2, 2022	As Indy housing agency faces financial crisis, residents suffer the brunt of its neglect, including bedbug infestations, broken elevators, and unresponsive leadership.	Indianapolis Star Article
June 13, 2022	Indy Organization and Church Leaders Call on More Transparency by the Indianapolis Housing Agency (IHA) in Serving its Tenants and Consumers, demanding action on emergency housing crisis.	Fair Housing Center of Central Indiana - 2022 News
June 14, 2022	Elderly, disabled, housing agency tenants have no AC during heat wave; residents demand city action on broken air conditioning in IHA properties.	Indianapolis Star Article
July 20, 2023	AG sends letter to IHA demanding remedies for raccoon infestations at Concord Eagle Creek Homes, citing health risks and unresponsive management.	Exhibit 1
August 8, 2023	AG enters Assurance of Voluntary Compliance (AVC) with IHA for Lugar Tower, addressing neglect including hot water outages, elevator failures, security issues, and unclean common areas.	Exhibit 2
November 15, 2023	New lawsuit filed against IHA and property management at Lugar Tower over unsafe conditions, including filth, violence, and break-ins.	WRTV Article
November 15, 2023	Resident sues Lugar Towers over security withdrawal, 2000 police calls, and feces in stairwells.	Fox 59 Article
November 17, 2023	Lugar Tower resident files new complaint alleging unsafe living conditions.	The Indiana Lawyer Article
February 1, 2024	AG announces settlement with three Indianapolis apartment complexes over housing neglect issues.	Fox 59 Article

April 10, 2024	City and HUD take over management of troubled IHA due to mismanagement and poor housing conditions.	IBJ Article
April 10, 2024	HUD and City of Indianapolis partner to take possession of IHA.	HUD Archives
April 12, 2024	Federal and local takeover of IHA announced due to dysfunction.	Indianapolis Recorder Article
November 14, 2024	AG files lawsuit against Hubbard Gardens Apartments over repeated sewage floods, mold, rodents, and code violations.	Events.in.gov
November 14, 2024	State sues Hubbard Gardens over raw sewage and health violations.	IndyStar Article
November 22, 2024	Broken Housing: How Indy's public housing agency fuels a crisis, detailing mismanagement leading to evictions and homelessness.	WISH-TV Article
November 25, 2024	IHA failed renters it was supposed to protect, covering two decades of mismanagement.	Mirror Indy Article
January 21, 2025	IHA taps Yvonda Bean as CEO amid ongoing mismanagement issues.	Mirror Indy Article
February 14, 2025	Indiana Ave senior residents tell IHA they feel unsafe due to security failures.	Mirror Indy Article
February 20, 2025	Hoosiers waiting months to hear back from IHA flock to walk-in sessions over delays.	Mirror Indy Article
March 5, 2025	IHA new CEO shares vision for troubled agency, referencing mold and evictions.	WTHR Article
March 19, 2025	Woman sues IHA claiming disability discrimination and failure to issue vouchers.	WISH-TV Article
March 27, 2025	Homeless Indy residents will lose access to emergency HUD and IHA vouchers.	Mirror Indy Article
March 28, 2025	Homeless Indy residents lose access to emergency vouchers due to mismanagement.	WFYI Article
April 1, 2025	Indy health department dropped Hubbard Gardens cases, conditions remain poor.	Mirror Indy Article
May 13, 2025	New IHA CEO plans to fix troubled office amid financial mismanagement.	IndyStar Article

June 19, 2025	Indy public housing residents sue IHA over security.	Fox 59 Article
June 20, 2025	Residents sue Indy housing agency, landlord over crime and security concerns.	IndyStar Article
July 14, 2025	Residents sue IHA and property owner over safety concerns at Lugar Tower.	WFYI Article
August 2025	AG reopens Lugar Tower case after IHA violates compliance agreement.	WFYI Article
September 18, 2025	Citizens Energy Group sues IHA for over \$200k in unpaid utilities.	WFYI Article
September 19, 2025	Citizens Energy Group sues IHA, claims over \$200k utility payments owed.	Mirror Indy Article
September 22, 2025	Citizens Energy Group sues IHA for unpaid utility invoices.	IndyStar Article
September 26, 2025	Lugar Tower residents await relief amid ongoing litigation with IHA over safety and sanitation.	WFYI Article
September 30, 2025	Residents concerned about safety at Lugar Tower public housing.	WTHR Article
October 1, 2025	Families may be terminated from IHA program due to funding shortfalls.	Mirror Indy Article
October 22, 2025	1st Amendment to AVC for Lugar Tower, substituting Lugar LP, extending compliance, adding inspections and residents' council.	Exhibit 3
November 18, 2025	AG files lawsuit against Lake Castleton Apartments over uninhabitable conditions, ignored health codes, and systemic failures.	Events.in.gov Article
November 19, 2025	Lugar Tower residents 5 months into another IHA lawsuit over security removal.	Mirror Indy Article
January 6, 2026	Indy public housing deteriorates with shootings, murders, fires, and abandoned units.	Fox 59 Article
January 6, 2026	Woman says downtown Indy shooting at Lugar Tower is part of longstanding problems.	WTHR Article
January 14, 2026	Indianapolis housing properties set for sale face numerous maintenance issues.	Fox 59 Article

January 15, 2026	After 2 shootings and a fire, IHA leader says 'we're doing what we can'.	WFYI Article
January 30, 2026	AG opens investigation into Karl King Riverbend Tower apartments for habitability issues.	Ink Free News Article

EXHIBIT 1

OFFICE OF THE ATTORNEY GENERAL
STATE OF INDIANA



302 W. WASHINGTON ST. IGCS 5TH FLOOR
INDIANAPOLIS, IN 46204-2770

TODD ROKITA
ATTORNEY GENERAL

July 20, 2023

Indianapolis Housing Agency
Executive Director Marcia Lewis
1935 N. Meridian St.
Indianapolis, IN 46202

Via email: MLewis@indyhousing.org

Re: 2023-0648029: Charla Tunstill vs. Concord Eagle Creek Homes

Director Lewis:

The Homeowner Protection Unit ("HPU") is currently investigating the plight of several tenants of Concord Eagle Creek Homes. Specifically, there are at least three tenants who have raccoons invading their homes.

On June 5, 2023, HPU went on a site inspection of three properties: 335 N. Exeter Avenue (home of Charla Tunstill), 315 N. Exeter (home of Winda Bailey), and 330 N. Berwick Avenue (home of Ann Bell). Each of these homes showed various signs of raccoon infestation, including the smell of dead, rotting raccoons in the walls at 335 N. Exeter Ave. Each of the houses had missing soffit where raccoons are accessing the attics of the houses. Tenants conveyed that they have requested that the issues with the raccoons be addressed by IHA, but there has been inadequate action to remedy the situation by IHA for nearly three years.

Raccoons are the primary host of *Baylisascaris procyonis*, a roundworm that is harmful to people. Roundworm eggs are passed in the feces of infected raccoons, and people become infected by ingesting eggs. These eggs can become airborne when dry. Further, rotting carcasses are a breeding ground for other dangerous microbes which can spread and be inhaled by tenants, posing a dangerous threat to their health.

We recognize that you can do, and should only have to do, what is reasonable to ensure the quiet enjoyment of the tenants. However, here the raccoon infestation

threatens the health of the tenants and has been ongoing for an unreasonable period of time following notice to your agency.

We request that you send the appropriate contractors to remedy the situation at these houses **on or before August 21, 2023**, and provide us an update of when the necessary work has been completed.

Respectfully,

A handwritten signature in dark ink, appearing to read 'Timothy Weber', is positioned above the printed name.

Timothy Weber
Assistant Section Chief
Homeowner Protection Unit
Office of the Indiana Attorney General

49D12-2306-MI-031784
EXHIBIT A
Marion Superior Court 12

Filed: 8/14/2023 9:08 AM
Clerk
Marion County, Indiana

EXHIBIT 2

STATE OF INDIANA
IN THE MARION COUNTY SUPERIOR/CIRCUIT COURT

MISCELLANEOUS DOCKET NUMBER _____

IN RE: INDIANAPOLIS HOUSING
AGENCY

Respondent.

ASSURANCE OF VOLUNTARY
COMPLIANCE

The State of Indiana, by Deputy Attorneys General Timothy Weber and Chase M. Haller, and the Respondent, the Indianapolis Housing Agency ("IHA"), enter into an Assurance of Voluntary Compliance ("Assurance") pursuant to Indiana Code § 24-5-0.5-7. In support thereof, the parties to this Assurance state as follows:

1. The State of Indiana initiated an investigation of certain acts and practices of IHA related to its management of the Richard G. Lugar Tower (the "Lugar Tower Apartments") as a result of at least forty (40) consumer complaints filed with the Office of the Indiana Attorney General Consumer Protection Division.

2. The State of Indiana alleges that IHA violated the Indiana Home Loan Practices Act, Ind. Code § 24-9, *et. seq.*, and the Deceptive Consumer Sales Act, Ind. Code § 24-5-0.5, *et. seq.*, in its transactions with Indiana consumers. Specifically, the State of Indiana alleges that IHA engaged in a pattern of violating Ind. Code 32-31-8, *et. seq.*, and the covenant of quiet enjoyment of the tenants of Lugar Tower Apartments by:

- a. Failing to provide consistent hot water service to tenants for intermittent periods between June 2022 and February 2023;

- b. Failing to provide reliable and consistently working elevators between June 2022 and January 2023;
- c. Failing to reasonably secure common areas and the front entrance, leading to regular reports of criminal activity and loitering at the complex; and
- d. Failing to promptly remove human excrement from the stair wells and otherwise maintain adequate cleanliness of common areas.

3. IHA denies the State's allegations.

4. This Assurance does not constitute, and shall not be considered, an admission by IHA of a deceptive act for any purpose or as to any violation of Indiana's Home Loan Practices Act, Ind. Code § 24-9, *et. seq.*, or Deceptive Consumer Sales Act, Ind. Code § 24-5-0.5, *et. seq.*, nor shall it be construed as an abandonment by the Attorney General of his position that the IHA violated the above referenced statutes.

5. This Assurance cannot be used against IHA as evidence of or in any proceeding relating to Lugar Tower Apartments except as provided in Paragraphs 22 and 29 of this Assurance.

6. The State of Indiana and IHA agree to the following additional facts:

- a. On December 1, 2022, IHA hired Bradley Company ("Bradley")¹ to act as the property management company for Lugar Tower Apartments. Prior to this, IHA had managed Lugar Tower Apartments on its own.

¹ Bradley Company is a licensed property management company holding broker branch license BO92000004 and broker company license LC10300115.

- b. From February 1-3, 2023, IHA, through Bradley, installed two water heaters. Since this date, there has been no significant interruption to hot water service.
- c. On January 23, 2023, IHA, through Bradley, had all elevators fully repaired. Since this date, there has been no significant interruption to elevator service.
- d. By December 15, 2022, IHA, through Bradley, had the front sliding door repaired. Since that date, there has been no significant issue with the front door.
- e. In December of 2022, IHA had Bradley's day-to-day staff clean the common areas. From May 16-18, 2023, Bradley hired RAM-3 to power-wash and deep clean the stairwells. Since this date, IHA, by Bradley, has purchased an electric pressure washer and has its own maintenance staff conducting periodic deep cleaning of the stairwells and other common areas.
- f. In January of 2023, IHA, by Bradley, placed a security guard in the Lugar Tower Apartments lobby for the hours of 8:00 AM to 5:00 PM.
- g. Between January 1 and January 15, 2023, IHA, by Bradley, conducted a full building sweep of Lugar Tower to ensure only tenants were occupying units in the building and to catalog tenant complaints.

- h. On May 9, 2023, IHA, by Bradley, changed the security company's hours in the Lugar Tower Apartments lobby to 4:00 PM to 4:00 AM.
- i. On May 25, 2023, IHA, by Bradley, changed the security company's hours to 24-hour coverage on a temporary basis.
- j. In June 2023, IHA inquired with the Mayor's office regarding Flock Safety camera access for Bradley, and IHA and Bradley are continuing to investigate whether Flock's systems will be sufficient and reasonable for the property.

7. This Assurance is entered into without any adjudication of any issue of fact or law, and upon consent of the parties.

8. Matters addressed in this Assurance may be reopened in the future for further proceedings in the public interest, at the Attorney General's discretion and otherwise in accordance with Ind. Code § 24-5-0.5-7(b)

I. PARTIES

9. The Attorney General is authorized to enter into and file this Assurance with the Marion County Superior Court pursuant to Indiana Code § 24-5-0.5-7.

10. The Respondent, IHA, is a federally-funded government housing agency that provides low-income families, seniors and families with disabilities access to affordable housing.

11. The Lugar Tower Apartments is a seventeen (17) story apartment complex containing 250 one-bedroom apartments. It is located at 901 Fort Wayne Avenue in Indianapolis, Indiana 46202.

II. AGREEMENT

12. The terms of this Assurance apply to and are binding upon IHA, its employees, agents, representatives, successors, and assigns.

A. RESOLUTION OF CONSUMER COMPLAINTS

13. Provided that IHA fully complies with the Compliance Monitoring in this Assurance, the Attorney General shall close all pending investigations known to the Attorney General against IHA as of the date that this Assurance is fully executed by both parties and shall release any and all civil claims for which it may be otherwise entitled to bring against IHA in connection with the investigation of the Lugar Tower Apartments. This release shall not be construed to limit the ability of the Attorney General to investigate or prosecute claims that accrue after the date of this Assurance, nor shall it limit the ability of the Attorney General to investigate complaints related to other IHA properties.

14. Any subsequent consumer complaints filed against IHA or its successors and assigns shall be subject to the requirements of Section B. below related to ongoing Compliance Monitoring.

B. COMPLIANCE MONITORING

15. **Jurisdiction and Compliance Period.** IHA explicitly agrees to subject itself to the jurisdiction of this Court for a period of two years from the date

of this Assurance (the "Compliance Period") in order to ensure compliance with the terms of the Assurance.

16. **Cooperation.** IHA shall fully cooperate with the Office of the Attorney General in attempting to resolve any future written consumer complaints against IHA relating to the Lugar Tower Apartments received by the Office of the Attorney General during the Compliance Period. IHA appoints its Chief Operating Officer, Greg Stocking, as its single point of contact during the compliance period. IHA may change this single point of contact from time to time by written notice to counsel for the Office of the Indiana Attorney General.

17. **Responses to Consumer Complaints.** Following the full execution of this Assurance, each consumer complaint that is opened regarding the Lugar Tower Apartments, in the discretion of the Attorney General, shall require a formal written response by IHA within twenty (20) calendar days of their receipt of the associated consumer complaint. This response may be delivered by electronic mail to counsel for the Office of the Attorney General. For good cause shown, IHA shall be entitled to request in writing an extension to respond to the consumer complaint of an additional (15) calendar days. The Attorney General will not unreasonably withhold its consent to an extension provided the matter at issue is not an emergency wherein a delay could adversely affect the health and well-being of a complainant tenant.

18. **Access to Property.** IHA agrees to allow reasonable access to the Lugar Tower property upon at least 72 (seventy-two) hour written notice from staff

of the INOAG for the purpose of conducting follow-up inspections or interviews of Lugar Tower residents to ensure that conditions at the property have reasonably improved as a result of this Assurance.

19. **Compliance Reports.** During the Compliance Period and on or before September 1, 2023, IHA shall submit by electronic mail a quarterly written report (hereafter “Compliance Report”) to counsel for the Office of the Indiana Attorney General containing at least the following information:

- a. a list of all open consumer complaints filed with the Indiana Attorney General and against IHA as a Respondent relating to the Lugar Tower Apartments containing, at a minimum: the investigation number, complainant(s) property address, whether the property is currently occupied, the status of IHA’s response to the complaint, and any direct actions taken by IHA to resolve the consumer’s complaint. An initial list of consumer complaints will be provided to counsel for IHA within five (5) days of the filing of this Assurance;
- b. a list of all open Department of Health complaints filed related to the Lugar Tower Apartments containing, at a minimum, the complaint number, complainant(s) property address, the status of IHA’s response to the complaint, and any direct actions taken by IHA to resolve the department of health complaint;
- c. a list of all maintenance requests received for the Lugar Tower Apartments by IHA or its property management company containing,

the request number or identifier, requester(s) property address, and the status of IHA's response to the request; and

- d. a narrative description of any and all capital improvements or repairs made to the Lugar Tower Apartments during the reporting period which would be reasonably construed to have an impact on the tenants' quiet enjoyment of their leased property.

20. The Compliance Reports submitted to counsel for the Office of the Indiana Attorney General are not confidential investigative records and may be freely shared with the public.

21. **Reporting Schedule.** The Compliance Reports shall be due on the following schedule and will be subject to a ten (10) day grace period for delivery to counsel listed in ¶17:

Report Trigger Date:	Report Delivery Due:
September 1, 2023	September 11, 2023
December 1, 2023	December 11, 2023
March 1, 2024	March 11, 2024
June 1, 2024	June 11, 2024
September 1, 2024	September 11, 2024
December 1, 2024	December 11, 2024
March 1, 2025	March 11, 2025
June 1, 2025	June 11, 2025

22. **Disputes Related to this Assurance.** Should a dispute arise between the Office of the Indiana Attorney General and IHA following the execution of this Assurance related to IHA's resolution of any subsequently filed consumer complaints, the Office of the Attorney General may either: a.) file an independent action in Marion County pursuant to its authority under Ind. Code Title 24, *et. al.* and *may* seek to consolidate that Cause to this same Court for the disposition of those claims.

