

United States Senate

WASHINGTON, DC 20510

September 26, 2023

VIA ELECTRONIC TRANSMISSION

The Honorable Marcia Fudge
Secretary
U.S. Department of Housing and Urban Development
451 7th St. S.W.
Washington, D.C. 20410

Dear Secretary Fudge:

Mold. Rat and roach infestations. Lack of basic plumbing or working toilets. Rampant crime and violence. Floors so rotted that they collapsed. These are some of the daily realities that tenants around the country have reported facing while living in Section 8 Project-Based Rental Assistance (“PBRA”) properties run by the Department of Housing and Urban Development (“HUD”).

Around 1.3 million American families rely on the PBRA program for affordable housing. Under PBRA, HUD contracts with private property owners to make their units accessible to low-income families. Reports raise serious concerns that some PBRA-funded property owners, which receive millions in taxpayer dollars every year, have neglected maintenance, property rehabilitation, and security. Their actions call into question HUD’s abilities to protect tenants and to hold owners accountable.

For example, Georgians living in Forest Cove, owned by Millennia, endured such deplorable conditions and violence that the property was condemned, and tenants were relocated by the City of Atlanta.¹

The Universal Declaration of Human Rights states, “Everyone has the right to a standard of living adequate for the health and well-being of himself and his family, including . . . housing.”²

Pursuant to Rules XXV.1(1) and XXVI.1 and .8 of the Standing Rules of the Senate, the U.S. Senate Subcommittee on Human Rights and the Law (the “Subcommittee”) is reviewing the actions of property owners and managers who receive millions of dollars in taxpayer funding but fail, according to reports, to maintain decent, safe, and sanitary living conditions, as well as the

¹ Tracey Amick-Peer, *Residents Relieved as Last Families Leave Notorious Forest Cove Apartments* (October 24, 2022), <https://www.11alive.com/article/news/local/we-couldnt-sleep-we-had-rats-we-had-roaches-residents-relieved-as-last-families-leave-notorious-forest-cove-apartments/85-295aa400-480e-423b-bb94-f6b4a4ec177c>.

² *Universal Declaration of Human Rights*. 1948. <https://www.un.org/sites/un2.un.org/files/2021/03/udhr.pdf>.

federal government's efforts to hold them accountable.³ The requested information will clarify the scope of concerns that potential legislation must address. For these reasons, please provide the following information as soon as possible, but no later than October 13, 2023.

1. How much funding has HUD provided through the PBRA program to each of the companies, Millennia, Redwood Housing,⁴ and the Hampstead Companies ("Hampstead")⁵ each year for the past five years?
2. Please provide all certifications and representations, such as promises to rehabilitate and the property's current state, made to HUD by Millennia, Redwood Housing, and Hampstead in connection with the receipt of PBRA funds.

REAC Inspections

HUD inspects PBRA properties based upon inspection standards set by HUD's Real Estate Assessment Center ("REAC"). Properties are supposed to receive inspections every 1-3 years, with the frequency based upon their prior inspection score. Properties with a REAC score of 80 out of 100 (including those with failing scores of 60 or below) are supposed to be re-inspected within one year.⁶

1. In the last five years, how many PBRA properties received a failing REAC score (if that inspection occurred more than one year before today)?
 - a. Of those properties, how many were re-inspected within one year?
2. In the last five years, how many PBRA properties received a failing REAC score with an emergency health and safety issue at their last inspection (if that inspection occurred more than one year before today)?
 - a. Of those properties, how many were re-inspected within one year?
3. Of the PBRA properties that failed their last REAC inspection, how many have scored below 60 more than once in the past 5 years? Please also provide the number of properties that have scored below 30 more than once in the past five years.
 - a. If any of the properties on the above list has been sold during this 5-year period, please indicate whether they received a score below 60 one year after acquisition.

³ See S. Res. 285, 113th Cong. (2013) (enacted).

⁴ The reference to Redwood Housing includes any subsidiary organization associated with Redwood Housing, 3101 Bee Caves Road, Suite 325, Austin, TX 78746.

⁵ The reference to Hampstead Companies includes any subsidiary organization associated with Hampstead Companies to include Hampstead Keystone Partners LP located at 250 West 55th, 35th Floor, New York, New York 10019, and Hampstead Southwood Partners LP located at 1350 Columbia Street, Suite 802, San Diego, California 92101.

