

Corruption is rampant at HUD and affordable housing projects

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What is happening at Effie's House and EBALDC is just one bright shining example of what is happening throughout the City of Oakland in the many subsidized housing projects owned by numerous non-profit housing developers that are members of the East Bay Housing Organizations (EBHO)!

Corruption is rampant at HUD and affordable housing projects

By Lynda Carson -

Oakland - As important as HUD and its subsidized housing programs are to veterans, the poor, elderly and disabled, corruption is rampant from the top to the bottom in the realm of HUD and its tax payer subsidized housing programs. Corruption that is unfair to the homeless and low-income persons on the waiting lists trying to get into a so-called affordable housing project.

As just one example, the East Bay Asian Local Development Corporation (EBALDC) is one of Oakland's largest nonprofit housing developers using tax credits to fund its subsidized housing projects for the poor, in addition to providing housing to low-income tenants with Section 8 vouchers, and Shelter Plus Vouchers. Additionally, EBALDC receives funding from the Home Program, and federal subsidized Section 8 Project-Based Vouchers in addition to grants and funding from numerous other federal programs being used to subsidize and fund its many so-called affordable housing sites, and programs.

Politically active like many others in the multi-billion dollar affordable housing industry, public records from the Federal Election Commission (FEC) reveal that during 2012 EBALDC gave \$100 to Obama For America.

In its website EBALDC claims to have developed 1,918 homes to house around 3,600 people in the East Bay. EBALDC also claims that the organization directly manages 1,126 residential rental units in 19 properties, and have developed and manage more than 300,000 square feet of commercial space at their properties.

What is not being told to the public and tax payers who subsidize EBALDC's rental properties in Oakland and the East Bay is that EBALDC has been providing tax payer subsidized housing to some of its employees in their numerous subsidized housing sites.

Additionally, it appears that it is totally legal to provide subsidized housing to the friends and relatives of EBALDC's employees, and often they get preferential treatment over persons on the housing waiting lists including the homeless, elderly, and disabled desperately seeking affordable housing. In comparison, these types of activities are totally prohibited in public housing projects all across the nation.

The rules and regulations are not nearly as rigid for the non-profit housing developers receiving federal funds in the so-called affordable housing industry as they are for the nation's 3,100 Public Housing Authorities (PHAs) that provide public housing, and Section 8 vouchers to the poor.

The PHAs receive their funding from the Department of Housing and Urban Development (HUD) to

fund their programs. Many affordable housing developers receive funding from local PHAs that provide Section 8 Project-Based Vouchers to the non-profit housing developers in the affordable housing industry. The Project-Based Vouchers are used to fund long-term subsidized housing projects owned by non-profit organizations in the affordable housing industry.

One might even say that the so-called affordable housing industry has totally corrupted the original intent of the public housing program that it cannot compete with, and has been desperately trying to destroy in its efforts to grab as much federal funding as is possible for its own for profit housing projects. Currently the affordable housing industry is moving as fast as possible to promote the privatization of public housing, and many non-profit housing developers are seeking federal funding through the Rental Assistance Demonstration program (RAD) in the effort to grab as many public housing units as is possible to add to their own empire.

Corruption In Affordable Housing

Indeed, corruption is rampant in the affordable housing industry. As an example, Effie's House is a 21 unit subsidized housing project owned by EBALDC in Oakland. EBALDC got its hands on the property in a sweetheart deal back in 1997 through the City of Oakland when the owner at that time could not afford to replace a broken boiler system in the building. The tenants spent around a year or more without any heat or hot water in the building before EBALDC took control of the property.

Fast forward to 2014. During October of 2014, Katherine Mull, a well compensated Property Manager for EBALDC who works in their main office and oversees their commercial properties jumped ahead of the line on the housing "waiting list" and moved into a studio apartment at Effie's House. Top management at EBALDC gave her the title of "On-site Manager" at Effie's House, and one of the first things Katherine Mull did when moving in was to allow her boyfriend to move into the subsidized housing unit with her. A boyfriend who was also allowed to jump ahead of all the others on a waiting list to move into the subsidized housing project. Management declines to state whether or not the boyfriend went through any back-ground checks, or an income certification process before moving into the building.