C. ADDITIONAL PROVISIONS

23. IHA agrees that, through Bradley, it must manage the Lugar Tower Apartments in a manner that complies with Ind. Code § 32-31-8-5, *et. seq.* and that also complies with Ch. 10 of the Marion County Health and Housing code, including but not limited to, the following:

- a) Continuous operation of the building's heating and cooling systems, pursuant to Section 10-504 of the Marion County Health and Housing Code;
- b) Treatment and prevention related to any noticed pest and/or rodent infestations, pursuant to Section 10-303(c) of the Marion County Health and Housing Code;
- c) Ensuring that each apartment unit is equipped with a functioning and secure locking mechanism pursuant to Section 10-408 of the Marion County Health and Housing Code.

24. IHA agrees that, through Bradley, it must manage the Lugar Tower Apartments in a manner that complies with all relevant state and federal statutes and regulations.

25. IHA agrees it will continue to use a licensed property management company to service the Lugar Tower Apartments during the Compliance Period.

26. IHA agrees it will continue to ensure there is reasonable security presence at the Lugar Tower Apartments during the Compliance Period.

27. Any violation of the terms of this Assurance constitutes *prima facie* evidence of a deceptive act.

28. IHA shall not represent that the Office of the Attorney General approves or endorses IHA's past or future business practices, or that execution of this Assurance constitutes such approval or endorsement.

29. The Office of the Attorney General shall file this Assurance with the Marion County Superior Court and petition the Court to approve this Assurance, as required by Ind. Code § 24-5-0.5-7(a).

30. The Court's approval of this Assurance shall not act as a bar to any private right of action to any person by and against IHA and likewise the Assurance shall not in any way bar IHA from seeking its own private rights and remedies for which it may be entitled under the law.

DATED this 8th day of August, 2023.

[SIGNATURES FOLLOW]

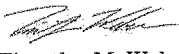
STATE OF INDIANA

THE OFFICE OF THE INDIANA
ATTORNEY GENERAL

By: 

Chase M. Haller
Deputy Attorney General
Section Chief, HPU
Attorney Number 29944-49

Office of Attorney General
Indiana Government Center South
302 West Washington St., 5th Floor
Indianapolis, IN 46204
Telephone: (317) 232-6285
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Chase.Haller@atg.in.gov

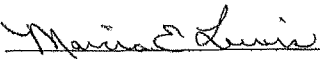
By: 

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RESPONDENT

INDIANAPOLIS HOUSING AGENCY

By: 

Name: Marcia F. Lewis

Title: Chief Executive Officer

EXHIBIT 3

FILED
 October 31, 2025
 CLERK OF THE COURT
 MARION COUNTY
 IJ

STATE OF INDIANA
 IN THE MARION COUNTY SUPERIOR COURT 12, CIVIL DIVISION

MISCELLANEOUS DOCKET NUMBER 49D12-2308-MI-031784

IN RE: LUGAR LP (as substituted
 Respondent for the INDIANAPOLIS
 HOUSING AUTHORITY)

Respondent.

**1ST AMENDMENT TO
 ASSURANCE OF VOLUNTARY
 COMPLIANCE**

Parties. The State of Indiana, by the Office of the Indiana Attorney General (hereafter the "Attorney General"), and Lugar LP ("Lugar"), as substituted respondent for Indianapolis Housing Authority ("IHA").

Recitals. WHEREAS, the Attorney General and IHA entered into an Assurance of Voluntary Compliance (AVC) on August 8, 2023, regarding the management of Lugar Tower Apartments, located at 901 Fort Wayne Avenue, Indianapolis, Indiana 46202; WHEREAS, IHA has informed the Attorney General of its inability to fund third party professional management services as of July 21, 2025, and full-time security monitoring as of July 1, 2025, potentially breaching Paragraphs 25 and 27 of the AVC; WHEREAS, IHA does not own Lugar Tower Apartments nor is IHA responsible for the management of Lugar Tower Apartments; therefore, the parties desire to amend the AVC to reflect the appropriate respondent, which is Lugar LP, the owner of Lugar Tower Apartments; WHEREAS, the parties seek to further amend the AVC to ensure continued compliance with Indiana Code § 32-31-8, et seq., and Chapter 10 of the Marion County Health and Housing Code, and to protect tenant health, safety, and quiet enjoyment;

NOW, THEREFORE, the parties agree to amend the AVC as follows:

AMENDED TERMS:

1. Corrected Respondent (Amending Paragraph 10):

The parties wish to clarify that the original respondent, Indianapolis Housing Agency, does not own the Lugar Tower Apartments and is not required by Indiana law to maintain them. Rather, that responsibility falls to Lugar L.P. the owner of the Lugar Tower Apartments. Accordingly, Lugar L.P. is substituted as the proper Respondent. As of the Effective Date of this Amended AVC, Lugar L.P. is hereby substituted as the Respondent and Lugar L.P. agrees to assume all rights, obligations

and liabilities of IHA under the terms of the AVC and this Amended AVC as if it were the original party thereto.

2. Extension of Compliance Period (Amending Paragraph 15):

The Compliance Period, as defined in Paragraph 15 of the AVC, is extended through August 31, 2026 (hereafter “amended compliance period”), to ensure continued court jurisdiction and monitoring of Lugar L.P.’s property management and security obligations at Lugar Tower Apartments.

3. Unannounced Inspections (Amending Paragraph 18):

In addition to scheduled inspections requiring 72-hour notice during the amended compliance period, the Attorney General may conduct up to twelve (12) unannounced inspections of Lugar Tower Apartments’ common areas and facilities during the amended compliance period to verify compliance with maintenance and security obligations under Indiana Code § 32-31-8, et seq., and Chapter 10 of the Marion County Health and Housing Code. Inspections shall be conducted during reasonable hours (8:00 AM to 5:00 PM on weekdays) and shall respect tenant privacy, focusing solely on common areas, maintenance systems, and security measures. Unannounced inspections may exceed twelve (12) unannounced inspections during the amended compliance period provided good cause exists for the Attorney General to inspect Lugar Towers for building maintenance or security issues that may negatively impact the health and safety of its residents.

4. Residents’ Council (New Paragraph 19.2):

Lugar L.P. shall support the creation of a tenant organization, the Residents’ Council, comprising of at least three (3) residents of Lugar Tower Apartments. The Residents’ Council shall be invited to attend quarterly tenant meetings, as outlined in Paragraph 19.1, and Lugar L.P. shall commit to regular communication with the Council regarding resident concerns, with documented responses included in the Compliance Reports required under Paragraph 19. Residents shall be responsible for forming and maintaining the council and identifying its members to Lugar L.P. before Lugar L.P. has any obligation to interact with the council.

5. Staffing Plan and Certifications (New Paragraph 25.1):

By December 1, 2025, Lugar L.P. shall submit to the Office of the Indiana Attorney General a staffing plan detailing personnel assigned to management and security duties at Lugar Tower Apartments, including qualifications, training, and schedules for monitoring the property. The plan shall include:

- a. A prescribed schedule for regular cleaning and inspection of common areas;

- b. A prescribed schedule for regular checks of trash chutes and functional elevator operations;
- c. A communication plan addressing changes to building staffing, expected implementation dates, and directing tenants clearly how they should report regular and emergency repairs or other concerns to Lugar L.P. staff and what response they should expect;
- d. A commitment for Lugar L.P. (or its agents) to staff the check-in desk during operational hours (8:00 AM to 5:00 PM on weekdays), with staff or agents available to identify unknown visitors and check them against a continually updated and maintained trespass list.

Lugar L.P. shall submit updates to the staffing plan in each Compliance Report, noting any changes to the initial plan, with certifications under oath on behalf of the organization for the above obligations. Updates shall be submitted monthly as part of the Compliance Reports required under Paragraph 19.

6. Security Incident Reporting (New Paragraph 27.1):

Lugar L.P. shall report security incidents at Lugar Tower Apartments to the Office of the Indiana Attorney General within forty-eight (48) hours of occurrence. A “security incident” is defined as any police-reported crime, a non-resident or trespassed individual’s unauthorized access to common areas that becomes known to Lugar L.P. or its agents. Reports shall be submitted via electronic mail to the Attorney General’s counsel, shall include a description of the incident and Lugar L.P.’s response, and any tenant information identified in the report will be maintained confidentially by the Attorney General.

7. Entrance and Egress Security (New Paragraph 27.2):

Lugar L.P. shall ensure that all entrances and egresses at Lugar Tower Apartments, if so equipped, have properly functioning alarms, cameras, and locking mechanisms at all times. Lugar L.P. shall include a status report on these systems in each Compliance Report, detailing any malfunctions and corrective actions taken.

8. Tenant Meetings (New Paragraph 19.1):

Lugar L.P. shall conduct quarterly tenant meetings to address tenant concerns regarding maintenance, security, and living conditions at Lugar Tower Apartments. Summaries of these meetings, anonymizing tenant identities, shall be included in the Compliance Reports required under Paragraph 19. Summaries shall detail specific concerns raised and actions taken by Lugar L.P. to address them.

9. Court Relief for Non-Compliance (Amending Paragraph 22):

In the event of worsening conditions at Lugar Tower Apartments, defined as three (3) or more *unresolved* consumer complaints that remain pending with the Attorney General or three (3) or more judgments or emergency filings in cases filed by the Marion County Health Department within a thirty (30) day period regarding essential systems, or a two hundred percent (200%) increase in security incidents month-over-month, the Office of the Indiana Attorney General may request a rule to show cause hearing, requiring Lugar L.P. to appear and answer why they should not be held in contempt for violating this agreement. Following a written notice to Lugar L.P.'s counsel of an alleged breach of this provision, Lugar L.P. shall first have ten (10) calendar days to adequately explain and remedy any unresolved complaints before a rule to show cause motion can be filed by the Attorney General, provided the delay does not adversely affect tenant health or safety. If there is a risk of imminent harm to tenant health or safety, the Attorney General may file a rule to show cause motion immediately with service of notice to Lugar L.P.

10. Compliance Reporting and Public Filing (Amending Paragraphs 19 and 20):

Beginning December 1, 2025, and ending August 1, 2026, Lugar L.P. shall submit Compliance Reports to the Office of the Indiana Attorney General monthly on the tenth day of each month, with a ten (10) calendar day grace period for delivery. Reports shall include:

- a. A list of all previous and open consumer complaints filed with the Attorney General (known to Lugar L.P.), including investigation number, complainant's property address, occupancy status, Lugar L.P.'s response status (already submitted, pending, etc.), and actions taken to resolve the complaints. For avoidance of doubt, this list shall only include consumer complaints that become known to Lugar L.P. on or after the Effective Date of this amended AVC.
- b. A list of all open Health and Hospital Corporation complaints, including complaint number, unit number (if applicable), response status, and actions taken.
- c. A list of all maintenance requests, including unit number (if applicable) and response status.
- d. A narrative description of capital improvements or repairs impacting tenants' security or quiet enjoyment.
- e. The initial staffing plan (in the first report) and updates noting any changes to the staffing plan or certifications in subsequent reports.
- f. Summaries of tenant meetings and communications with the Residents' Council.
- g. Status reports on entrance/egress security systems.
- h. Compliance reports shall be signed under oath and subject to the penalties for perjury by an authorized representative of Lugar L.P..

The Attorney General may file a public version of each Compliance Report with the Marion County Superior Court, redacting any resident or identifying staffing information, within ten (10) calendar days of submission to the Attorney General. These reports are not confidential and will be available for public viewing.

11. **“Reasonable security presence”** (Amending Paragraph 26) is hereafter further defined and shall mean the deployment of trained Lugar L.P. staff to actively monitor and manage security at Lugar Tower Apartments. “Reasonable security presence” does not mean requiring the engagement of a third-party security vendor. This presence includes:

- a. **Physical Presence:** At least one trained staff member or other agent (including designated tenants) assigned to security duties, present on-site during operational hours (8:00 a.m. to 5:00 p.m. on weekdays).
- b. **Training Requirement:** Staff assigned to security duties must complete training within 30 days of assignment, covering conflict de-escalation, emergency response, visitor verification procedures, and access and use of security systems (e.g., cameras, alarms). Training must be certified to have been completed by Lugar L.P. under oath and under penalties of perjury in the staffing plan and in subsequent reports required by Paragraph 25.1. For avoidance of doubt, Lugar L.P. is not required to outsource this training, and a member of Lugar L.P.’s staff may conduct the training.
- c. **Check-in Desk Operations:** A staff member or other agent (including designated tenants) stationed at the check-in desk during operational hours to verify the identification of all unknown visitors against a maintained trespass list, as specified in Paragraph 25.1(d). As part of its Check-in Desk Operations, Lugar L.P. shall implement the following process:
 - i. **Manual Logbook at Entry Point:** Lugar L.P. will maintain a printed list of individuals who are authorized to enter Lugar Tower Apartments. This logbook will also include a list of individuals who have been trespassed from Lugar Tower Apartments.
 - ii. **Daily Verification:** Lugar L.P. staff members who are responsible for managing building access will review the logbook at the start of each shift.
 - iii. **Photo Reference Binder:** A binder containing photos (if a photo is available) of individuals who have been trespassed from Lugar Tower Apartments will be maintained at the check in desk for visual reference.
- d. **Patrols and Monitoring:** Regular patrols of common areas, stairwells, and entrances/egresses at least twice per shift. During the weekdays the patrols will occur at least once in the morning and once in the afternoon. The patrols must include documented logs submitted in monthly Compliance Reports.

Staff must routinely monitor security cameras (as well as ensuring they are operational) and respond to resident-reported security incidents within one (1) hour during operational hours.

Lugar L.P. staff shall change the locks to apartment units within 48 hours after the apartment unit has been vacated. If Lugar L.P. learns (either by its own monitoring or through a credible report) that a nonresident may be occupying a vacant unit, it will investigate the unit within 24 hours (or by the next business day if received outside business hours).

For purposes of this provision, a “credible report” means a report made by a named individual who either has firsthand knowledge of the suspected occupancy or provides documentation or other evidence supporting the claim. A credible report may be made by a tenant through the maintenance hotline or to an agent of Lugar L.P., either in writing or by telephone. All such reports shall be documented in writing, dated, and retained as part of Lugar L.P.’s business records.

If the investigation confirms that a nonresident is occupying the unit, Lugar L.P. will promptly take steps to initiate removal proceedings in accordance with applicable law. Lugar L.P. will also secure the unit to prevent further unauthorized access, which may include changing locks, reinforcing entry points, and, if necessary, conducting appropriate surveillance in accordance with applicable law.

- e. **Coordination with Residents Council:** Staff must engage with the Residents’ Council (Paragraph 19.2) to address security-related concerns raised during quarterly tenant meetings, with responses documented in Compliance Reports.
- f. **Integration with Security Systems:** Lugar L.P. staff must ensure the functionality of alarms, cameras, exterior lighting, and locking mechanisms on all equipped entrances/egresses, as required by Paragraph 27.2, reporting any malfunctions immediately to Lugar L.P. management for prompt repair.

12. Amendment Only Applicable to Lugar L.P. (Amending Paragraphs 12 and 14):

The Parties acknowledge and agree that Insight Holdings, LLC (“Holdings”) is the non-profit general partner of Lugar L.P. The Parties wish to clarify that the AVC will not apply if there is a transfer of Holdings’ interest in Lugar L.P. (the “Holdings Interest”) to a new entity, and agree that the AVC will terminate upon transfer of the Holdings Interest to any person or entity not controlled by or under common control with Insight Development Corporation, Holdings, or IHA. Lugar L.P. agrees to notify

the Office of the Attorney General of any such transfer, and the AVC will terminate immediately upon giving of such notice without the need for any acknowledgement from the Office of the Attorney General or further action of the Parties.

13. Point of Contact (Amending Paragraph 16):

Lugar L.P. appoints its Real Estate Manager as its single point of contact during the Compliance Period.

14. Property Management (Amending Paragraphs 23, 24, and 25):

The parties expressly recognize that Lugar L.P. may manage the Lugar Tower Apartments without incurring the expense of a licensed or other third-party management company; this provision, however, does not exempt Lugar L.P. from its requirement to manage the property in accordance with the Marion County Health and Housing Code and Indiana Code.

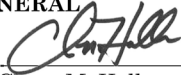
15. Other Provisions:

All the terms of the AVC not modified herein remain in full force and effect. This amendment does not constitute admission of breach or violation by IHA. This amendment is effective upon approval by the Marion County Circuit Court pursuant to Ind. Code § 24-5-0.5-7. This Court will retain jurisdiction for any related disputes to this 1st Amendment to Assurance of Voluntary Compliance. Upon approval, the AVC and this amendment thereto shall be circulated to all IHA and Lugar L.P. staff.

APPROVAL:

The parties respectfully request that the Marion County Circuit Court approve this amendment pursuant to Ind. Code § 24-5-0.5-7

**STATE OF INDIANA, OFFICE OF
THE INDIANA ATTORNEY
GENERAL**

By: 
Chase M. Haller
Deputy Attorney General
Section Chief, HPU
Attorney Number 29944-49

**RESPONDENT
LUGAR LP**

By: 

Name: Yvonda A. Bean

Title: President

Agreed as to form:

By: _____


Name: _____
Counsel for Lugar LP

The Indianapolis Housing Agency

By:  _____

Name: Yvonda A. Bean

Title: Chief Executive Officer

Reviewed and approved on:

10/29/2025



Amber Collins-Gebrehiwet, Judge
Marion Circuit Court

Chairman MEUSER. The gentleman yields. Thank you for your compelling testimony as well.

Mr. Ozdinec, you are now recognized for 5 minutes for your remarks.