⁶ 24 CFR § 200.857(b)(1)(iii).

4. Of the PBRA properties that have failed their last REAC inspection, please provide the list of the top 20 properties with the most complaints received by HUD.
5. Please provide the REAC scores for all PBRA properties owned or operated by Millennia, Redwood Housing, and Hampstead over the last 10 years.
6. Please provide all HUD internal correspondence regarding REAC inspection scores for properties owned or operated by Millennia, Redwood Housing, and Hampstead.
7. Please provide all HUD correspondence with Millennia, Redwood Housing, and Hampstead regarding REAC inspections, including any discussion about hiring companies to conduct pre-REAC inspections.
8. Please provide all reports or complaints, including those received via email or phone calls, that HUD is aware of regarding properties owned or operated by Millennia, Redwood Housing, and Hampstead, including, but not limited to, the following matters: security, crime, shootings, mold, pests and rodents, plumbing, sewage, trash collection, security cameras, or security staffing. Please also include the final disposition of any such complaint.
 - a. Please describe any meetings HUD has held with Millennia, Redwood Housing, and Hampstead tenants to hear their concerns directly.
 - b. Please describe any requests made by these tenants to meet with HUD staff where HUD staff declined to meet with them.
9. Of the PBRA properties that have failed their last REAC inspection, please provide the list of the top 20 properties with the most complaints received by HUD. Please also describe HUD's process for compiling tenant complaints.
10. Of the PBRA properties owned by Millennia, Redwood Housing, and Hampstead, please provide the name and address of each company's property with the highest number of tenant complaints.

If a REAC inspection finds an emergency health or safety issue, the property owners have three business days from the date of the inspection to file a written report to HUD. The report filed by the owner must provide a certification and reasonable evidence that the emergency health or safety issue has been resolved.⁷ The Subcommittee's review has revealed that at least 45 properties in Georgia received a failing REAC score in their most recent inspection. Of those, the vast majority—44 in Georgia—had an emergency health and safety issue.

11. Of the PBRA properties in Georgia that received a failing REAC score (if that inspection occurred more than one year before today), how many were re-inspected within one year?

⁷ 24 CFR § 200.857(c)(2).

- a. Of the PBRA properties in Georgia that received a failing REAC score with an emergency health or safety issue on their most recent inspection (if that inspection occurred more than one year before today), how many were re-inspected within one year?
 - i. For these properties, did the owners submit certifications purporting that the emergency health or safety issues were fixed?
 - ii. Did HUD verify that the property owners fixed the identified emergency health or safety issues? If so, how?
 - iii. If not, how did HUD respond?
12. Does HUD have a standardized policy or a nationwide protocol to guide HUD staff's oversight of the property owners to ensure that all health and safety deficiencies were corrected after a REAC inspection?
13. Does HUD monitor progress of a property owner's corrections of non-life-threatening health and safety deficiencies identified during REAC inspections?
14. Please provide the REAC inspection reports from the last 10 years for all PBRA properties owned and/or managed by Millennia, Redwood Housing, and Hampstead in the state of Georgia.

Capital Reserve Requirements

1. Does HUD require potential buyers of PBRA properties to demonstrate they hold sufficient capital to engage in critical rehabilitation projects prior to approving the sale or acquisition?
 - a. If so, what are those requirements?
 - b. How does HUD verify financial representations made by private owners seeking to purchase PBRA properties?
2. Does HUD have the capacity to sufficiently identify interests and affiliates of PBRA owners?
3. Does HUD require a maintenance operational plan from an entity purchasing a PBRA property with a failing REAC score?
 - a. What assurances does HUD require from the purchasing entity to ensure that the property will be remediated?

- b. Once HUD approves the sale of a PBRA property with a failing REAC score, what recourse does the agency have if the owners do not conduct the promised remediations?
 - c. What is HUD’s process for measuring or assessing if the preservation purchaser has adequately performed after the purchase?
4. Over the last ten years, how many PBRA transfers of physical assets have been submitted to HUD? Of those, how many has HUD declined?