Since Danny Chen is the Property Manager at Effie's House and can be found on-site in the building office 4-days a week at the location, and notices to the tenants advising them not to bother Katherine Mull unless it is an emergency, the tenants are not certain what Katherine Mull actually does at Effie's House as the so-called On-site Manager.

The tenants generally call 911 when there is a real emergency, or they contact Property Manager Danny Chen. Additionally, the tenants have also been advised by notice not to call Mull on her cell phone, and have been told by management that if they lose the keys to their apartment that it is not an emergency. Being too poor to afford a locksmith when losing their keys and finding themselves locked out of their homes is definitely an emergency for the tenants at Effie's House, no matter what EBALDC may falsely claim.

According to state law property managers are required to have a real estate license, but a check of the records for the Department of Real Estate reveals that property manager's Katherine Mull and Danny Chen do not have a real estate license.

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numerous non-profit housing developers that are members of the East Bay Housing Organizations (EBHO).

Obama Is Pushing For Further Corruption Of HUD's Subsidized Housing Programs

Making matters worse, in the latest federal budget proposals released by the Obama administration during the first week of February, Obama is pushing for the further weakening of the rules and regulations for Public Housing Authorities (PHAs) all across the nation. The President is pushing for the expansion of the Moving To Work (MTW) demonstration program that has already totally corrupted around 35 housing authorities across the nation. There are currently around 35 MTW housing authorities and they do not have to abide by the normal rules and regulations that around 3,100 other housing authorities have to abide by. MTWs are allowed to mix all of their administration fees, public housing funding and Section 8 funding from HUD into one big slush fund. A slush fund that lacks transparency, and makes it very difficult to follow where all the money is really going.

Authorized by Congress in 1996, the Moving To Work (MTW) demonstration program was created for a limited number of PHAs to try out new and different ways to save money, and find cheaper methods to deliver housing services. However, MTWs have morphed into agencies that have become notorious for abusing the funding from Congress. Funding that was meant to assist the poor.

As an example, HUD was under fire by an April 19, 2012, report that was issued on May 21, 2012 by the Government Accounting Office (GAO), that ridicules any assertions by HUD that an MTW's activities can be evaluated properly.

The GAO is an investigative arm of Congress with the power to examine matters related to the receipt and use of funding by Congress, and the GAO believes that MTWs are not regulated enough to properly evaluate how they are operating.

As was reported by the National Low-Income Housing Coalition (NLIHC), during a March 29, 2012 oversight hearing of THUD and DOT programs in Washington D.C., HUD Inspector General David Montoya (IG) publicly criticized the Public Housing Authority of Philadelphia, as an example of the corruption of MTWs.

Montoya (IG) stated that the PHA in Philadelphia is an MTW demonstration program that was legally allowed to use \$1.1 million of its funding to fight against the oversight of the IG's office, and was allowed to use money to hire outside legal counsel to shadow "IG staff" that were auditing the housing authority, when it should have used the money on housing poor people instead.

Since it was legal for that MTW to operate in such a way, apparently all other MTWs are allowed to abuse funds that were meant to be used for housing needs, to fight against audits by the HUD Inspector General's office.

At the same hearing, Montoya (IG) also stated that removing the MTW status from the PHA in Philadelphia would be a first good step to resolve the problems the IG is aware of at that housing authority since 2004, according to a March 30, release by the National Low-Income Housing Coalition (NLIHC).

According to the GAO report, the information available from HUD about MTWs varies, and the GAO

report further revealed that HUD has declined to specify in its rules and regulations that the performance information from an MTW must be quantifiable and outcome oriented. The lack of rules and regulations has corrupted and hampered efforts to determine if MTWs are functioning properly, and places hundreds of millions of dollars in federal funding at risk of misuse, and abuse.

