

April 18, 2016

The Honorable David A. Montoya
Inspector General
U.S. Department of Housing and Urban Development
451 7th Street, SW
Washington, DC 20410

Dear Mr. Montoya,

I respectfully request an investigation of the \$19,755,352.00 (Attachment A) in federal tax dollars the U.S. Department of Housing and Urban Development (HUD) awarded to the Alexander County Housing Authority (ACHA), in Cairo, Illinois, between 2008 and 2015. Since 2010 or perhaps longer, ACHA has misused federal funds and failed to provide residents with safe and affordable housing. I am concerned with the lack of HUD oversight, especially for the alleged asset management fees paid to the ACHA board. In order to fully understand this situation and prevent future abuse, I ask you to perform a forensic audit on the use of these funds.

In August 2015, *The Southern* exposed the mismanagement of the ACHA and uninhabitable living conditions of housing units in the article "Chaos in Cairo." Since this time, HUD has provided documentation to my office acknowledging the agency knew about the mismanagement of federal housing funds dating back to 2010 (Attachment B). In 2013, HUD released a report (Attachment C) that again found ACHA to be non-compliant with multiple federal and state housing and labor laws, in addition to discovering a "significant misuse of funds." Yet, despite acknowledging these issues, HUD continued to distribute funds to the ACHA, seemingly without taking the necessary steps to ensure the funds were being used solely for the benefit of people in need.

I am disturbed by HUD's continued flow of taxpayer dollars to the ACHA despite yearly documented financial mismanagement. Therefore, I ask your office investigate and make public how these funds were used. I also request the following information regarding the Alexander County Housing Authority and the distribution of federal housing dollars:

1. Please identify each grant and transaction to ACHA since 2008, as described in Attachment A, and detail the intended purpose of each of each transaction.
 - a. Under what statutory authority did HUD make these payments?
2. Were the federal funds awarded to ACHA from HUD used for purpose designated by HUD?
3. Of the money provided to the ACHA, how much was paid out as asset management fees or administrative fees? What percentage of the Capital Fund did ACHA draw in management fees?
4. What steps has HUD taken to ensure all of the money distributed to the Alexander County Housing Authority complies with the definition of "program income" as defined in section 200.80 of title 2, Code of Federal Regulations?

Thank you for your cooperation and prompt response,



Senator Mark Kirk