

AMENDMENT 795 -- Cancels abandoned and vacant HUD projects that remain incomplete more than five years after they were approved.

The HOME Investment Partnerships Program “is the largest Federal block grant to State and local governments designed exclusively to create affordable housing for low-income households. Each year it allocates approximately \$2 billion among the States and hundreds of localities nationwide.” The funds may be spent on a broad range of activities from purchasing to rehabilitating homes.¹

This program has squandered \$400 million on nearly 700 projects that have stalled or been abandoned.² Another 600 projects have not drawn any of the money allocated, tying up \$250 million.³

This amendment would require the Department of Housing and Urban Development to cancel construction and renovation projects funded at \$50,000 or more that—

- were launched more than five years ago that are still incomplete;
- had not drawn money against their HUD accounts in at least 18 months;
- are vacant and have been not sold or leased; or
- have never drawn down any money if the project has been obligated for a year or more.

The amendment would collect more than \$500 millions from deadbeat developers for failed, botched and abandoned projects.

¹ HUD website, accessed June 15, 2011; <http://www.hud.gov/offices/cpd/affordablehousing/programs/home/> .

² Debbie Cenziper and Jonathan Mummolo, “A trail of stalled or abandoned HUD projects,” Washington Post, May 14, 2011; http://www.washingtonpost.com/investigations/a-pattern-of-hud-projects-stalled-or-abandoned/2011/03/14/AFWelh3G_story.html?wprss=rss_homepage .

³ “Delayed dollars, defunct deals,” The Washington Post, May 15, 2011; <http://www.washingtonpost.com/wp-srv/special/hud/funding/> .

While The Underlying Bill Attempts To Prevent More Stalled Projects, It Does Not Cancel Or Collect The Half-a-Billion Dollars Currently Lost In Abandoned Projects

The underlying bill attempts to address some of the HOME program's mismanagement of funds, property, and projects. Specifically, "funds made available under this heading used for projects not completed within 4 years of the commitment date" are required to be repaid.

It is unclear if this provides HUD the authority to collect funds allocated in previous years or just the funds being provided by this bill.

This amendment would require HUD to cancel all of the abandoned HOME projects regardless of when the funds were provided.

More Than 1,300 HOME Projects Are Stalled Or Abandoned

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A nationwide investigation of the program by *The Washington Post* "uncovered a dysfunctional system that delivers billions of dollars to local housing agencies with few rules, safeguards or even a reliable way to track projects. The lapses have led to widespread misspending and delays in a two-decade-old program meant to deliver decent housing to the working poor. *The Post* found breakdowns at every level:

⁴ HUD website, accessed June 15, 2011; <http://www.hud.gov/offices/cpd/affordablehousing/programs/home/> .

⁵ Debbie Cenziper and Jonathan Mummolo, "A trail of stalled or abandoned HUD projects," *Washington Post*, May 14, 2011; http://www.washingtonpost.com/investigations/a-pattern-of-hud-projects-stalled-or-abandoned/2011/03/14/AFWelh3G_story.html?wprss=rss_homepage .

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- “Local housing agencies have doled out millions to troubled developers, including novice builders, fledgling nonprofits and groups accused of fraud or delivering shoddy work.
- “Checks were cut even when projects were still on the drawing boards, without land, financing or permits to move forward. In at least 55 cases, developers drew HUD money but left behind only barren lots.
- “Overall, nearly one in seven projects shows signs of significant delay. Time and again, housing agencies failed to cancel bad deals or alert HUD when projects foundered.
- “HUD has known about the problems for years but still imposes few requirements on local housing agencies and relies on a data system that makes it difficult to determine which developments are stalled.
- “Even when HUD learns of a botched deal, federal law does not give the agency the authority to demand repayment. HUD can ask local authorities to voluntarily repay, but the agency was unable to say how much money has been returned.”⁷

⁷ Debbie Cenziper and Jonathan Mummolo, “A trail of stalled or abandoned HUD projects,” Washington Post, May 14, 2011; http://www.washingtonpost.com/investigations/a-pattern-of-hud-projects-stalled-or-abandoned/2011/03/14/AFWelh3G_story.html?wprss=rss_homepage .



A developer has received \$5.5 million since 2006 to build houses on this lot in Anaheim, California, but no construction has occurred.⁸



A non-profit received \$350,000 in 2005 to build condominiums on this lot in Prince George's County, Maryland. The lot remains empty today.⁹

⁸ “Wilson Andrews and Debbie Cenziper, Stalled housing projects,” The Washington Post, May 15, 2011; <http://www.washingtonpost.com/wp-srv/special/hud/stalled-projects/#> .

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\$1.7 million was spent to purchase land, build roads, and install utilities as part of a low-income housing project in Nashville, Tennessee, but no money remains to construct the homes. The project is “essentially kind of moth-balled,” according to the director of development.



A developer was given \$700,000 in 2003 to build low-income housing in Newark, New Jersey. The project has been terminated but the funds have not been recouped.¹⁰

¹⁰ “Wilson Andrews and Debbie Cenziper, Stalled housing projects,” The Washington Post, May 15, 2011; <http://www.washingtonpost.com/wp-srv/special/hud/stalled-projects/#> .