Beginning in 2021, according to a letter sent to HUD by the National Housing Law Project, Millennia acquired numerous properties from Global Ministries Foundation (“GMF”), which had been the subject of multiple investigations, including by HUD, based on poor management and financial misconduct.⁸ Among the properties Millennia acquired from GMF was Forest Cove Apartments in Atlanta, GA (“Forest Cove”).⁹

- 5. Please provide all documents and communications pertaining to HUD’s approval of Millennia to purchase Forest Cove.
 - a. Did HUD assess Millennia’s financial and operational ability to maintain and rehabilitate Forest Cove prior to Millennia’s acquisition from GMF? Did HUD consider Millennia’s ability to rehabilitate GMF’s entire portfolio?
 - b. Please provide all documents or financial representations Millennia provided to HUD for the acquisition of Forest Cove.
- 6. Please provide all documents or financial representations Redwood Housing provided to HUD for the acquisition of Richmond Summit and Bon Air.
- 7. Please provide all documents or financial representations Hampstead provided to HUD for the acquisition of Keystone Apartments and Southwood Apartments.
- 8. Does HUD require that PBRA property owners file a report or other documentation demonstrating the condition of the property prior to the property’s sale to another owner? If so, please provide us with that report for all PBRA properties purchased by Millennia, Redwood Housing, and Hampstead in the last ten years.

HUD Multifamily Housing’s risk rating system uses information on properties’ physical, financial, and management conditions to assign one of three ratings (troubled, potentially

⁸ National Housing Law Project’s letter to the Secretary of the United States Department of Housing and Urban Development, *Millennia Management LLC and Millennia Housing Management Ltd* (April 4, 2022), <https://www.nhlp.org/wp-content/uploads/HUD-Millennia.pdf>; First Coast News, *SEC Investigating Global Ministries Foundation* (August 11, 2016), <https://www.firstcoastnews.com/article/news/sec-investigating-global-ministries-foundation/77-294960853>.

⁹ Atlanta Civic Circle, *Long-Delayed Sale, Rehab of Decaying Forest Cove Apartments on Horizon* (April 22, 2021), <https://atlantaciviccircle.org/2021/04/22/long-delayed-sale-rehab-of-decaying-forest-cove-apartments-on-horizon/>.

troubled, or not troubled) to each property. The REAC inspection score, along with actions taken to correct deficiencies, is one factor that determines risk rating.

Specifically, properties that score between 30 and 70 on the REAC inspection are rated as potentially troubled if the property owner is addressing physical deficiencies. Properties that score between 30 and 59 are rated as troubled if the owner has not certified that deficiencies have been corrected. Properties that score below 30 are rated as troubled and maintain that rating until the next REAC inspection. Properties rated as troubled are required to develop an action plan to identify and document steps to address their risk, including physical risk. For example, a plan to improve the physical condition of a property may direct property owners to rehabilitate units.¹⁰ Millennia has 219 PBRA properties, and approximately 10% of these were rated as troubled, according to a Subcommittee interview with HUD officials. Furthermore, seven percent of Millennia's properties REAC scores were below 60.¹¹

9. What enforcement actions or other measures has HUD taken to encourage or compel Millennia to improve living conditions at these properties?

Harassment in HUD-Subsidized Housing

In December 2021, HUD and DOJ announced the largest monetary settlement ever obtained in a case involving sexual harassment in HUD-subsidized housing against a landlord alleged to have abused tenants and applicants in violation of the Fair Housing Act (“FHA”) while receiving over \$100,000 a month in federal housing vouchers.¹² HUD’s Office of Inspector General (“OIG”) subsequently issued a bulletin reminding renters of their rights under the FHA and stating that sexual harassment by landlords or other persons with control over housing would be referred to the DOJ for further action.¹³

1. Please describe HUD's efforts to protect tenants and applicants from harassment, including sexual harassment, in federally subsidized housing.
2. Please describe the role of HUD’s Fair Housing and Equal Opportunity (“FHEO”) office.
 - a. How does FHEO handle complaints about sexual harassment?
 - b. What remedies does FHEO have with respect to sexual harassment?
3. Please describe how FHEO engages with law enforcement. If FHEO does not work with law enforcement, why not?

¹⁰ GAO Report, GAO-19-254. Real Estate Assessment Center: *HUD Should Improve Physical Inspection Process and Oversight of Inspectors*, <https://www.gao.gov/assets/gao-19-254.pdf>.

