

hud NEWS

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HUD TAKES OVER MIAMI-DADE HOUSING AUTHORITY, APPOINTS RECOVERY ADMINISTRATOR *Financial irresponsibility cited as primary cause for takeover*

WASHINGTON – The U.S. Department of Housing and Urban Development announced today that it will take possession of the Miami-Dade Housing Agency (MDHA) in 10 business days, saying the agency had demonstrated a pattern of financial irresponsibility and mismanagement of its Section 8 rental housing voucher and public housing programs.

“For several months, we at the federal level have reached out to local leaders to work in partnership to get the agency back on track,” said HUD Assistant Secretary of Public and Indian Housing Orlando Cabrera. “HUD tried without success to get Miami officials to enter into what is known as a cooperative endeavor agreement that would have allowed us to work together as partners to restore the Miami community’s faith in its housing agency. Local officials have rebuffed us, claiming they are making progress. Notwithstanding these claims of progress, HUD has verified that the problems identified by HUD are getting worse, not better.”

“A takeover has always been our last resort,” he added. “We, like the people of Miami, continue to hear about MDHA’s plans to improve, but plans on paper are meaningless to families and communities waiting for decent housing and action. It would be irresponsible to wait any longer.”

HUD began the takeover process today by delivering two letters of default to Miami-Dade County Mayor Carlos Alvarez and Bruno A. Barreiro, Chairman of the Board of County Commissioners. The letters inform them that the agency violated federal law by defaulting on its Section 8 Consolidated Annual Contributions Contract and its Public Housing Annual Contributions Contract – the contracts which govern the myriad of programs and HUD funding administered by MDHA.

The major findings cited by HUD in the default letters were:

- Failure to annually re-certify Section 8 tenants. Failing to do annual re-certifications can cause truly needy families not get the assistance they need because some tenants may be receiving

more housing subsidy than they are eligible to receive, or there may be tenants who may no longer qualify for the program.

- Numerous and gross accounting errors in annual financial statements from 2002-2006 -- in the tens of millions of dollars.

The delivery of the default letters means that within 10 days HUD will begin to take possession of all MDHA assets, projects and programs of MDHA.

HUD has appointed Donald J. LaVoy, a senior public housing official, to serve as MDHA's recovery administrator overseeing the day-to-day operations of the agency. LaVoy, who is currently a senior advisor in the Office of Public Housing, has been with HUD for 10 years, focusing on creating new systems to help public housing authorities operate more efficiently. He created HUD's Office of Real Estate Assessment Center in 1997 and headed the office until 2002. He also created the Public Housing Assessment System (PHAS), which is the instrument HUD currently uses to assess the condition of housing authorities. LaVoy has also worked closely with housing authorities to help them move forward with their HOPE VI developments.

"We are confident the recovery administrator will take the necessary actions to correct deficiencies at MDHA that has led to us to the point of taking possession of it," said Cabrera. "We look forward to working with the both the agency and the county to right this ship."

There are approximately 4,100 public housing authorities nationally. With the actions taken in Miami-Dade, HUD has possession of seven public housing authorities in the United States, including two housing authorities in Florida – Riviera Beach and Sarasota. HUD is also in control of housing authorities in the following cities: Detroit, East St. Louis, Ill., New Orleans, and Wellston, Mo. HUD is also in control of the Virgin Islands Housing Authority.

To view copies of the letters sent to the County of Miami: <http://www.hud.gov/offices/pih/>

HUD is the nation's housing agency committed to increasing homeownership, particularly among minorities; creating affordable housing opportunities for low-income Americans; and supporting the homeless, elderly, people with disabilities and people living with AIDS. The Department also promotes economic and community development, and enforces the nation's fair housing laws. More information about HUD and its programs is available on the Internet at www.hud.gov and espanol.hud.gov.