**STATEMENT OF MILAN M. OZDINEC, PRESIDENT VARGAS
PREMIER CORPORATION CONSULTANTS**

Mr. OZDINEC. Thank you, Mr. Chairman, distinguished members. I appreciate the opportunity to testify today. My name is Milan Ozdinec, and I am a retired executive who spent my entire life in the public housing operations field.

Thirty-three years at HUD, I served in a number of critical roles, most notably as the director of the HOPE VI program and ultimately the deputy assistant secretary to implement the operating fund for the public housing program, as well as the Section 8 appropriation.

I am here today to talk about hope and good government, and the things that a number of our housing authorities over the last 30 years have done to bring them into the mainstream of both property management and compliance with regulatory requirements.

I agree with Chase, oversight matters. In our business, especially because we have a significant regulatory environment with which our housing authorities have to comply. So, I agree that oversight is a significant part.

The HOPE VI program, which some of you may be aware of, was borne out of something called the National Commission on Severely Distressed Public Housing that was published in 1988.

I would encourage each of you to read that report because it was 40 years ago, and we are experiencing some of the same problems.

However, the HOPE VI program, after the first 2 years of appropriation of \$800 million, became the laboratory for turning some of the worst public housing properties around into some of the best in our portfolio.

It was a learned process from the original grant agreement to a point where housing authorities were sitting around a closing table with high finances and mixed finances, closing a real estate transaction that really mattered to communities.

Unfortunately, the public housing program, including capital fund, are not equipped to allow public housing agencies to manage their existing inventory of its units.

The Brooke Amendments, while certainly well intentioned, set a situation for housing authorities not able to collect more rent and remember the basic principle of property management is to be able to collect the rent, with the understanding that the Federal Government would make up the difference and that is what we have today, which is the operating subsidy.

Today we have over 887,000 units in the portfolio, and the question is, from a truly property management perspective, what do we intend to do with those 887 units?

The implementation of HOPE VI set forth a plan that some units in the inventory would have to be demolished because of their physical condition.

So let me just say the things that I think the Department and the industry have done over the past 30 years to put this committee in a better position and this administration in a better position.

I understand Chase's point, and clearly that is happening in Indianapolis.

The first thing that we did was, we established the Real Estate Assessment Center. We converted public housing accounting to Generally Accepted Accounting Principles (GAAP). Receiverships were strengthened.

It is a persistent problem. Today there are still 25 percent of the public housing authorities within our portfolio that are either troubled or near trouble. So, it is a persistent problem. We need to figure out what the answer is.

Our development program was improved to include mixed finance and mixed income, bringing housing authorities into the real development world and introducing them to things like tax credits, bond financing, and other financing tools.

We also got more skin in the game from local governments and local investors. We demolished and rebuilt some of the worst and turned into some of the best, and we can look at those.

Somebody needs to speak for the real estate here. We have got 887,000 units. How do we intend to move forward? Hopefully I am able to help answer some of those questions.

Thank you very much for the opportunity to testify, and I am here available to answer any questions you might have.

[The prepared statement of Mr. Ozdinec follows:]

Mr. Milan Ozdinec
Subcommittee on Oversight and Investigations
Committee on Financial Services
February 10, 2026
Oral and written Testimony

Good morning, distinguished members of the House of Representatives and thank you for the opportunity to testify in front of you today. My name is Milan Ozdinec and I am a retired senior executive who spent over 33 years at HUD in several critical roles including overseeing the Housing Choice Voucher and Public Housing programs as well as the HOPE VI Program.

I am here to testify about good government and how HUD, through the HOPE VI program, transformed over 100k of the worst public housing in the nation into mixed thriving communities leveraging federal funds with over \$5B in private equity to develop mixed-communities that survive the test of time.

The HOPE VI Program was born out of the National Commission for Distressed Public Housing. With \$800 million appropriated in its first two years, HOPE VI would become the laboratory for turning some of the worst public housing in the portfolio into some of our best. It was a learned process from the first Grant Agreement with PHAs to closing for mixed finance transactions

The public housing program, including the existing capital fund program, are ill equipped to allow Public Housing Agencies (PHAs) to manage the existing inventory of units owned by them nationwide. The Brooke Amendment, setting tenant rents at no more than 30% of income with the Federal Government making up the difference, has not lived up to expectations mostly because the program has not ever been adequately funded by the Federal Government. In addition, proper asset management, which includes the ability to establish and fund reserves for operations and replacement, is not possible under existing HUD statute and regulations. As they say, the road to hell is paved with good intentions.

HUD has over 800k units of public housing remaining in its inventory with the worst having been demolished under HOPE VI and the best being converted to Section 8 under the Rental Assistance Demonstration and the Moving to Work initiative. These 800K+ units are now nearing the end of their useful life and becoming obsolete. As a matter of fact, my business partner David Vargas, who retired as Deputy Assistant Secretary of the Real Estate Assessment Center, did an analysis of the balance sheets of every PHA in the nation managing a Public Housing program and showed that most of the remaining HUD real estate is fully depreciated.

Addressing the needs of these 800K units of remaining public housing will be a challenge. One that will most likely require the leverage of public funds and the expansion of tax credits. Releasing HUD's Declaration of Trust and bringing in private equity, absent a large cash infusion by the Federal Government, is in my opinion the only way forward.

It is also important for the Subcommittee to know that much has been accomplished by the industry over the last 30 years. For example:

- Public Housing Conversion to GAAP
- The use of the Rental Housing Integrity Improvement Project (RHIIIP) to combat fraud
- Receiverships and their history
- Development program
- Introduced Mixed Finance
- Introduced mixed income
- Introduced the use of tax credits
- More skin in the game from some equity investors
- Demolished and rebuilt the worst parts of the portfolio
- Real estate is converting public housing through RAD
- Effort will need to be focused on the recapitalization
- Learned how to rebuild communities from the ground up.

These can be the base upon which you can build and take action

Chairman MEUSER. Thank you, Mr. Ozdinec, for your testimony. We will now move on to Mr. Oberdorfer. You are now recognized for 5 minutes for your remarks.

STATEMENT OF ERIC OBERDORFER, DIRECTOR, POLICY AND LEGISLATIVE AFFAIRS, NATIONAL ASSOCIATION OF HOUSING AND REDEVELOPMENT OFFICIALS

Mr. OBERDORFER. Good afternoon, Chairman Meuser and Ranking Member Green. Thank you for this opportunity to comment on public housing agency, or PHA, oversight and transparency.

My name is Eric Oberdorfer, and I am the director of policy and legislative affairs for the National Association of Housing and Redevelopment Officials, or NAHRO.

NAHRO's over 26,000 members include public housing agencies and community development organizations of all sizes, serving rural, suburban, and urban areas across the United States.

This is an incredibly important topic for our members who provide millions of homes to families across the country.

The Federal rental assistance programs that our members operate include the Public Housing and Housing Choice Voucher Programs. They house families, children, veterans, seniors, and disabled individuals.

These programs are essential to making housing more affordable, reducing homelessness and housing instability, and increasing resident economic outcomes.

PHAs are uniquely positioned to serve their local communities. Governed by local boards that include community leaders and residents, PHAs are locally accountable and responsive.

This helps PHAs stretch limited Federal dollars, respond to local housing markets, provide safe, secure housing, and partner with landlords and property owners.

HUD also holds PHAs accountable through two assessment tools. HUD uses the public housing assessment system, or PHAS, for public housing, and the Section Eight Management Assessment Program, or SEMAP, for the Housing Choice Voucher Program.

Overall, PHAs are responsible stewards of Federal dollars. According to recent HUD data, most agencies are high or standard performers under PHAS or SEMAP. Data shows that PHAs operate these programs with high degrees of accuracy and accountability.

That said, recent reports appear to overstate payment errors without proper context. In Fiscal Year 2025, had identified approximately \$1.5 billion in improper payments out of a total \$33.9 billion in the tenant-based rental assistance program.

Most of this stems from inactive *SAM.gov* registrations. In these cases, assistance was properly paid to eligible families, but the vendor registration needed reactivation. That is an easy fix.

When this technical category is removed, the program's improper payment rate drops from 5 percent to just over 1 percent. While any error should be addressed, an effective rate near 1 percent in a nationwide program serving millions of households and landlords reflects the strong financial stewardship of taxpayer funds by PHAs.

The other findings in the report of compliance matters that HUD's oversight systems and PHA processes are designed to flag

and correct. They demonstrate successful program monitoring, not systemic abuse.

Federal rental assistance programs also include strict eligibility verification rules to ensure that only qualified individuals receive assistance and that rental payments are timely and accurate. These safeguards have been in place for decades and work effectively.

PHAs are also subject to comprehensive, independent, yearly audits that review financial statements, internal controls, and compliance with HUD and Federal rules.

This is the same standard used in the private sector to demonstrate responsible financial management.

This oversight occurs while PHAs are operating against a backdrop of chronic underinvestment, and while funding alone will not solve the affordable housing crisis, responsible and adequate Federal investment is essential to give local communities the tools they need to meet the growing demand.

Decades of underfunding force agencies to manage complex responsibilities with limited staff and insufficient resources, making the job harder and posing more administrative risks.

PHAs meet performance standards, pass audits, maintain properties, and administer assistance to millions of families with a high degree of accuracy and accountability. Time and again locally governed agencies demonstrate that they are effective stewards of Federal housing resources, doing more with less, to serve their communities.

Although PHAs are succeeding despite chronic underinvestment, when looked at the data, PHAs could see even more success with full funding, coupled with appropriate oversight.

This would lead to increased training and professional development opportunities, including training related to ethics and allowing agencies to house more families.

Last, adequate support for HUD staff is essential for maintaining the integrity and transparency of Federal rental assistance programs. The partnership between HUD and PHAs is critical to our success.

Thank you, and I look forward to your questions.

[The prepared statement of Mr. Oberdorfer follows:]



National Association of Housing and Redevelopment Officials

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Written Testimony of the National Association of Housing and Redevelopment Officials Eric Oberdorfer, Director of Policy and Legislative Affairs

U.S. House of Representatives, Committee on Financial Services, Subcommittee on Oversight and Investigation Hearing Titled: “Building a Solid Foundation: Restoring Trust and Transparency in Public Housing Agencies”

February 10, 2026

The National Association of Housing and Redevelopment Officials (NAHRO), established in 1933, is a membership organization of approximately 26,000 housing and community development providers and professionals throughout the United States. The association’s members create and manage affordable housing for low- and middle-income families and support vibrant communities that enhance the quality of life for all. Our members provide millions of homes to millions of people across the country.

NAHRO’s core mission is to advance the creation of strong and affordable communities through advocacy, professional development, and empowerment of our numerous members. NAHRO does this by advocating for additional resources and common-sense solutions to existing housing and community development programs. Ensuring that families across this country have access to safe, secure homes is the top priority for NAHRO and its members. We envision a future of thriving communities with affordable homes for all.

Public Housing Agencies Help Address the Affordable Housing Crisis

The federal rental assistance programs administered by Public Housing Agencies (PHAs) are the backbone of the nation’s affordable housing safety net, helping millions of low-income families, seniors, children, veterans, and people with disabilities to afford stable housing. Across programs, residents typically contribute about 30% of their income toward rent, with federal subsidies covering the remainder. These programs are key to preventing homelessness, reducing housing instability, and increasing economic outcomes for families.

The largest program is the Housing Choice Voucher (HCV) program, which serves approximately 2.3 million households.¹ Vouchers allow families to rent homes in the private market, with PHAs

¹ Picture of Subsidized Households (2024). U.S. Department of Housing and Urban Development (HUD).

<https://www.huduser.gov/portal/datasets/assthsr.html>.

Sean Gilbert, PHM, SPHM, NCC, NAHRO Fellow, President; **Ivory Mathews**, Senior Vice President; **Marsha Parham-Green, CME, CPHM, CSI-HQS**, Vice President - Budget & Administration; **Joe Grisson, NCC**, Vice President - Commissioners; **Taryl Bonds**, Vice President - Community Revitalization & Development; **Angie Garcia-Nguyen**, Vice President - Housing; **Lisa Baker**, Vice President - International Research and Global Exchange; **Beverly Banks**, Vice President - Member Services; **Diane Cohen, CME, NCC**, Vice President - Professional Development; **Mark Thiele, C-PHM, CME, CMVO, NCC**, Chief Executive Officer

paying subsidies directly to landlords. The HCV program is an excellent example of a public/private partnership. Most participants are extremely low-income, with average annual household incomes below \$20,000.² Families with children, seniors, and individuals with disabilities make up a significant share of households. PHAs administer both tenant-based vouchers and Project-Based Vouchers, which attach assistance to specific units to expand housing supply and support special populations.

Despite rising rents and costs, PHAs consistently maximize the use of available funds and maintain high levels of program utilization. A key performance metric for this is voucher utilization, which can mean either budget utilization or unit utilization. Budget utilization is the amount of money spent within a year divided by the amount of money received through appropriations in a year. Unit utilization is the number of vouchers leased compared to the number of vouchers authorized for use by that PHA. In 2024, budget utilization was 105.6%, and unit utilization was 86.4%, reflecting both efficient use of funds and challenges in unit cost and availability.³ However, the fact that budget utilization far outpaces unit utilization demonstrates rental costs on the ground are surpassing what the Department of Housing and Urban Development (HUD) estimates units should cost. The average cost per voucher rose from \$648 in 2015 to \$1,087 in 2024, a 68% increase.⁴

Year over year increases in PUC, 2015-2024

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
\$648.42	\$671.41	\$701.07	\$727.38	\$757.06	\$803.35	\$829.14	\$883.72	\$975.19	\$1,086.76

The Project-Based Rental Assistance (PBRA) program provides long-term subsidies tied to specific properties and houses more than 2 million individuals nationwide.⁵ The average annual household income reported by PBRA residents is \$15,955.⁶ These homes primarily serve seniors, people with disabilities, and working families with children that have very low incomes. While HUD contracts directly with property owners, many PHAs serve as contract administrators, known as PBCAs, who provide oversight, monitor compliance, and verify quality housing standards. Some PHAs also have PBRA properties in their portfolios through affiliated entities after converting former public housing

² Picture of Subsidized Households (2024). U.S. Department of Housing and Urban Development (HUD). <https://www.huduser.gov/portal/datasets/assthsq.html>.

³ Housing Choice Voucher Data Dashboard. U.S. Department of Housing and Urban Development (HUD). https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/dashboard.

⁴ Housing Choice Voucher Data Dashboard. U.S. Department of Housing and Urban Development (HUD). https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/dashboard.

⁵ Picture of Subsidized Households (2024). U.S. Department of Housing and Urban Development (HUD). <https://www.huduser.gov/portal/datasets/assthsq.html>.

⁶ Picture of Subsidized Households (2024). U.S. Department of Housing and Urban Development (HUD). <https://www.huduser.gov/portal/datasets/assthsq.html>.

properties through the Rental Assistance Demonstration. The high occupancy rates of PBRA units demonstrate ongoing demand and the program's importance for housing stability.⁷

The Public Housing program, established in 1937, provides deeply affordable homes owned and operated by PHAs. More than 1.5 million people live in public housing today. Residents are largely working families or households with fixed incomes and are not welfare dependent.⁸ The average household income reported by public housing residents is \$17,770.⁹ Public housing remains critical amid rising rents and a shrinking supply of affordable units, though it faces significant capital and operating funding gaps. Even so, PHAs continue to maintain and improve properties to provide safe, decent housing.

PHAs Are Accountable to Their Local Communities

PHAs are uniquely equipped to operate federal rental assistance programs. Created under state law and governed by local boards that include community leaders and residents, PHAs are locally accountable and responsive. They understand neighborhood housing markets, landlord relationships, development barriers, and resident needs in ways that centralized systems cannot. This local knowledge allows PHAs to stretch limited federal dollars, target assistance strategically, and adapt quickly to changing conditions.

Because they are located in the communities they serve, PHAs can combine federal resources with local partnerships to deliver housing assistance efficiently and responsibly. Their track record of managing billions in public funds while serving more than 9 million people nationwide demonstrates that locally governed PHAs are effective stewards of federal rental assistance and essential partners in solving the affordable housing crisis.

Further, NAHRO strongly encourages all PHA professionals to complete ethics training to navigate the complex ethical challenges of their work. As stewards of public funds, NAHRO believes PHAs should uphold the highest ethical standards to maintain public trust, ensure responsible use of resources, and operate efficiently. NAHRO requires its own leadership to complete ethics training and provides free ethics training to all its members.

Thoughtful, Right-Sized Regulatory Oversight Promotes Trust and Transparency

Beyond local accountability and internal governance, HUD holds PHAs accountable through two standardized, data-driven oversight systems that measure performance, safeguard taxpayer dollars, and ensure families receive quality housing assistance.

For public housing, HUD uses the Public Housing Assessment System (PHAS). PHAS evaluates agencies across four core areas: the physical condition of properties through independent

⁷ Picture of Subsidized Households (2024). U.S. Department of Housing and Urban Development (HUD). <https://www.huduser.gov/portal/datasets/assths.html>.

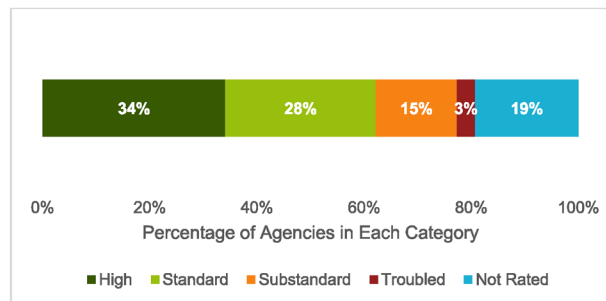
⁸ Picture of Subsidized Households (2024). U.S. Department of Housing and Urban Development (HUD). <https://www.huduser.gov/portal/datasets/assths.html>.