Further expansion of the MTW program would only jeopardize millions of dollars more in tax payer subsidies that are meant to assist the poor, but may be used for other reasons.

HUD has not established a process to assess compliance with statutory requirements for MTWs, and the report further states that HUD lacks the assurance needed to determine that an MTW is complying with the statute that governs how an MTW is supposed to operate.

Additionally, "HUD has not identified the performance data that would be needed to assess the results of similar MTW activities or the program as a whole, and has not established performance indicators for the program," according to the GAO.

The MTW program is wide open to corruption and abuse, and according to the GAO report, "HUD has not done an annual assessment of program risks despite its own requirement to do so and has not developed risk-based monitoring procedures."

Additionally, the GAO report reveals that HUD cannot verify the accuracy of information being self-reported by MTWs to HUD, and the GAO reports that HUD does not have any policies or procedures active that are needed to verify what is actually going on in an MTW housing authority.

Recent Report Exposes Major Corruption In HUD

According to public records, a February 4, 2015 testimony of David A. Montoya, Inspector General (IG), reveals that there has been massive fraud occurring in the upper ranks of management in HUD.

Recent shocking revelations in the testimony of David. A. Montoya before the U.S. House of Representatives Committee on Financial Services Subcommittee on Oversight and Investigations reveals that HUD officials have been trying too cover up serious violations of ethical, lobbying and other violations at HUD including the hiring of convicted criminals for key housing positions.

During the committee meeting Montoya revealed that since 2013 HUD officials have allegedly been involved in major ethical violations, hiring violations, and illegal lobbying. This included the hiring of Debra Gross, an affordable housing insider from the Council of Large Public Housing Authorities (CLPHA) who was put in charge of regulatory reform at HUD while still holding a position in the organization (CLPHA) that lobbies Congress and the President on behalf of the affordable housing industry, and public housing authorities across the nation.

It is a good thing for people to lobby Congress and the President for full funding for HUD's subsidized housing programs meant to assist the poor, but the breakdown in HUD's polices in recent years reveals how corrupt the system has become.

According to Montoya's testimony there has been an institutional breakdown in HUD's policies, which appears to reflect the corruption occurring in HUD's housing programs from the top to the bottom of the nation's so-called affordable housing industry.

Despite on-going massive budget cuts to HUD's housing programs, HUD has done great work for many years in the effort to promote public housing and the Section 8 voucher program that assists the poor with their housing needs. However, since members of the affordable housing industry including members from Bridge Housing and other multi-billion dollar so-called non-profit housing organizations have totally infiltrated the upper ranks of management at HUD, the lobbyists have been promoting reform changes in HUD's subsidized housing programs that are detrimental to the needs of the poor. The members of the affordable housing industry that have infiltrated HUD are pushing for reforms that are resulting in the privatization of our nation's 1.2 million public housing units.

Additionally, the affordable housing industry is lobbying Congress and HUD for Rental Assistance Reform (RAR) that will result in higher rents for the poor in HUD's subsidized housing programs. Reforms being pushed for by the so-called affordable housing industry will also result in Section 8 vouchers being taken away from the poor so that they can be converted to Project-Based Vouchers that the non-profit housing developers can use to fund their own so-called affordable housing projects.

Unfortunately for the poor, most non-profit housing developers have "minimum income requirements" at their so-called affordable housing projects that discriminate against the poor.

For more about the recent testimony about corruption at HUD click on the links further below...

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Montoya testimony of corruption at HUD

<http://www.housingwire.com/ext/resources/files/Editorial/Files/Montoya-Testimony.pdf>

>>>>>

Perez testimony of corruption at HHUD

<http://www.housingwire.com/ext/resources/files/Editorial/Files/Perez-Testimony.pdf>

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§Correction: Rochelle Mull, not Katherine Mull

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Rochelle Mull, not Katherine Mull, is the well compensated EBALDC commercial property supervisor without a real estate license, who moved into Effie's House with her boyfriend after jumping ahead of many others on the waiting list to move into the tax payer subsidized housing project.

LC

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