⁹ Picture of Subsidized Households (2024). U.S. Department of Housing and Urban Development (HUD). <https://www.huduser.gov/portal/datasets/assths.html>.

inspections, financial health, day-to-day management, and proper use of capital funds. These measures are based on objective, independent audits, third-party inspections, verified reporting, and are combined into a single performance score. Agencies are then designated as high performer, standard performer, substandard performer,¹⁰ or troubled. High performers receive regulatory flexibility and incentives, while lower-scoring agencies receive additional oversight, technical assistance, and, if necessary, corrective action plans. Troubled agencies are given defined timelines to improve.

PHAS data shows that most PHAs are strong stewards of federal resources. According to HUD's data, 62 percent of agencies are rated high or standard performers, with only 3 percent classified as troubled.¹¹ This demonstrates that the vast majority of PHAs operate public housing effectively and responsibly, even under tight funding constraints.

PHAS Designations Through 2022



For the Housing Choice Voucher program, HUD applies a similar accountability framework through the Section Eight Management Assessment Program (SEMAP). SEMAP measures whether agencies accurately determine eligibility and rents, conduct timely inspections and reexaminations, verify income, manage payments correctly, and fully utilize vouchers. Like PHAS, it relies on standardized indicators and clear scoring to promote transparency and reduce errors or improper payments. According to HUD, in 2023, 94 percent of agencies were rated high or standard performers, and only 6 percent were troubled.¹²

Together, PHAS and SEMAP provide consistent, objective oversight that increases transparency, deters waste and fraud, and ensures federal housing funds are well managed. Most importantly, these systems demonstrate that PHAs are delivering results and remain the most capable local partners to administer federal rental assistance programs.

¹⁰ Substandard means that an agency received a substandard score in one of the four metrics, not necessarily all of them.

¹¹ Public Housing Assessment System (NASS-PHAS) (2023). U.S. Department of Housing and Urban Development.

<https://www.hud.gov/reac/nass-phas>.

¹² Information Provided by U.S. Department of Housing and Urban Development via email. 5/23/24.

Federal Rental Assistance Program Oversight Is Effective

HUD data show that federal rental assistance programs operate with high degrees of accuracy and accountability. In fact, most reported issues related to payment errors are technical or administrative findings and minor when compared to the entirety of the program.

HUD's Fiscal Year 2025 Agency Financial Report identified approximately \$1.5 billion in improper payments out of \$33.9 billion total payments in the Tenant-Based Rental Assistance (TBRA) account.¹³ However, nearly three-quarters of those improper payments (\$1.1 billion) stemmed from inactive SAM.gov registrations. In these cases, assistance was properly paid to eligible families, but the agency's vendor registration needed reactivation. This is a paperwork compliance issue that is easily corrected and does not reflect fraud or ineligible assistance.

When this technical category is removed, the program's improper payment rate drops from five percent to roughly one percent.¹⁴ While any error should be addressed, an effective rate near one percent in a nationwide program serving millions of households reflects strong financial stewardship.

The remaining findings primarily involved reconciliation timing, data matching, or documentation issues, such as ledger adjustments, Social Security number discrepancies, deceased tenant records, or payments that exceeded preset thresholds. These are compliance matters that PHA processes and HUD's oversight systems are designed to flag and correct. They demonstrate successful program monitoring, not systemic abuse.

Eligibility Safeguards in Federal Rental Assistance

Federal rental assistance programs already include strict eligibility verification rules to ensure that only qualified individuals receive assistance. These safeguards have been in place for decades and work effectively.

PHAs are responsible for verifying household eligibility and calculating rents for families receiving federal rental assistance. Generally, at least once a year, PHAs conduct an income recertification, collecting documentation such as pay stubs or benefit statements and verifying the information through HUD systems and third-party sources.¹⁵ Based on this review, the PHA recalculates the family's rent and the federal subsidy to ensure assistance is accurate and compliant with program rules.

PHAs also process interim updates when a family's income or household size changes, allowing rents to adjust quickly when someone loses a job or gains new income. PHAs work directly with

¹³ HUD uses the terms Tenant-Based Rental Assistance (TBRA) account and Housing Choice Voucher program interchangeably.

¹⁴ Fiscal Year 2025 Agency Financial Report. U.S. Department of Housing and Urban Development.

¹⁵ <https://www.hud.gov/sites/dfiles/CFO/documents/afr2025.pdf>.

¹⁶ PHAs may perform a streamlined income reexamination in the second and third year after a full reexamination in scenarios when the family has over ninety percent of its income as fixed income. Certain Moving to Work agencies may have custom reexamination policies as part of that program.

residents and have access to HUD verification tools to manage this ongoing oversight and keep assistance targeted to those who qualify.

In mixed-status households,¹⁶ only eligible family members receive assistance. Subsidies are prorated so that federal funds support only citizens and eligible immigrants. Ineligible noncitizens do not receive federal housing benefits. This long-standing policy both protects taxpayer resources and preserves accountability while avoiding unnecessary family disruption and administrative burden.

PHAs also conduct robust eligibility checks through HUD's Enterprise Income Verification (EIV) system and Systematic Alien Verification for Entitlements (SAVE) database, which confirms immigration status for individuals claiming eligible noncitizen status. These systems provide multiple layers of review and required documentation to ensure that assistance is properly targeted.

New SAVE reporting requirements from HUD seek to reconcile data discrepancies, which PHAs support in principle. However, extremely short implementation timelines from HUD and repeated documentation requests to residents may create administrative burdens without meaningfully improving accuracy. In addition, SAVE data can sometimes contain errors or outdated information, potentially flagging U.S. citizens or seniors who are not required to provide further documentation.

Effective oversight should balance accuracy with practicality, ensuring compliance while avoiding unnecessary disruption for eligible families or excessive administrative costs for agencies.

PHAs Undergo Rigorous Annual Auditing

Beyond these program-specific controls, PHAs are subject to comprehensive, independent annual audits that review financial statements, internal controls, and compliance with HUD and federal requirements. These audits are designed to ensure funds are properly tracked, eligible activities are supported, and risks of waste, fraud, and abuse are minimized.

The goal is a "clean" audit, meaning no material findings or significant deficiencies. This is the same standard used in the private sector to demonstrate responsible financial management. These third-party reviews provide objective evidence that PHAs are safeguarding taxpayer dollars and administering housing assistance with care and integrity.

Taken together, these safeguards – payment monitoring, eligibility verification, performance systems, and independent audits – demonstrate that federal rental assistance programs are subject to substantial oversight and are predominantly managed responsibly.

¹⁶ Currently, families that have mixed-immigration-statuses receive prorated subsidies such that no federal funding is being used to help those who are not citizens or eligible immigrants (See 24 C.F.R. §§ 5.500-5.528). Mixed-immigration status households have the option of not contesting the immigration status for certain family members. Families then receive a prorated subsidy (or in the case of some covered programs—e.g., public housing—pay proportionally higher rents).

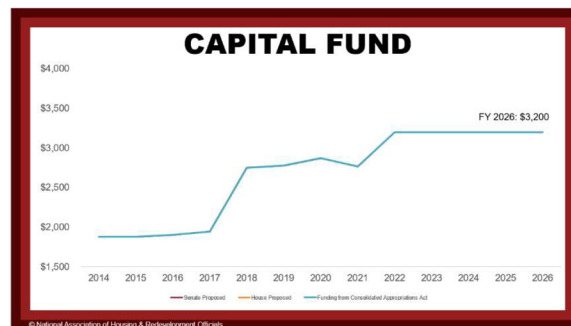
Underfunding Hurts PHAs' Ability to House People

PHAs are asked to administer complex and highly regulated programs, safeguard taxpayer dollars, and prevent waste, fraud, and abuse, all while operating against a backdrop of chronic underinvestment.

While funding alone will not solve the affordable housing crisis, responsible and adequate federal investment is essential to give local communities the tools they need to meet growing demand. Years of insufficient funding, combined with rising rents, tight rental markets, escalating insurance and operating costs, and federal inflation adjustments that often lag behind real-world expenses, have put increasing pressure on housing agencies. These dynamics drive up both the cost of assistance and the number of families who need it. Despite these challenges, PHAs continue to keep communities housed.

The effects of underfunding are especially visible in public housing. Chronic capital underinvestment has produced a significant backlog of repairs and modernization needs that threatens the long-term preservation of affordable units. Yet agencies continue to operate and maintain these properties, meet federal performance standards, and protect housing for current and future residents, often with far fewer resources than the programs were designed to receive.

Funding for the Public Housing Capital Fund Has Remained Level Since 2022



At the same time, core operating and administrative accounts are routinely prorated below full funding levels. The Public Housing Operating Fund supports day-to-day property management, maintenance, and resident services, while Section 8 Administrative Fees pay for the staff who determine eligibility, verify income, conduct inspections, process payments, and ensure compliance with federal rules. When these accounts are underfunded, agencies must carry out the same workload with fewer staff and fewer resources than the federal government itself has determined are necessary.

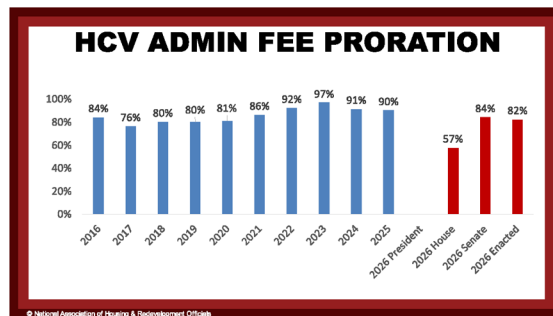
This staffing strain has real consequences. Experienced employees are difficult to recruit and retain, even though the work requires detailed financial reviews, complex regulatory compliance,

and careful oversight. Under-resourced agencies may be forced to focus only on basic compliance functions, leaving less capacity for proactive services such as landlord recruitment and housing search assistance. Said plainly, years of underfunding force agencies to manage complex responsibilities with limited staff and insufficient resources, making the job harder and posing more administrative risk.

The Housing Choice Voucher program illustrates these pressures clearly. As rents have increased nationwide, Housing Assistance Payments to landlords have risen, driving up program costs. Over the past decade, the national average per-unit cost has grown by roughly 68 percent, yet federal renewal funding factors have not consistently kept pace with these market realities.¹⁷ When funding falls short, agencies are forced into difficult tradeoffs – issuing fewer vouchers, limiting moves, lowering payment standards, or, in extreme cases, reducing assistance to families. These difficult decisions are the direct result of funding constraints for existing vouchers, not due to an increase in new vouchers.

Administrative fees are similarly stretched. These funds support essential functions such as eligibility determinations, inspections, payments, recordkeeping, and compliance, as well as housing search assistance, landlord engagement, and help with deposits and application costs that allow families to successfully lease units. When administrative funding is inadequate, agencies have less capacity to support families and landlords and fewer staff to conduct program oversight. Adequate funding would strengthen oversight, improve accuracy, and reduce improper payments by allowing PHAs to hire and retain experienced personnel.

HCV Admin Fee Proration Since 2016¹⁸



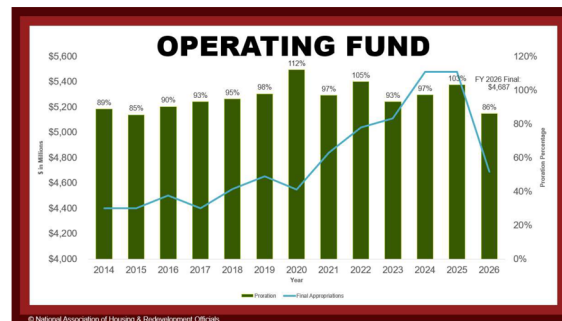
¹⁷ Housing Choice Voucher Data Dashboard. U.S. Department of Housing and Urban Development (HUD). https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/dashboard.

¹⁸ Proration is the percentage of funding that public housing agencies (PHAs) receive compared to the full amount that HUD's formula, established through negotiated rulemaking, determines is needed to fully fund programs. In other words, it reflects the gap between calculated need and the amount Congress appropriates. For example, an 85% proration means PHAs receive only 85 cents for every dollar HUD has determined is necessary to operate the program account.

The Public Housing Operating Fund plays the same critical role on the property management side, supporting maintenance staff, property managers, utilities, security, and day-to-day repairs that keep housing safe and habitable. Insufficient operating funds force agencies to defer work or stretch already limited staff even further.

And yet, even under these constraints, PHAs continue to deliver. They meet performance standards, pass audits, maintain properties, and administer assistance to millions of families with a high degree of accuracy and accountability. Time and again, locally governed agencies demonstrate that they are effective stewards of federal housing resources, doing more with less to serve their communities.

Public Housing Operating Fund Proration and Funding Levels since 2014



With adequate and predictable funding, PHAs could preserve more housing, expand access to assistance, strengthen oversight, and serve families even more effectively. Although PHAs are succeeding despite years of underinvestment, PHAs could see even more success with full funding coupled with appropriate oversight.

PHAs Need a Fully Resourced HUD

Adequate support for HUD staff is also essential to the success, integrity, and transparency of federal rental assistance programs. PHAs work daily in communities nationwide to comply with federal requirements, protect taxpayer resources, and provide quality housing, but they rely on a strong, well-resourced partnership with HUD to do so effectively.

As regulator and oversight partner, HUD provides guidance, conducts assessments, offers technical assistance, and helps agencies identify and address issues early. These functions ensure consistent oversight, strengthen governance, and promote transparency and public trust. Recent HUD staffing reductions, reportedly a 26 percent decline over the past year, threaten this partnership. This leads to longer review times, delays in approvals and audits, and reduced capacity for technical support.

PHAs and the nine million residents they serve depend on HUD not just for oversight, but as a resource and collaborator. Maintaining adequate HUD staffing is fundamental to accountability, preventing waste, fraud, and abuse, and sustaining public and Congressional trust. Appropriate federal capacity can enable stronger local performance, making HUD a vital partner in delivering effective, responsible rental assistance nationwide.

Conclusion and Recommendations

The federal rental assistance programs administered by PHAs are essential to the nation's affordable housing system. They provide stable, affordable housing to millions of low-income families, children, veterans, seniors, and people with disabilities, while reducing homelessness and housing instability. PHAs are uniquely positioned to operate these programs due to their local accountability, deep knowledge of regional and neighborhood housing markets, and close relationships with residents and landlords. Despite rising costs, chronic underfunding, and administrative pressures, PHAs consistently demonstrate strong financial stewardship, high program utilization, and compliance with HUD oversight systems. Independent audits, PHAS and SEMAP performance metrics, and rigorous eligibility verification confirm that PHAs manage resources responsibly and transparently.

At the same time, ongoing challenges, such as underfunded administrative, operating, and capital accounts, increasing rents, and reduced HUD staffing threaten program delivery, property maintenance, and oversight capacity. Adequate and predictable federal funding is essential to preserve existing housing, expand access to rental assistance, and make sure that PHAs have the staff and resources needed to maintain high performance. Strengthening HUD's capacity is also critical, both to sustain oversight and to serve as a supportive partner for local agencies.

Effective oversight should continue to balance accuracy with practicality, using existing systems like PHAS, SEMAP, and EIV to detect and prevent errors while minimizing unnecessary burdens on families and agencies. PHAs should be supported in their role as local experts who can target assistance strategically and expand housing supply and access. By combining strong local administration at the PHA level with sustained federal investment and federal-local partnerships with HUD, these programs can continue to deliver stable, affordable housing responsibly and efficiently, addressing the nation's affordable housing challenges now and into the future.

Chairman MEUSER. Thank you. We will now turn to member questions. As the chair, I now recognize myself for 5 minutes.

Mr. Haller, the Indianapolis Housing Agency was designated by HUD as a troubled PHA and later taken over by HUD. Now can you please describe beyond what you stated in your opening testimony, some of the conditions at IHA when it was designated as troubled?

Mr. HALLER. I believe the—thank you for the question, Congressman—I believe the question relates to how IHA initially came into the Federal takeover.

At that time—that was actually in April 2024—so we were a year, year and a half into our investigation into the circumstances at Lugar Tower Apartments. We were also receiving lots of complaints related to other properties maintained by IHA.

We had a distinct focus on Lugar Tower because that is a tower that, it is a very prominent place in downtown Indianapolis, a very fast-growing area, and residents had been complaining. There had been news reports for many months related to the conditions there.

I mean, what we observed when we first went in there was pretty disheartening. There were clearly people in the building that were not supposed to be there, harassing tenants.

We actually found that many of the trespassers actually were using the stairwells as bathrooms, and so the conditions at that property have been, since that time, very disruptive to the lives of tenants there.

Chairman MEUSER. Have the conditions improved over the last year?

Mr. HALLER. That is a—it is a difficult question to answer because it is—there has been some marginal improvement, certainly recently when we visited that particular building—and we have had productive discussions with IHA's new leadership and with HUD, who is working with them to turn around the agency.

I think one of the lessons we have learned there is that help really should have come many years ago.

Chairman MEUSER. I agree. What are you putting into place now to improve that situation, or what is being put into place?

Mr. HALLER. Sure. So right now, we actually have a second settlement agreement we have signed with the new owner of the—with the owner of the property, which has more public transparency to it.

They have to report to us certain security incidents within 48 hours. They have to give us a monthly written report which we can file publicly. We can do 12 unannounced inspections as well as regular inspections, so—

Chairman MEUSER. Thank you.

Mr. Schwartz, NYCHA is a prime example of fraud of PHAs, with, as you stated, 70 former officials convicted of corruption-related offenses last year.

Can you describe at a high level, or anyway you would like actually, the corruption schemes that occurred at NYCHA and the level of sophistication or unsophisticated?

Mr. SCHWARTZ. Yes, thank you. The 70 cases that were brought were really at a rather low level of NYCHA personnel, but at a

level that was the most—the closest to the residents. So the residents were directly hurt by the bribery that occurred.

NYCHA had not done anything to really examine, inspect, and have oversight over this problem. They did nothing to see whether the work that was being approved really met the quality requirements.

As I said, this is something that really hurt the residents in their homes.

Chairman MEUSER. Sure. If you can, with your experience and background, maybe provide us—perhaps in writing if you would not mind—some best practices that you feel would improve such PHAs. I do not have time for the answer now, sir, but if you would be so kind to do that.

Mr. SCHWARTZ. I do have a couple of thoughts—and it is not just for PHAs. It is for companies. It is for a lot of organizations I work with—and that is to create a culture where there is integrity and there is respect for the work that you do, and that you are trained to do the work that you are supposed to do.

There is a lack of training. We have had—we made great work strides once we brought in private sector people who were teaching NYCHA employees how to do their work.

Chairman MEUSER. Thank you very, very much.

Mr. Ozdinec—my apologies—what reason did HUD stop reporting improper payments?

It was during your time at HUD, we would submit its estimate of improper payments annually, and then HUD has ceased doing that.

I am out of time, so I am going to ask you, if you would not mind, we can concur with that afterwards or provide it in writing.

I yield back.

Now Ranking Member Waters is recognized for 5 minutes of questioning.

Ms. WATERS. Thank you very much, Mr. Chairman.

I was just trying to review all of the testimony that I had not been able to have a chance to read, et cetera but let me just say, I know a lot about public housing. We have public housing in the Los Angeles area, big units.

We have Nickerson Gardens, Jordan Downs, Imperial Courts, Gonzague Village. I know them all. At one time, it was in my congressional district, and then I was reapportioned, and they were out, and now they are back in.

Now, I created some programs on my own, and my programs had to do with very initial job training, connecting with employers, and creating people to go out and find jobs.

For the people that retrained in my program, we connected them, and it has worked. As a matter of fact, in Nickerson Gardens, I have 2 young, former gangbangers who we got jobs, and they were responsible for helping to lay cable back when they were putting cable into public housing.

They ended up managing, and they just retired with homes, children have gone to college, and all of that.

Now, first of all, we have got to understand, it takes resources. It takes money to deal with public housing. You have poor people piled on top of poor people, on top of poor people.

There are a lot of things that you are doing, but this lead issue and the mold issue should have been taken care of a long time ago. We have been working on it for years and so I do not know how much money is being dedicated to it, but it can be eradicated if it is actually done.

Of course, if you have corrupt people who are managing, yes, I say get rid of them. Know what you are doing.

One thing I have learned is, not one public housing program that I have come in contact with had a pre-entry program where anyone who was qualified and was getting an opportunity to live in public housing, the family was brought in and went over with them what this public housing is all about, what was expected of them, how the trash was supposed to be dumped, what have you, how to use the elevators, all of that.

You just assume that if someone gets public housing assistance, you just put them in there and many of them have had no experience. They have been going from place to place and place to place and all of that. That I am not seeing done.

The other thing is how to identify leadership inside the public housing because people who come in saying, I am your role model, and this is what I want you to do, does not work.

You have to identify leadership that is in public housing to help carry out the program.

Now, I want you to know, I was just in Jordan Downs, one of the housing developers in my district that has ended up in a way that they are developing, renovating, doing a whole—just wonderful things. Guess what? Fifty percent of the work was done by Section 3 who live in public housing. How many of you really use Section 3?

I want to tell you, the young people were glad to get those jobs. They have stayed on them, and they were being honored for the work that they do.

Section 3 is not being utilized in many of the public housing projects where you hire the people who live there, you train the people who live there, and they become part of what is known as not only the development and the renovation, but also people who live there who help even when they are not in the 8-hour job all over the public housing developments.

First of all, you got to have money, and this business about we are doing it, but it does not cost anything, I do not buy that. It costs money. It costs investment.

Section 3, we have it in law, and it is not being utilized. It has got to be utilized—introduction to what is expected of tenants and then ongoing job training programs inside.

I could talk about this all day. I have done it. I have created programs, and the thing about it is, you got to work with the people inside the public housing, develop leadership, understand leadership, and get them involved.

Enough said. I could talk about this all day. I yield back.

Chairman MEUSER. The ranking member yields back.

The gentleman from Arkansas, the chairman of the full committee, Chairman Hill, is now recognized for 5 minutes.

Chairman HILL. Thank you, Mr. Chairman, and I thank the ranking member for her knowledge and passion about account-

ability in public housing. We are grateful for her decades of passion on this topic.

I want to reflect on the panel. It is a very good panel. Thank you for your testimony about what we are witnessing in Little Rock, with Little Rock Public Housing Authority.

In 2023, in a detailed audit by HUD, housing authority in Little Rock, otherwise known as Metropolitan Housing Allowance, was put in the troubled PHA category, and among an extensive list of deficiencies were, lacked internal control since 2016, financial reporting, recordkeeping. None of those impacted—or met HUD standards and \$30 million is missing, and nobody can find where it went.

After 11 years of complaining to city of Little Rock Housing Authority, the HUD local office, the HUD regional office in Dallas, finally our attorney general—and that is why it is very interesting to have Mr. Haller here—prosecuted, criminally, a landlord in the Section 8 program after 10 years, and was the first validation of tenant complaints in a decade.

So let me start with you, Mr. Haller. In Indianapolis, you had a RAD program that went awry, is that right, at Lugar Tower?

Mr. HALLER. My understanding with Lugar Tower, Congressman, is that, yes, it went through a RAD conversion and is now owned almost fully by a private investor.

Chairman HILL. Was that contract a bad contract that then said it was inadequately—like an inadequate cash reserve fund, an inadequate rental collection process, an inadequate safety program, an inadequate tenant whistleblower assistance program?

Because we just modernized Lugar Tower, right, and we took money to do that on a long-term RAD demonstration program, and yet it sounds like it failed. Is that fair based on what your investigation showed?

Mr. HALLER. I think what we have observed with Lugar Tower in Indianapolis, I think that is a fair assessment, that in that particular case, that program has actually significantly hurt the tenants who live there. They would tell you that if they were here today.

Chairman HILL. What is the biggest weakness there, the contractual right between the RAD owner-developer? Are the people too optimistic about the management expenses and the rents collected?

Tell me why, once you make that kind of major capital expenditure, you have all the problems you outlined, which were not just “ran out of cash” problems. It sounds like the whole thing was a fiasco.

Mr. HALLER. Yes, Congressman, I mean, to your question, our understanding is that after the RAD conversion, the project itself has not sustained enough cash-flow from collecting rents in order to sustain the—or to fund the ongoing operation and maintenance of the building, which begs the question how did that come to happen, right?

Chairman HILL. Well, let me stop you there and say, who is responsible for that? The Indianapolis Housing Authority, the Office of HUD in Indianapolis, the regional office? Who says that was good to go contractually to do that program, and does anybody bear any responsibility besides—who?

Mr. HALLER. That I cannot really speak to that specific RAD conversion. It was many years ago. I know one of the difficult parts is assigning accountability when you have had potentially years of poor performance, right?

Chairman HILL. Let me stop you there.

Mr. Ozdinec, since you were a former long-time HUD leader in public housing, as a Deputy Assistant Secretary (DAS) there. Who is to be held accountable for that?

Mr. OZDINEC. Thank you for the question, Congressman. We have got 2,300 public housing authorities. We are going to have Indianapolis unfortunately. I think the remedy for these types of abhorrent situations, like Indianapolis, is oversight.

Chairman HILL. Okay. Let me stop you there. This is my whole complaint. Regardless of whether HUD is adequately funded or inadequately funded, there is no oversight. No one takes any responsibility. That is what I have seen in Little Rock—zero responsibility—zero responsibility at the HUD's local office, the city board.

They have complained mightily, and they appoint the directors to the public housing authority, and I think the victims here are the tenants in public housing and the taxpayers, and there is no restitution.

I yield back. Mr. Chairman, I commend you for this hearing.

Chairman MEUSER. The chairman of the committee yields back.

The gentlewoman from Georgia, Ms. Williams, is now recognized for 5 minutes.

Ms. WILLIAMS of Georgia. Thank you, Ranking Member Meuser—well, thank you, Chairman Meuser and Ranking Member Green—I am giving you an upgrade over here, Mr. Green—and thank you to our witnesses for joining us today.

In 2023, the HUD Office of the Inspector General conducted an investigation into HUD's oversight of the physical conditions at public housing authority complexes.

Disturbingly, the Office of Inspector General (OIG) found that HUD-filled offices were inconsistent in overseeing whether public housing authorities corrected life-threatening deficiencies identified during inspections, and that HUD did not even track PHAs' corrections of non-life-threatening safety deficiencies.

This is problematic. I am deeply concerned about these findings, especially given that the Trump Administration has significantly slashed HUD staffing this year alone.

At the beginning of the year, or last year, Elon Musk proposed a 50 percent reduction in staff who administer public housing vouchers and oversight. If HUD already lacked the capacity to provide adequate oversight of public housing authorities in 2023, how can HUD possibly be doing more now with even less?

Mr. Oberdorfer, can you please describe any trends that you have observed in HUD oversight since this 2023 report, and have there been any changes in the rate, frequency, or findings of HUD inspections of public housing authorities?

Mr. OBERDORFER. Yes, thank you for that question, Congresswoman. As you mentioned, staffing is a huge component of this for HUD, especially as agencies have their inspections completed and that information gets to the Department.

There needs to be quick turnaround between the Agency and Housing and Urban Development, especially if there are issues related to the life and safety of a resident.

Two thousand twenty-three is an interesting year for public housing inspections because that is the year a new protocol went into place. This is the NSPIRE, or National Standards for the Physical Inspection of Real Estate.

This was an effort that HUD had been working on for some time to try to make inspections less subjective and more objective, to identify real risks and issues, and specifically, risks and issues that would occur in units.

So what we are seeing right now in terms of trends with inspections is, there are a lot more inspection findings that are rated at a 59, which essentially means failing, but failing because of the unit.

Now, I think you can look at those two ways. One, the most important is that obviously we need to make sure those units get updated and fixed so that they are safe for the residents.

Two, it also means this new inspection protocol is doing, I think, good work in terms of oversight for the quality of the units and the safety of the residents, because in other cases that unit and that property may have passed.

Now with these shifts in how HUD is actually looking at their calculations for inspection scores, these would trigger that failure, which would mean the agency would need to act right away to fix those concerns.

Ms. WILLIAMS of Georgia. Thank you.

Mr. Oberdorfer, during the Financial Services Committee's oversight hearing with Secretary Turner just last week, I took the opportunity to press the Secretary about some of the dire living conditions that some of my constituents in Atlanta are facing in public housing.

One particular egregious story unfolded at Forest Cove. It is an apartment complex in Atlanta, and it made headlines in 2022 because residents were forced to live in some of these unsafe conditions.

They faced holes in their walls and floors, unrepaired fire damage, pests, rats, rodents, before the apartments were ultimately condemned and eventually torn down.

After the building was condemned, HUD issued an official debarment order to Millennia's CEO and Millennia Housing, prohibited them from participating in any new business with HUD, its Office of Multifamily Housing Programs, and with any Federal Government Agency or Federal programs for 5 years.

However, it does not affect Millennia's existing properties or contracts with HUD or the ability of Millennia to contract with HUD after the 5-year prohibition expires.

Mr. Ozdinec, can you please describe the role of HUD in disbaring bad actors in the field, and describe the role of disbarment in restoring residents' trust in HUD and their local public housing authority?

Mr. OZDINEC. Thank you very much for that question. I am not familiar with the incident that you—and the debarment that you mentioned in your example. What I can say is that HUD serves as

a partner and does oversight to the extent that it has resources to do so.

The other opportunities that are available to the Department is the Office of the Inspector General. That is—it is their calling to ferret out fraud and follow it through to the logical conclusion.

Now, I do not know—and, again, in your example—where the responsibility lies there, but clearly the Department took steps and debarred the vendor that you mentioned.

Ms. WILLIAMS of Georgia. Thank you. I am grateful for this conversation today because our people back home, and every district across the country, deserve safe, desirable living conditions.

Chairman MEUSER. Great. The gentlewoman yields back.

The gentlewoman from Missouri, Mrs. Wagner, the chair of the Subcommittee on Capital Markets, is now recognized for 5 minutes.

Mrs. WAGNER. I thank you, Mr. Chairman, and thank our witnesses.

For decades, mismanagement, fraud, waste, and abuse at public housing agencies have deprived residents of access to safe, stable housing while also, frankly, squandering enormous sums of taxpayer dollars.

For example, near my district, mismanagement at the East St. Louis Housing Authority was so severe, it resulted in the Department of Housing and Urban Development, HUD, taking control of the agency for over 30 years.

At its core, the problem at the St. Louis Housing Authority, were a product of mismanagement and, most importantly, fraud.

Mr. Schwartz, similar issues occurred at the New York City Housing Agency. Based on your work, what systems within public housing agencies are most susceptible to waste, fraud, or abuse?

Mr. SCHWARTZ. Well, I think in public housing, as well as in other institutions, it is the lack of oversight, the lack of auditing, the lack of independence, the lack of inspectors, and the failure to go after people who try to defraud the authority.

Mrs. WAGNER. I have several follow ups to this, so—and your points are very well taken—how can these agencies mitigate fraud risks in their procurement systems, for instance?

Mr. SCHWARTZ. Well, procurement is a good starting point because they can have the analytics—or they should have the analytics to figure out who is doing the work, who is doing it well, how many contracts are they getting, and look for the suspicious aspects of these associations.

Mrs. WAGNER. How can these agencies mitigate the risks that their employees are even accepting bribes that we have seen?

Mr. SCHWARTZ. Well, and again, I think analytics is part of this, but as I said, I went back to some of my old ways of doing things as a prosecutor. I—we hit the pavement and we asked the people what was going on. We listened to the residents. The residents know what is going on. They can tell you what the problems are.

Mrs. WAGNER. That is very interesting. I mean, we have seen employees falsifying eligibility information, work orders, on and on.

So you think that the root of this is oversight by leadership but also in talking with residents?

Mr. SCHWARTZ. Yes, leadership is primarily responsible because it does not create the culture of honesty and integrity.

All organizations have to deal with this. The housing authorities are not different, but I do not think that HUD requires a code of conduct. We could not find a code of conduct.

Mrs. WAGNER. They do not require a code of conduct——

Mr. SCHWARTZ. We could not find one at NYCHA.

Mrs. WAGNER [continuing]. for their employees?

Mr. SCHWARTZ. We could not find one at NYCHA.

Mrs. WAGNER. All right. Well, during your monitorship, you found a culture of, I think you said, defeatism and failure at the New York City Housing Agency.

How did this culture impact residents?

Mr. SCHWARTZ. Excuse me?

Mrs. WAGNER. How did it impact residents?

Mr. SCHWARTZ. Oh, it was—as I said before, it is really at the level of the residents where all the damage was being done, where the work that was—the shoddy work was used.

You cannot be naive about this. When somebody pays a bribe, the bribe does not come out of their pocket. When it comes time to do the work, they do not bring in union labor. They do not bring in labor that has skills. They do not bring in the materials they are supposed to bring in. They make up for the bribe, and who suffers? The resident.

Mrs. WAGNER. While housing agencies are responsible for ensuring that these residents have access to the safe, clean, housing, HUD is responsible for holding these agencies accountable to taxpayers and residents alike.

Unfortunately HUD, it looks like, has historically struggled to identify issues at struggling or failing public housing agencies before they become so, so severe.

Mr. Ozdinec, how does HUD ensure the public housing agencies are effectively stewarding taxpayer funds?

Mr. OZDINEC. Thank you for that question, Madam. So the Department, I do believe somewhere about 2000, implemented the Real Estate Assessment Center, which collects data from housing authorities, both financial and physical data as mentioned by Eric, and then analyzes that data and produces scores.

Mrs. WAGNER. My time is expired. If there is anything you have to add to that, if you could do so in writing. I appreciate this hearing, and I appreciate all the work that we need to do collectively. We have heard a lot of good ideas about oversight, et cetera.

I thank you, Mr. Chairman. I yield back.

Chairman MEUSER. The gentlelady yields. The gentleman from California, Mr. Liccardo, is now recognized for 5 minutes.

Mr. LICCARDO. Thank you. Thank you all for your testimony today.

Mr. Ozdinec, I was interested in particular in your written testimony in which you acknowledge that the Brooke Amendment, which provides for basic rent protections for tenants, has never been adequately funded by the Federal Government.

Do you have a sense about what that gap is that would be required for us to live up to our commitments to those who live in public housing?

Mr. OZDINEC. Thank you for that question. I think that has always been a debate. We fund the operating fund at 92 percent, or

call it the percentage proration, whatever you will. It is never a hundred percent of what the experts believe is needed to administer our programs.

There is always—there is a gap of 8 percent, 5 percent. You can put a number on it if you would like.

It is going to be different everywhere. Each housing authority is run differently. That is part of the problem with our system as well, is that we have a wide variety of housing authorities in the portfolio who serve a wide variety of families now, after the last 30 years where we are doing mixed finance, mixed income housing—

Mr. LICCARDO. Right.

Mr. OZDINEC [continuing]. which I can go on and talk about forever—

Mr. LICCARDO. I will get there in a moment.

Mr. OZDINEC. Okay.

Mr. LICCARDO. Yes.

Mr. OZDINEC [continuing]. as a new way of doing public housing.

Mr. LICCARDO. This capital replacement and maintenance challenge is a monster, and I know it has been that way for many years.

You also acknowledged that there is essentially an inability to establish and fund reserves for operations and replacement. Is that because of a statutory or regulatory barrier, or is that a funding issue?

Mr. OZDINEC. It is statutory.

Mr. LICCARDO. Okay. So literally PHAs who are trying to properly manage their assets cannot establish seeking funds, standard funds that any housing manager would have in the private sector?

Mr. OZDINEC. Yes, sir.

Mr. LICCARDO. So clearly that is one barrier that we could eliminate if we wanted public housing to operate well?

Mr. OZDINEC. It is.

Mr. LICCARDO. Then I am interested in your proposed solution, and clearly you have had a lot of experience through the HOPE VI program, which, as you indicate, leveraged Federal funds with more than \$5 billion in private equity.

Can you help me understand, for those of us who are particularly concerned about those families who are living in units where there are rent restrictions, what exactly does this do for those restrictions and those families?

Are we seeing, in these conversions, are families literally pushed out in the street, or is there some accommodation made?

Mr. OZDINEC. That was one of the original controversies about the HOPE VI program, would be displacement. We are displacing poor families from what were at the time terrible properties, terrible places to live, terrible neighborhoods by any standard. Again, the National Commission on Severely Distressed Housing was quite clear in 1988 what the problem was, and it was obvious.

The methods used to do redevelopments, community building, community participation, bring good government, and good government breeds better government. Things that are going on in Indianapolis could have been avoided. I do not know but setting a standard for good government locally is really critically important.

Mr. LICCARDO. As we think about the conversion of some of these projects to mixed income, help me understand better. Is there a net new addition of units? Are we literally taking the same exact structure, remodeling it, and some folks who had rent restrictions no longer have them?

Mr. OZDINEC. Excellent question. Thank you, Congressman.

As the public housing inventory drops—we are now at 887,000 units—the Section 8 program goes up in terms of member families being served.

When I served with the department—I retired in 2018—the appropriation for the Section 8 program was somewhere around 28 billion—

Mr. LICCARDO. Could I interrupt you for a moment? Does this imply, then, essentially that we need a greater commitment to housing choice vouchers if we are going to make this work?

Mr. OZDINEC. Far be it from me to say that. It clearly is a wonderful tool to redevelop neighborhoods and to give families the opportunity to move out of distressed neighborhoods into communities that will—and I am not sure if you have read the Chetty—Raj Chetty—

Mr. LICCARDO. Raj Chetty, yes. I am familiar.

Mr. OZDINEC. It is unbelievable. I spent 35 years with the HOPE VI program doing it and hoping that whatever we did was going to serve these communities well, and it did, and it especially served children.

Mr. LICCARDO. Yes.

Mr. OZDINEC. To me, it was a capstone of my career. I know that things that we did as a government had an impact.

Mr. LICCARDO. I appreciate that sir, and I do appreciate Mr. Shetty's research, and it is very valuable. I think what this is telling us is we need more financial commitment, fiscal commitment to the housing choice voucher program to make these opportunities available. Thank you.

Mr. OZDINEC. Thank you.

Chairman MEUSER. The gentleman yields.

The gentleman from Georgia, Mr. Loudermilk, is now recognized for 5 minutes.

Mr. LOUDERMILK. Thank you, Mr. Chairman, and thank you all for being here at this hearing.

Earlier today, we had a hearing on housing but in the private sector and part of that conversation was the compliance costs the private industry has with complying to regulations.

We see that across the financial services sector, even in small banks where you have to move personnel away from doing a productive job to do compliance. I am sure that we see the same thing in public housing, especially to the extent that there is a long list of regulations and reporting requirements that PHAs must follow.

As you have heard from Mr. Schwartz, it is unclear whether the current reporting requirements are sufficient for HUD to identify waste, fraud, and abuse without further investigation.

Mr. Ozdinec—did I get that right?

Mr. OZDINEC. Yes, you did.

Mr. LOUDERMILK. Okay. Thank you. What impact do the current reporting requirements have on public housing agencies?

Mr. OZDINEC. In my view?

Mr. LOUDERMILK. Yes.

Mr. OZDINEC. Significant impact.

Mr. LOUDERMILK. Okay.

Mr. OZDINEC. They spend significant time complying with the regulations and this is coming from a former regulator. Complying with the regulations that the department puts out. I think this is every—every administration has a regulatory agenda, so it would be important to look at the Trump Administration's regulatory agenda here and see how it can help some of the things that Mr. Haller has talked about.

At the end of the day, will it help the financial burdens that housing authorities suffer from complying with? There are—the rules are enormous. For any of you that are interested, the national dashboard for the Section 8 program is available to the public, so you could see how your housing authority is doing related to the various component parts of the Section 8 program.

Mr. LOUDERMILK. Are these regulations modernized over time? I mean, we are looking at issues even with the Bank Secrecy Act where you got currency transaction reports of \$10,000 which was established in 1972, which really would equate to \$87,000 a day. We were really slow in modernizing our regulation from here, but you are saying that the housing regulations kept pace with technology and on pace with the current economy?

Mr. OZDINEC. No.

Mr. LOUDERMILK. They are not.

Mr. OZDINEC. Unfortunately, I—It breaks my heart to say it. We have underfunded public housing authorities and told them to keep up and they do. We have got a 70 billion dollar—arguably 70-billion dollar backlog of physical need.

We spend a lot of administrative money taking care of the compliance issues, rightly so but there is a cost to the system.

Mr. LOUDERMILK. Can we benefit from modernizing the regulations or tailoring the regulations?

Mr. OZDINEC. I believe so. I will be interested to see what this administration is proposing in their regulatory agenda. I think that they would like to do some work on SEMAP, which is the assessment tool for Section 8, and PHAS, which is the assessment tool for public housing.

The other thing that is a tool to the department is Section 6J of the act. Receivership is the death penalty for housing authorities and should not be taken lightly because it has cost—in addition to the cost of running an agency, it has costs associated with the receivership as well.

Mr. LOUDERMILK. All right. Thank you.

Mr. Schwartz, talking about modernization and technologies, how could the technologies and data management systems you used in the New York City Housing Agency help streamline compliance for public housing across the country?

Mr. SCHWARTZ. Yes. Thank you for that question.

It made a big difference in working with the employees of NYCHA. We took the best of the engineers who did the work in the private sector and then they showed the NYCHA employees how

they had all the data they needed to understand the problems, but they never understood how to use the data.

So the elevators improved; heating improved; training improved. Training is key to this, to all of these things.

If I might add just to the prior question, there are two kinds of compliance, really. There is regulatory and there is integrity. Integrity does not require a lot of money. You just have to live it and prove it and remind people. Regulatory is more expensive.

Mr. LOUDERMILK. Thank you for that. You make a good point because just in my own home State of Georgia, late last year a senior executive at Atlanta Housing Authority was arrested for steering Section 8 housing funds to herself and her family. That is not only illegal but yet it takes money and resources out of the hands of the people they are trying to protect.

Mr. Chairman, I yield back.

Chairman MEUSER. The gentleman yields.

The gentleman from Michigan, Ms. Tlaib, is now recognized for 5 minutes.

Ms. TLAIB. Thank you, Mr. Chair.

Last year news broke that HUD was drafting a rule to impose time limits and work requirements on those who receive Federal housing assistance. I find this to be shockingly cruel. For a single mother working 40 hours a week and earning minimum wage, a voucher is the only thing standing between her children's two-bedroom apartment and homelessness.

In every State but one, she cannot afford rent with a full-time job. Currently more than 40 percent of housing choice voucher holders right now already fail to find a landlord that meets their needs and will accept their voucher.

So Mr. Oberdorfer, will not the imposition of time limits make it harder for voucher holders to secure housing since many private landlords would likely prefer a tenant who will not have to be replaced in the near future?

Mr. OBERDORFER. Yes. Thank you for that question.

There are agencies that have implemented work requirements and time limits, but it is always very dependent upon the local economy, local conditions. One of the biggest benefits of the housing choice voucher program is the stability that landlords have with the program, right? There is—

Ms. TLAIB. Do you think a landlord is going to leave the program because of this—I mean, we call it time limit but let us be honest. They are just going to let the stuff expire and then they have no way of getting paid.

Mr. OBERDORFER. Yes. The lack of consistency would make it less desirable to be a landlord for the program.

Ms. TLAIB. Also, will not the higher turnover vacancies make it harder for affordable housing developers to make projects pencil—pencil out, thereby de incentivizing investment in affordable housing that we desperately need right now in our country?

Mr. OBERDORFER. Yes. Again, when doing redevelopment for these affordable housing projects, that stable income coming from rent is critical and making sure that it is the right amount of stable is especially important to that.

Ms. TLAIB. And you know this. The majority of PHAs, I think the 19 PHAs right now—19 out of more than 3,000 that have tried to impose time limits later abandon these policies. Is that correct?

Mr. OBERDORFER. That is correct. One thing I would just add too is for the agencies that have done this, having additional funding for self-sufficiency programs to help families maintain childcare or get additional education, all of those—

Ms. TLAIB. They should check out my Economic Dignity for All package.

Mr. OBERDORFER. Yes. Very important, yes.

Ms. TLAIB. Mr. Oberdorfer, do you have any reason to believe that these barriers have disappeared?

Mr. OBERDORFER. No, I do not.

Ms. TLAIB. Have your members expressed concerns with the proposed changes to you directly?

Mr. OBERDORFER. What our members have expressed is that there needs to be PHA discretion to decide whether or not these changes would work for them. Again, we are seeing costs for rents continue to go up. We are not necessarily seeing costs of income for folks go up. So it does make a little bit of a challenge.

Ms. TLAIB. You know 81 percent of nondisabled HUD participants without young children were—81 percent were employed in the past year. Those who not working are typically attending school, providing care, or having a disability. Do you think, given that the vast majority of working age HUD participants are already employed, what kind of administrative burden will this impose on PHAs and owners right now?

Mr. OBERDORFER. That is a great question. There would be significant administrative burden for that mainly, again, from the compliance piece because you would need to check with all families to make sure whether or not they would fall under the requirements for the potential rule if they were provided a safeguard provision; all sorts of things that would need to be checked annually when doing all of the additional eligibility verification that agencies have to do. I think that goes back to the complexities of the regulatory compliance for these programs.

Again, I think it is critical that we are ensuring residents are safe and that agencies are being responsible stewards of taxpayer dollars, but we need to think about how we can streamline these programs in a way so that additional staffing can be used for actually serving the community as opposed to—

Ms. TLAIB. It is common sense to me. I mean, it is very clear this is not going to work.

When a handful of States imposed work requirements in Medicaid programs, Eric, thousands of people were erroneously kicked off the program because of paperwork issues and red tape despite the fact that they were actually working. Should we be worried about people accidentally losing their housing assistance despite meeting program requirements?

Mr. OBERDORFER. If there is a rule that moves into the final rule position, I would say yes. There needs to be safeguards put into place to make sure that does not happen and there needs to be the proper implementation timeline to ensure that those families are not—there are not families impacted that should not be.

Ms. TLAIB. Is this statement true, that this is not evident-based policymaking?

Mr. OBERDORFER. I would say when looking at the population that most of these programs serve, it is a small number of individuals that would fall under these requirements, so—

Ms. TLAIB. I am frustrated for your members, just so you know. I feel like we are constantly trying this stuff over and over again even though we have actual evidence that shows it does not work.

Mr. OBERDORFER. Yes. I know you mentioned this as well, but some of the information that has come from the Moving to Work agencies that have tried this, it is a really interesting read to see what it looks like when implemented on the ground.

Ms. TLAIB. Thank you. I yield.

Chairman MEUSER. The gentlelady yields. The gentleman from Florida, Mr. Haridopolos, is now recognized for 5 minutes.

Mr. HARIDOPOLOS. Thank you, Mr. Chairman. Again, happy birthday to you, my friend. Great to see you.

I am going to keep—wide open question. You guys have answered very detailed questions but as a new member of the committee, what I want to get a general feel—I am going to ask Mr. Schwartz and Mr. Ozdinec about this as well if you do not mind.

Mr. Schwartz, you have been involved in this for over 30 years, and obviously you have an opinion about the direction in which HUD is going, and where you have seen the good, the bad, and the ugly, I would imagine, in those 30 years.

If you gave a piece of advice to the committee given on your vast experience—and I really like your focus on ethics that you discussed—what is the best thing that we could do on this committee to either empower Congress or those folks in the field who are trying to help out people with affordable housing?

What is the best thing we could be doing right now in Congress to change the dynamic for the better?

Mr. SCHWARTZ. Thank you for that question.

My experience with NYCHA—public housing is not 30 years. It is really since I got involved with NYCHA, but it felt like 30 years.

It goes back to something I said before, drawing a difference between regulatory compliance and integrity compliance. The reason I go to that is because integrity compliance is not expensive. It is not—you do not have to throw money at integrity compliance. You have to be—you have to be a model. You have to talk about it. You have to create pride in the organization so that people want to do the work that they have.

I would say that HUD should have a code of conduct at every housing authority, whatever size that housing authority is. They should have programs that have to be followed so people understand what it means to be honest and they should punish when people are not being honest. You have to create that culture.

I do not know whether that is for—for frankly—for Congress—but certainly is for HUD, that HUD should take responsibility for that. When you do not pay attention to it, you are really sending the message that you do not care.

Mr. HARIDOPOLOS. Thank you. If I could do the same for Mr. Ozdinec, if you do not mind giving me your perspective, I would appreciate it.

Mr. OZDINEC. Thank you very much.

You know, there are going to be bad actors everywhere. You cannot legislate for stupidity or crime, and I feel badly about what the member just said about what was going on in Atlanta. To take that position you have to know—forget the code of conduct. You cannot take money, given the fact that you are in a position of authority and you are directing families to specific neighborhoods, I mean, the obviousness of that wrong you cannot legislate for.

So we can try to produce some regulations to prevent that from happening, or we can provide enforcement and oversight. I mean, I think those are your two choices to deal with that type of situation.

For every person like this example in Atlanta, there are 20 totally dedicated people in the industry who want to do the right thing, and it is complicated. It is hard work. I think Eric will attest to what his members deal with consistently, but you cannot legislate or regulate for crime. There needs to be some way to deal with that component part. When you get a bad actor, recognize it and do something—

Mr. HARIDOPOLOS. I mean, I am asking—you have been there for a while. I mean, you say there needs to be some way, so what is the way? You have been there for a while. What do you think is the way?

Mr. OZDINEC. I do not know the answer to that. I do not know the answer to bad actors. I know that in my career I dealt mostly with really good actors wanting to make a difference in their community. While they did not take a vow of poverty, they did not go out and use their position to engrandize themselves financially.

Mr. HARIDOPOLOS. Mr. Haller, do you have an opinion on this subject?

Mr. HALLER. I think what I can offer, Congressman, is that the lack of accountability we have seen, not even just with PHAs but other, like, project-based rental assistance properties and things like that is—in the example I gave was the Bingham Square case that we filed, I mean, you are accepting taxpayer money for rent for these folks; and yet, they walk away from the project, completely abandon the property.

Buildings are burning down. The tenants are left to their own devices. What was the result? They filed bankruptcy. There was no real accountability for the individuals in that case. I liked the example that—I think it was Congressman Hill gave of an actual criminal prosecution. When that is appropriate, I think that is the only way you can make sure that folks—

Mr. HARIDOPOLOS. I yield back, Mr. Chairman. Thanks for the time.

Chairman MEUSER. The gentleman yields back.

The gentleman from New York, Mr. Torres, is now recognized for 5 minutes.

Mr. TORRES. Thank you, Mr. Chair.

Mr. Schwartz, in your testimony you rightly describe NYCHA as an irreplaceable asset for the city of New York. I worry you were invited to testify not to underscore the irreplaceable value of public housing but to discredit and de-legitimatize public housing so that it is no longer seen as the irreplaceable asset that it is and I worry

that there are cynical critics of public housing who could easily seize upon your words to present a profoundly distorted and decontextualized view of NYCHA.

My first question: Do you think the Federal Government has historically treated NYCHA as the irreplaceable asset that it is?

Mr. SCHWARTZ. I do not know if that is a question for me, really, to—

Mr. TORRES. You have no opinion on the funding levels of—

Mr. SCHWARTZ. I have an—

Mr. TORRES. Let me make it more concrete. The latest appropriations bill passed by Congress cuts funding for NYCHA by 14 percent, which translates into the loss of \$100-million. Do you think a 14 percent, 100 million dollar loss is an example of the Federal Government treating public housing as an irreplaceable asset?

Mr. SCHWARTZ. I do not think that is a fair question for me, and I—but—

Mr. TORRES. You were the monitor for public housing for 5 years.

Mr. SCHWARTZ. And I—

Mr. TORRES. Funding is clearly relevant to the operation of public housing.

Mr. SCHWARTZ. I wanted to be the monitor because I think NYCHA and public housing authorities are so important.

Mr. TORRES. Your secretary, Scott Turner, denies that NYCHA has a funding crisis despite knowing nothing about public housing. Do you acknowledge that NYCHA has a funding crisis?

Mr. SCHWARTZ. Yes, I think there is a funding crisis. The question is why is there a funding crisis.

There are many aspects to it—

Mr. TORRES. Which level of government is the primary funding source for public housing?

Mr. SCHWARTZ. Well, I think the initial level is the public authorities themselves and—

Mr. TORRES. It is the overwhelming source of funding for public housing.

How much capital funding does NYCHA receive annually?

Mr. SCHWARTZ. I forget now. I forgot the number. It is a huge number.

Mr. TORRES. 700 to \$800 million. Do you acknowledge that NYCHA has an aging portfolio?

Mr. SCHWARTZ. Has an aging portfolio? It definitely has an aging—

Mr. TORRES. And what is the—do you know the age of the oldest building in the NYCHA portfolio?

Mr. SCHWARTZ. The oldest building?

Mr. TORRES. Yes.

Mr. SCHWARTZ. Is about 65 years.

Mr. TORRES. Longer; 91 years. NYCHA dates back to 1935.

Do you know how many boilers are in NYCHA's portfolio?

Mr. SCHWARTZ. Any—

Mr. TORRES. Boilers. The number of boilers in NYCHA's portfolio.

Mr. SCHWARTZ. Boilers are a very interesting subject, as I think we both know—

Mr. TORRES. No, I am asking do you know the number of boilers in NYCHA's portfolio?

Mr. SCHWARTZ. Oh. They have 2,300 buildings. Not every—some buildings have shared boilers, but there are 2,300 buildings—

Mr. TORRES. So, the answer is—

Mr. SCHWARTZ [continuing]. on 300 campuses.

Mr. TORRES. The answer is 755 boilers. Would you agree that replacing an aging portfolio of 755 boilers is a massive and expensive undertaking?

Mr. SCHWARTZ. It is. One of the big concerns is how it got into the position that it is in.

Mr. TORRES. I want to go to elevators. NYCHA has 3,044 elevators. Would you agree that replacing an aging portfolio of over 3,000 elevators, again, is an expensive and massive undertaking?

Mr. SCHWARTZ. We looked at it, and we are not sure that there is an industry that can provide that number of elevators when they are needed.

Mr. TORRES. I get the basic point. Roofs. NYCHA has 1,764 roofs. Again, replacing a portfolio of over 1,700 roofs is a massive and expensive undertaking. NYCHA is managing property on a scale that is unprecedented in the history of our country. There is no analog to the New York City Housing Authority.

In order to operate a property effectively, a property owner needs predictability and funding, yet funding for public housing is anything but predictable. Funding for NYCHA is subject to the whims of congressional appropriations which vary widely from year to year. As you know, NYCHA does not receive 100 percent of the formula funding for which it is eligible. It only receives a fraction of its formula funding. What is the lowest prorated level of funding that NYCHA has received since 2001?

Mr. SCHWARTZ. I do not know.

Mr. TORRES. It is 82 percent. So, suppose you are a private landlord, and I were to tell you are only going to receive 82 percent of the revenues that you expected to receive in the midst of rising expenses, rising taxes, rising water and sewer, rising utilities. Would you experience that as destabilizing?

Mr. SCHWARTZ. There would be a very difficult operation—

Mr. TORRES. So, it seems like that is relevant context in which to have a conversation about the management of public housing.

Mr. SCHWARTZ. You also look—

Mr. TORRES. I rest my case. My time is expired.

Chairman MEUSER. The gentleman yields.

The gentleman from New York, Mr. Garbarino, is now recognized for 5 minutes.

Mr. GARBARINO. Thank you, chairman. Thank you all, the witnesses for being here. I just was smiling—the previous questioner—and he talks about the funds and NYCHA not being funded properly and only getting certain amount that it is entitled—but Democrats in New York, what they have done to private landlords under rent regulation and the lack of money that they are going to be able to recoup through investment and rents and—they are going to be falling in disrepair.

They are going to actually look like NYCHA properties through actions by the State legislature and the New York City Council but

they will not talk about that. Rent regulation is a great thing, but when the funding is needed—Mr. Schwartz, is NYCHA's problem a funding problem?

Mr. SCHWARTZ. It is a complicated problem but the reason—one of the reasons NYCHA is in the position it is in now is that it did not care for the facilities that it had. It did not train people. It did not—they do not maintain—the oldest heating system in the NYCHA portfolio is about 65 years old, and it is still working beautifully today—or it was when I left in 2019. It was working beautifully because the maintenance people at that particular facility took care of it.

Mr. GARBARINO. Facility, right? I mean, because the reason you were there is because HUD, Southern District of New York, NYCHA, and the city of New York came to an agreement to put you there because of its unacceptable living conditions, including mold exposure, elevator outages, and unreliable heating and air conditioning, correct?

Mr. SCHWARTZ. Yes, and without plans to fix it. They did not have an approach and what we did was build an approach in each of those areas. As I said, despite the corruption, despite the other problems, there were important successes.

Seven thousand fans on buildings and cleaning the vents, vents that had not been cleaned for 60 years—I do not even know if you could call them vents after 60 years. NYCHA put together a team that did that job on budget, on time, and both complaints were down 50 percent in those buildings.

So they had—if they direct it correctly, if they use the analytics, if they have a plan you can get things done.

Mr. GARBARINO. I am a supporter of housing authorities. My love for my—my family love for them was represented by the Islip Town Housing Authority, and they did great work. They still continue to do great work. So I am not saying but you talk—we heard from the previous member, and you talk about the number of buildings under NYCHA's control.

You mentioned there are—people who manage some of the buildings know what they are doing but there are other people, bad actors or corruption—I mean, those cases are true. There were a lot of people that pled to stealing money from NYCHA, so there was obviously corruption going on there.

When you need this housing for people, when you need honest living conditions and there is Federal tax dollars going that way, when is—okay, some building managers do a good job; some building managers do not do a good job. When do we hit that element where there are so many people living here, there is so much money being spent here, nothing seems to be getting—specific example.

There was a—in November of last year, there was an explosion by a—there was a—the building partially collapsed on Alexander Avenue because of an explosion in a boiler room. Nobody was hurt, thank God, but 84 residents were displaced and that boiler issue had been—that issue had been known since 2018.

When do situations like this all of a sudden say NYCHA as a whole with these building—with the individual building—some

doing good, some of them not doing good, when does it all of a sudden say, okay, HUD or somebody else needs to take over?

I mean, there is—the original plan for the oversight with which you had was for 5 years. So much stuff was not addressed. It has to continue.

When is enough time enough time, and we have to change what we are doing?

Mr. SCHWARTZ. I do not know any precise answer to that, but there was a combination you can do. One of the ways we improved the heating at NYCHA is to have outside contractors maintain the facilities rather than having NYCHA employees do it. The record shows private sector, they took care of the maintenance, and the operation worked more effectively.

Mr. GARBARINO. I am sorry to cut you off. My time is out. Maybe we should get you back over there to manage things because it sounds like you have some good ideas.

Chairman MEUSER. The gentleman from New York yields.

The gentleman from Texas, Mr. Green, the ranking member of the Subcommittee on Oversight and Investigations, is now recognized for 5 minutes.

Mr. GREEN. Thank you, Mr. Chairman. I thank the witnesses for appearing as well.

I am concerned. Mr. Oberdorfer, the Fiscal Year 2026 appropriations package that passed the House last week cut over—overall public housing funding by nearly \$500 million compared to 2025, including a nearly 15 percent cut to the public housing operating fund that allows PHAs to administer the program.

I have a question for you, sir: HUD was formed in 1965 under the leadership of the Honorable John F. Kennedy, may he rest in peace, has HUD or this particular fund, the operating fund, ever been overfunded?

Mr. OBERDORFER. Thank you for that question.

When looking at historical levels for the operating fund, usually it is around 85 to 90 percent or so prorated, meaning that for every dollar an agency should get, it gets about 85 cents to \$1.00.

During the pandemic, there was one spot where it went higher than 100 percent, but that was also just because of the extenuating circumstances that came from that. So historically, no, that fund has never been funded at the amount that was determined necessary to be funded by the Federal Government.

Mr. GREEN. Is that a very polite way of saying it has never been overfunded?

Mr. OBERDORFER. Yes.

Mr. GREEN. Let us move to another point in this. How has the lack of funding impacted the agency's ability to provide services and maintain properties?

Mr. OBERDORFER. That is a great question. I think I always think about it this way when I am talking to folks about the challenges that come from the funding levels that have been seen by the public housing both operating in capital fund.

One, if you think about having an issue with your roof where you know you need to go in and fix that, but you do not have all of the money necessary to go in and do that, you can put a temporary fix on it to have it solved. That costs less but we know it does not

make the issue go away. In a year's time, that is only going to increase the amount of cost to fix that issue.

I think we have seen that happen a lot at agencies who are working very hard to make sure those units are as safe as possible for their residents but have to deal with the difficult reality that they are receiving 85 cents to every dollar that was determined by the Federal Government to help them with the day-to-day maintenance of those programs.

Then with capital fund needs for larger modernization projects we have seen the highest amount of funding for that at 3.2 billion but there was a report that came out all the way back in 2010 that identified PHAs needed at least 3.4 billion per year to maintain all of their capital needs.

Two thousand ten dollars are very different from two thousand twenty six dollars. Even though we have seen the number of units decline in the public housing program, we have never seen those costs keep pace.

So again, we are putting temporary fixes on things to make sure those units are safe but adequate and full funding is necessary to make sure that agencies are able to adequately maintain those properties so that we do not run into additional issues down the line.

Mr. GREEN. Let us move to the housing choice vouchers. Has this program ever been overfunded?

Mr. OBERDORFER. So, with the housing choice voucher program, there are two accounts. There is a housing assistance payment which is the rent that goes to tenants. Typically, we see that at close to full funding. I would want to point out the second account which is the housing choice voucher administrative fee.

That is the funding that agencies use to help folks get leased up, to help them manage their programs, make sure they are in compliance, make sure proper oversight is done.

When looking at the admin fee, we have not seen full funding for that since 2003. In fact, in the Fiscal Year 2026 bill that just passed, it would put it at about 82 cents for every dollar that the administrative fee formula determines agencies would need to run their voucher programs.

Mr. GREEN. I find it quite interesting that the programs are underfunded, and someone has concluded that the solution is to underfund. Programs need additional funds, then get them but then the solution becomes, well, let us cut. Let us cut the programs. Let us cut the funds. I do not comprehend the logic. I yield back.

Chairman MEUSER. The gentleman yields.

The gentleman from Nebraska, Mr. Flood, the chair of the Subcommittee on Housing and Insurance, is now recognized for 5 minutes.

Mr. FLOOD. Thank you, Mr. Chairman.

First I would like to thank you for having this important hearing today. It is essential that we use our oversight responsibility in this committee to ensure PHAs are living up to their mission and utilizing taxpayer dollars appropriately.

In New York City and Atlantic City, we have seen evidence of rat infestations, and in Indianapolis and Omaha we have heard reports of bed bug infestations.

Mr. Haller, can you please speak to the pest and vermin infestations that you have seen in Indiana and explain why it took so long to resolve those issues?

Mr. HALLER. Unfortunately, Indianapolis is one of the hotspots for bed bugs. You are correct there. They are very difficult to treat and very expensive. So that is one aspect of it. We saw rodents as well. That tends to correspond with not having enough trash removal. Services are allowing trash compactor systems to get backed up and things like that.

Again, I think when it comes to regular maintenance, making sure those very basic things are done right, including preventative treatments on a regular schedule, that is how you ultimately prevent those situations from getting out of control.

Mr. FLOOD. My second question, Mr. Haller. Your written testimony references the need for stronger inspection standards. However, we were hearing concerns that the New Albany Housing Authority instructed maintenance workers to do shoddy fixes in an attempt to actively mislead inspectors. Can you commit to having your office look into these allegations?

Mr. HALLER. Congressman, I would very much appreciate if you would share that information with us, and we would be happy to correspond with you about that.

Mr. FLOOD. Appreciate that.

One common issue we have seen with PHAs is that boards and senior executives often have no experience in real estate, property management, or the like. These are political patronage jobs, and they sometimes have no business running a PHA.

Mr. Ozdinec, can you describe how having experienced boards and senior execs impacts the quality of services provided by PHAs?

Mr. OZDINEC. Yes. Thank you for the question.

That was one of the goals of the HOPE VI demonstration in the early 90s, was to increase the level of sophistication of executive directors and their understanding of the real estate processes and principles in the private market.

Housing authorities had up until that period of time never had to worry about how to administer and manage public housing the way everybody else does with reserves, understanding you had to collect enough rent to cover your expenses, the basic principles of property management.

I think we made great strides with HOPE VI and in raising level of sophistication of executive directors and their staff to understand how private multifamily property managers manage their portfolios and to use the best that is available for their own operations.

Mr. FLOOD. Mr. Schwartz, do you believe that property managers should have relevant experience and how important is that?

Mr. SCHWARTZ. I think it is important—one of the recommendations we made to NYCHA which they adopted was to separate the job of chairman and CEO so that—we looked to the chairman to be the person, really, the Mr. Outside or Ms. Outside, to deal with the agencies, and then the CEO to be the operational person. It

was not—it was too much for one person, especially at a—size of NYCHA.

The other thing we recommended is that—and this is one of the few things that I recommended that actually cost money but I recommended that the board should have a budget and that the members of the board should have the opportunity to engage specialists and to help them as they look at the decisionmaking, whether they need an architect or an engineer——

Mr. FLOOD. Sure.

Mr. SCHWARTZ [continuing]. something to help them make an educated decision.

Mr. FLOOD. So yesterday myself along with Chairman Meuser and Chairman Hill sent letters to 32 PHAs designated as “troubled” by HUD, including the OHA, requesting information on how they ensure the physical safety and financial sustainability of their properties. I do not have much time here.

Mr. Schwartz, Well each PHA is different, what are some of the best—briefly—best practices that people can—that PHAs can implement to quickly respond to residents’ needs and abate hazards? To the extent I only have 17 seconds left, I would ask that you answer that question on the record with the help of committee staff.

With that, I yield back.

Chairman MEUSER. The gentleman yields.

I would like to thank all witnesses for your testimony today. Without objection, all members will have 5 legislative days to submit additional written questions for the witnesses to the chair. The questions will be forwarded to the witnesses for their response. Witnesses, please respond no later than March 17, 2026.

[The information referred to can be found in the appendix.]

This hearing is adjourned.

[Whereupon, at 3:46 p.m., the subcommittee was adjourned.]

APPENDIX

MATERIALS SUBMITTED FOR THE RECORD

**House Committee on Financial Services
Oversight and Investigations Subcommittee Hearing of 2.10.2026, Entitled
“Building a Solid Foundation: Restoring Trust and Transparency in Public
Housing Agencies”**

Supplemental Testimony of Bart M. Schwartz Submitted 3.9.2026

Question from Mr. Flood

What are some of the best practices (briefly) that PHAs can implement to quickly respond to residents' needs and abate hazards?

Answer

To quickly respond to residents' needs and abate hazards, PHAs should prepare by creating and following an emergency response protocol that among other things identifies the management persons required to receive immediate notification of and who are required to participate in properly addressing the hazard.

Attention should be paid to those events which require expert third-party responders.

A hierarchy of senior management should be identified to ensure availability.

The protocol should ensure the elevation of matters to appropriate senior management.

The PHA must take steps to educate all responsible personnel on how to apply and enforce the rules of the operations team in all matters, but especially in urgent matters and emergencies. Each level of personnel should know their roles and responsibilities.

Each responsible person should have a clearly designated back-up when the primary person is unavailable.

Qualified (and when required licensed) contractors should be utilized as necessary with clearly written contracts that cover the required scope of work and reporting chain to authorized decision makers.

Standard operating procedures (SOPs) covering abatement of hazards should be prepared and posted for all PHA employees and residents. Employees should receive training on the SOPs and should be required to acknowledge having received the training.

Compliance with SOPs should be audited by the PHA and findings reported to senior management.

SOPs should be evaluated by senior management and as necessary revised annually.

All superintendents and their assistants should receive training - immediately upon being hired or transferred to a new location - regarding the systems in use on the properties for which they are responsible, as well as the conditions typically encountered at the property.

PHAs should use a work order system that captures diagnostic information, includes pictures or video of conditions, historical data, includes information on test results, toxic substances such as asbestos, lead and mold, and assigns severity categories to prioritize responses to work orders.

Historical data on work orders and the health of buildings and systems should be kept and used to create "heat maps" that show where and when work has been performed, by whom, is most urgently needed and identifies the type of work needed to appropriately address substandard conditions.

Additional RemarksRegarding Income Necessary to Support Section 9 Operations

There is no question that PHAs operating under the model established by Section 9 of the Housing Act of 1937 need adequate income to provide the mandated requirement of providing decent, safe, and sanitary housing, and to keep properties in good repair. The sources of such income include federal (HUD), state and local funding, as well as rent required from residents.

Determining the appropriate amount of such income and the division of responsibility for providing funding between federal, state and local governments was not part of my scope as the federal monitor of NYCHA. I endeavored to fulfill my many enumerated responsibilities in conformance with the detailed Agreement executed by the federal government, NYCHA, and the City of New York. I accurately reported on my undertakings as monitor, NYCHA's performance, including the many successes NYCHA achieved during my tenure, and offered my views based on my observations and experience as to what NYCHA (applicable to all PHAs) can do - indeed must do - to be run as well as possible.

I did not appear before this committee to serve as an advocate for any political position on the subject of funding.

That said, I am – without question – an advocate for the proposition that public housing authorities must and can be well run, according to best business practices, and that they must have sufficient controls in place to ensure that they are not deprived of precious income by fraud, waste and abuse.

Regarding Section Three of the HUD Act of 1968

As described on the web site of the City of New York

Section 3 of the Housing and Urban Development Act of 1968 [as amended] requires that recipients of financial assistance provided by [HUD], including developers, owners, contractors, and their subcontractors provide, to the greatest extent feasible, training and employment opportunities for low-income area residents and contract opportunities for the performance of work by local businesses owned by and/or employing low-income residents.

HUD requires [the New York City Department of Housing Preservation and Development or HPD] to collect information on every sponsor, contractor, subcontractor, etc. that receives a contract or loan agreement, funded entirely or in part by federal funds in excess of \$200,000, to ensure compliance with Section 3 regulations (or in excess of \$100,000 for work funded by the Lead Hazard Control and Healthy Homes programs). Section 3 applies to housing rehabilitation, housing construction, and other public construction projects.

The federal "Section Three" program under HUD's auspices should always be utilized - and its use audited - to the maximum extent possible to provide vocational training and jobs for PHA residents to facilitate their movement onward from public housing.

HUD must continuously require that PHAs (and their contractors) meet their Section 3 responsibilities and do everything necessary to ensure that, for example, residents are aware of Section 3 training and hiring opportunities and how they can be pursued. PHA procurement departments must be an important part of Section 3 compliance.

Without continuous best efforts to meet Section 3 requirements, and innovative thinking in maximizing the impact of the program, many potential applicants are not connected to opportunities that could greatly benefit their lives.

Regarding the Necessity of Maintenance to Preserve Capital Equipment

Without proper maintenance, and the training of employees to perform such maintenance, the benefit of expenditures on new capital equipment is drastically reduced, as it quickly becomes "old" equipment before its time.

Such a prescription should be self-evident but has been ignored by PHAs and policy makers. One of the differences between good and bad property managers is that the good ones take care to extend the life of their aging equipment through regular inspection and service. Deferred maintenance ends up being oppressively expensive.

Regarding the Difference Between Regulatory and Values-Based Compliance

There is a material difference between "regulatory compliance" and "values-based compliance." Regulatory compliance is the legally required compliance with statutes, rules, and regulations. That goal cannot be achieved without adherence to a values-based compliance program derived from an ethics-based code of conduct to which all PHA employees must adhere (and receive continuous training on).

The corruption that my team uncovered at NYCHA in the relationships between 70 superintendents and vendors (when they were caught abusing the micro-purchase rule) is a case in point. Vendors paid bribes to superintendents in exchange for getting contracts and then performing shoddy work without fear of proper inspection and sign-off. They acted for years with a sense of impunity, and with a complete disregard for ethics and sense of dignity.

A proper values-based compliance program founded on a rigorous code of conduct would have inhibited such outrageous scheming. Combined with adequate

supervision and proper employee performance reviews, employees would have been aware of the likelihood that their conduct was criminal and would cause life-altering consequences for themselves and their families.

What is most important though, is that a values-based compliance program builds character and fosters pride in employment, good behavior, and builds strong, loyal teams. These goals are always in the best interests of the workers, the PHAs, and residents.

RECOMMENDATIONS FOR IMPROVING PHA OPERATIONS

1) PHA senior leadership should:

- a. perform at the highest standards of excellence - and individual executives must be regularly assessed and terminated when they do not meet this goal,
- b. make informed, judicious decisions about spending as part of a cohesive, long-term strategy,
- c. ensure that the CEO and Chair are fulfilling their respective responsibilities.

2) PHAs should:

- a. determine the right mix between central and local management functions, and right-size the workforce through efficiency studies,
- b. appropriately train managers, supervisors, and workers to execute and be held accountable to well-considered standard procedures and work rules; and require adherence to defined and well-calculated productivity standards,
- c. reward productive employees,

- d. discipline employees who knowingly violate work rules and standard procedures,
 - e. terminate nonproductive employees or those who repeatedly or egregiously violate work rules and standard procedures,
 - f. collect all rent owed,
 - g. enforce resident rules of conduct,
 - h. evict residents who repeatedly violate rules of conduct or who do not pay their rent,
 - i. institute appropriate procurement, contract, and vendor management protocols and procedures; require that vendors and contractors always provide bargained for goods and services; and ensure that their performance is regularly evaluated.
- 3) PHA Board members should sit as fiduciaries, be trained and understand the role of the Board, execute a strategy of oversight and accountability as a Board, be aided by third-party professionals and experts as prudent, run proper meetings and closely scrutinize the operation of the Authority on a continuous and disciplined basis through the operation of committees which oversee the various departments comprising the Authority and report their findings and recommendations to the Board as a whole, which will hold all accountable.

ADDITIONAL POINTS FOR CONSIDERATION

Administration

1. Every municipal agency that has dealings with a PHA should have a designated, senior staff person assigned to be the point of contact between their agency and the PHA. There should also be a designated "point" person assigned to all major utility companies and any other entities that are

essential for the PHA with which to coordinate in times of emergencies or other instances when immediate action is critical. This will facilitate better communication, and more effective decision-making and outcomes when issues arise involving the PHA and other city agencies.

2. PHAs should regularly confer with other municipal and state agencies and authorities with similar issues so that these organizations can learn from each other.

Community & Resident Engagement

1. PHAs need to continually strive to be more effective with resident communications.
2. PHAs should have resident committees that regularly engage with PHA leadership and give recommendations for improving operations.

Governance

1. A PHA Board should be structured as a proactively functioning board with fiduciary responsibility (rather than just a “rubber stamp” for procurement and other ministerial matters). Board members need to be properly trained, have access to information, ask questions, probe and demand to be kept abreast of important issues and decisions, and be fully engaged in the PHA’s progress towards resolving problems and complaints.
2. A PHA chairperson should draft and distribute a policy regarding zero tolerance for improper and unethical conduct. The policy should also emphasize the requirement for all PHA employees to be honest and truthful when performing their work.
3. The role of a PHA chairperson should be a full-time, salaried position.

4. PHA bylaws should recognize and adopt best practices for the PHA's administration and operations.
5. PHA bylaws should state the Chair's authority in leading the Board, ensuring that the Board is performing its duties, overseeing the integrity of Board decisions, seeing that all matters of importance are brought to the Board by NYCHA and are fully vetted by the Board. The bylaws should further emphasize the Chair's role as spokesman for the residents.
6. The bylaws should describe the Board's roles and responsibilities, including oversight of operations; monitoring of financial controls and decisions, including vendor contracts and their execution; setting of policies regarding compensation, as well as rules for attendance of the CEO and management; adoption of a code of ethics for all officers and employees; and establishment of policies and procedures for all personnel.
7. PHA bylaws should include direction and requirements for a Board committee structure that includes non-Board member subject matter experts as committee members reporting to the Board, who will elevate the quality of Board discussions and consideration of PHA issues.
8. PHA bylaws should establish professional qualifications and mandatory training for Board membership and ensure effective representation of resident organizations.
9. The Board of a PHA should meet monthly or more frequently as required by circumstances and be compensated. There should be an annual review of each Board member's participation in his or her assigned committees.
10. The Board should substitute written requests for minor expenditure approvals, submitted in advance, to avoid time being spent on presentation of expenditure items and other perfunctory items so that it can use its time more efficiently and attend to more important matters. A written agenda should be submitted in advance of the Board meeting, focused on important and new issues affecting the PHA.

11. The agenda for Board meetings should include reports from the Chair and CEO on their activities and of those who report directly to them to enable informed questioning by board members.

Operations

1. PHA operational management should coordinate with the Board to create a Code of Conduct for all employees with an emphasis on ethics. The PHA should develop a plan to systematically roll out the Code to all employees and contractors and provide relevant training.
2. All motor vehicles utilized by a PHA should be equipped with operational GPS tracking devices, and a procedure for regular analysis of the location data should be written and implemented.
3. All PHA hand-held data and communication devices used by employees should have GPS tracking and the capability to take photographs and videos and record other information to upload to a central database. Data obtained from GPS tracking on hand-held devices must be regularly analyzed to help ensure accountability.
4. PHAs should promptly pay vendors after goods have been delivered and inspected, and services rendered and approved and should thoroughly inspect and timely approve or reject all work when completed. Photos should be taken as necessary.

Continuous Improvement

1. PHA leadership should define how it will be structured to improve performance, efficiency and overall property management operations and allocate staff and resources accordingly.
2. The leadership must continuously assess and, as prudent, refine organizational structures, business processes, and communication channels, and provide staff with the tools to achieve and measure defined change goals.

In doing so, the PHA must embrace an organization-change approach that enables management to think strategically, set and communicate priorities, and ensure the effectiveness of policy decisions.

3. PHAs should employ a structured continuous improvement program, drawing from expertise within the PHA and building upon internal centers of excellence to expand into all aspects of PHA operation.
4. PHA leadership must define and communicate a) annual, three-year and five-year agency priorities for leadership and management to align with; b) an operations plan which assigns appropriate decision-making authority at the development level to facilitate improvements in property management; c) support for the operations plan, through training and managing, and with expectations of central office support for localized decision making; and d) an expectation that departments and managers will work together to achieve objectives.
5. Leadership should a) address systemic issues and root causes in lieu of “firefighting” a discrete issue, b) use data analytics as a tool to find solutions to systemic problems, c) strive for adherence to best practices, d) keep safety, environmental hazards, and improved workforce productivity front and center, and e) work with HUD and elected officials to assist in solving systemic problems.
6. Solutions and actions should be informed by risk assessment, knowledge of best practices, and should identify organizational impediments to good management, such as inadequate data and inadequate use of data, deficient training, failing to value quality as much as quantity, and failing to make quality assurance every supervisor’s responsibility.
7. PHA leadership should communicate frequently with all stakeholders - and always when required by prudence. Communication must be up and down the hierarchy. Leadership must learn to trust employees when good conduct is demonstrated, and such trust is earned.

8. A PHA should use interdepartmental teams and work groups to address issues, draw upon the strengths and subject matter expertise of employees and adopt successful practices and spread their knowledge across the organization. A PHA should create centers of excellence.
9. PHAs should a) have accurate job descriptions, including competencies, b) provide clarity to executives and managers regarding what constitutes good performance, c) define the skills needed to successfully manage properties and to prioritize and make appropriate and timely decisions regarding property management, and d) incorporate these skills into job descriptions and training programs.
10. PHAs should establish and continuously refine performance standards, and work with unions to establish appropriate job titles, experience levels, and training programs.
11. PHAs should continuously train property management teams regarding standard operating procedures and best practices.

Safety & Security

1. PHAs should address any concerns expressed by residents and staff regarding safety and security, particularly regarding feeling intimidated by trespassers and certain residents, and take appropriate enforcement action when rules are violated.
2. PHAs should establish a close working relationship with local law enforcement with designated points of contact.
3. **NYCHA, and probably other PHAs, make it the responsibility of development superintendents to confront squatters, dangerous animals, criminals and other serious offenders, knowing that the superintendents are not trained to do this work and therefore they do not address the problem. As far back as 2022, I recommended that NYCHA centralize this responsibility with trained personnel who had the responsibility to**

confront these problems. NYCHA rejected the proposal. Considering the need for apartments for deserving families in New York City (and elsewhere), the need is even greater now for NYCHA to focus on this problem and set up a centralized and trained approach to it.

Other Actions

1. PHAs should have a budget planning process that establishes policy and priorities prior to initiation of the budget process.
2. PHAs should conduct and review staffing assessments and productivity analyses throughout the Authority. This will help to identify productivity savings and help “right size” the central office functions.
3. PHAs should consolidate existing property level information created by various departments and create one comprehensive property level plan including asset management and needs assessments. These plans will support cross-departmental strategizing and decision-making. These plans will help maintain the knowledge continuity chain in the event of high employee turnover rates.
4. PHAs should support residents to be full and accountable partners with the Authority. As recognized by HUD (under 24 CFR Part 964, often referred to as "Section 964," which established the right of public housing residents to organize, form resident councils, and actively participate in the management and decision-making processes of their housing agencies) a PHA resident base is a tremendous resource that can be better leveraged to support change. Resident engagement teams should be in place and effective. Residents are the eyes and ears of the properties. Along with staff, residents must be a part of problem solving. Resident behavior impacts employee morale and their ability to properly perform their work. Residents can generate many good ideas for the PHA and responsible public officials.

Question #1: Should Congress consider direct allocation and a role of private sector partners with enforceable timelines and to reduce the cost per unit?

Answer: Yes. In fact, the Department is conducting a demonstration which should inform the effort for further thought and development. The idea of direct allocation while new to north America, is used in some in European countries. It would, indeed, be a major overhaul to the current “balkanized” system of financial support for poor Americans currently offered. In fact, the demonstration may prove that providing cash would further incent private investment and reduce overall cost to the treasury.

This demonstration may also offer insight into that question and all the other questions related to eligibility, amount, enforceable timelines and many others. Context and early observations are offered in the attached HUD reports.

[The Future of Rental Assistance: Lessons Learned from Implementing and Evaluating a Direct-to-Tenant Cash Assistance Program, PHLHousing+ hip_phlh_housingoutcomes_brief.pdf](#)

I also recommend reading material that offer context, not about direct assistance but the public housing program:

[The Final Report of the National Commission on Severely Distressed Public Housing | HUD USER](#)

[The Projects: A New History of Public Housing | American Enterprise Institute - AEI](#)
[From Despair to Hope | Brookings](#)

While there are countless books that revolve around this 100 year experiment called public housing, these books may help to put context into the debate.

Question #2: What are the barriers of private sector participation?

Answer: The current overly bureaucratic system repels private investment. Philanthropists, investors, developers, planners, architects and countless others did create a more conducive environment to do the hard work using the HOPE VI program which preceded RAD. However, unlike RAD, having a \$50,000,000 federal HOPE VI grant from the start made the endeavor interesting to investors looking for solid returns

with less risk. These grants made the numbers work and it was clear that the federal government was assuming a predictable level of risk.


National Association of Housing and Redevelopment Officials

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Dear Representative Salazar,

Please find my responses to your questions for the record from the February 10, 2026 hearing titled "Building a Solid Foundation: Restoring Trust and Transparency in Public Housing Agencies" below. The National Association of Housing and Redevelopment Officials (NAHRO) remains ready to work with Congress to support public housing agencies and community development organizations in their shared mission to expand affordable housing and homeownership opportunities nationwide. Thank you for the opportunity to submit responses to your questions on this important hearing. Please feel free to reach out if you have additional questions.

Thank you,

Eric Oberdorfer
 Director of Policy and Legislative Affairs
 NAHRO
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Questions for the Record

Question:

Are PHAs required to publicly report public based voucher utilization rates, meaning unused vouchers by program and causes for non-utilization? If not, should Congress mandate standardized reporting to HUD with public reports?

Response:

Public Housing Agencies (PHAs) are required to report voucher utilization rates to HUD through the Voucher Management System (VMS). HUD then publishes this data, including voucher utilization, through public dashboards. It is important to note that unit utilization

Sean Gilbert, PHM, SPHM, NCC, NAHRO Fellow, President; Ivory Mathews, Senior Vice President; Marsha Parham-Green, CME, CPHM, CSI-HQS, Vice President - Budget & Administration; Joe Grisson, NCC, Vice President - Commissioners; Taryl Bonds, Vice President - Community Revitalization & Development; Angie Garcia-Nguyen, Vice President - Housing; Lisa Baker, Vice President - International Research and Global Exchange; Beverly Banks, Vice President - Member Services; Diane Cohen, CME, NCC, Vice President - Professional Development; Mark Thiele, C-PHM, CME, CMVO, NCC, Chief Executive Officer

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should not be evaluated in isolation; it should always be considered alongside budget utilization. Budget utilization is the amount of money spent within a year divided by the amount of money received through appropriations in a year. Unit utilization is the number of vouchers leased compared to the number of vouchers authorized for use by that PHA. In 2024, budget utilization was 105.6%, and unit utilization was 86.4%, reflecting both efficient use of funds and challenges in unit cost and availability. However, the fact that budget utilization far outpaces unit utilization demonstrates rental costs on the ground are surpassing what the Department of Housing and Urban Development (HUD) estimates units should cost. The average cost per voucher rose from \$648 in 2015 to \$1,087 in 2024, a 68% increase.

Question:

Can you break down causes or market constraints that would impact non-utilization of vouchers versus PHA-controlled factors?

Response:

Market constraints play a significant role in voucher utilization, often more so than factors within a PHA's control. Inflation, rising rental costs, lack of source of income discrimination laws in certain jurisdictions, lack of enforcement of source of income discrimination laws, vacancy rates, high security deposits, high screening fees, high rental application fees, one-time utility deposits, first and last moving costs, complex inspections protocols (which some landlords may not want to deal with), and Fair Market Rents (FMRs) set by HUD that do not keep pace with actual market conditions can all affect a PHA's ability to lease vouchers. The extent to which any given factor impacts utilization will depend on the specific rental market (e.g., some markets may have landlords that charge rental application fees while others do not). HUD determines FMRs using a methodology that relies on Census rental data on recent movers, identifying the 40th percentile rent for standard-quality units, adjusting it to current prices, and applying bedroom-size ratios for each housing market. However, this data often lags what is happening on the ground, and the inflation adjustments do not always keep pace with rapidly rising rents. As a result, FMRs can fall below the actual cost of units in the market and inflation factors often underestimate year over year increases in inflation.

When rents outpace FMRs, PHAs may struggle to lease up all available vouchers because families cannot find units that fall within program limits. These market pressures also affect agency finances. That is why it is critical to compare unit utilization with budget utilization. In many cases, budget utilization is already at or above 100 percent, meaning agencies must dip into reserves to keep currently assisted families housed. This underscores that the cost of the program is increasing more rapidly than HUD anticipates (i.e., HUD's renewal funding inflation factors do not keep pace with actual on-the-ground rental price increases) when it submits its annual budget request.