¹¹ See Interview with United States Department of Housing and Urban Development (December 2, 2022).

¹² DOJ, *Justice Department Obtains \$4.5 Million Settlement from a New Jersey Landlord to Resolve Claims of Sexual Harassment of Tenants* (December 14, 2021), <https://www.justice.gov/opa/pr/justice-department-obtains-45-million-settlement-new-jersey-landlord-resolve-claims-sexual>.

¹³ HUD Office of Inspector General, *OIG Fraud Bulletin for Renters* (March 2022), https://www.hudoig.gov/sites/default/files/2022-03/OIG%20Fraud%20Bulletin%20For%20Renters_0.pdf.

4. How many complaints involving alleged harassment has FHEO received in the last five years?
 - a. Does FHEO refer these complaints to HUD OIG for further civil or criminal investigations? If so, how many complaints did they refer? If not, why not?
 - b. Does HUD FHEO refer these complaints to DOJ? If so, how many complaints did they refer? If not, why not?
5. How and when does HUD communicate with or involve its OIG regarding harassment? Did HUD communicate with or involve its OIG with respect to the December 2021 case?
6. Is HUD presently engaging its OIG to combat sexual harassment in federally subsidized housing?

Please provide the following documentation:

7. HUD's Housing Assistance Payments ("HAP") contract with Millennia for the property known as Forest Cove Apartments, located at 900 New Town Circle, Atlanta, Georgia 30315.
8. HUD's HAP contract with Redwood Housing for the property known as Richmond Summit, located at 744 Broad Street, Augusta, Georgia 30901.
9. HUD's HAP contract with Redwood Housing for the property known as Bon Air, located at 2101 Walton Way, Augusta, Georgia 30904.
10. HUD's HAP contract with Hampstead for the property known as Keystone Apartments, located at 145 South McDonough Street, Jonesboro, Georgia 30236.
11. HUD's HAP contract with Hampstead for the property known as Southwood Apartments, located at 6001 Trammell Road, Morrow, Georgia 30260.

Enforcement

In the past five years:

1. How many times did Millennia, Redwood Housing, and Hampstead each make false certifications to HUD about the state of the PBRA properties they own?
2. How many times has HUD accordingly pursued action under PFCRA or the False Claims Act against Millennia, Redwood Housing, and Hampstead? Against which companies and for which properties?

3. During briefings related to REAC and PBRA, HUD described changing the management company of a PBRA property as an initial enforcement action. In the past five years, how many times did HUD change the management company for owners of PBRA properties? For which owners and for which properties?
 - a. Due to poor conditions, has HUD ever changed the management company at a PBRA property owned by Millennia, Redwood Housing, or Hampstead? Related to which properties?
4. How many times did HUD suspend owners of PBRA properties?
 - a. How many times did HUD suspend Millennia, Redwood Housing, and Hampstead? Related to which properties?
5. How many times did HUD debar owners of PBRA properties?
 - a. How many times, if any, did HUD debar Millennia, Redwood Housing, and Hampstead? For which properties?
6. How many times did HUD seek civil monetary penalties against owners of PBRA properties? How many times were those penalties actually paid?
 - a. How many times did HUD impose civil monetary penalties on Millennia, Redwood Housing, and Hampstead for their PBRA properties? For which properties?
7. How many times did HUD abate a HAP contract with PBRA property owners?
 - a. How many times did HUD abate a HAP contract with Millennia, Redwood Housing, and Hampstead? For which properties?
8. How many times did HUD threaten enforcement action against Millennia for dangerous conditions at Forest Cove?
 - a. How many times and on what date(s) did HUD pursue enforcement action against Millennia for dangerous conditions at Forest Cove? Please specify each enforcement measure(s) HUD pursued.
9. Please provide the Management Occupancy Reviews (“MORs”) for Millennia, Redwood Housing, and Hampstead for the past five years for each property they own in Georgia.

To expedite our investigative review, we ask that you provide the material responsive to this request on a rolling basis as soon as it becomes available. Please contact Stephanie Herrmann (Stephanie_Herrmann@ossoff.senate.gov) and Jeffrey Brown (Jeffrey_Brown@ossoff.senate.gov) with the Senate Subcommittee on Human Rights and the Law.

Sincerely,



Senator Jon Ossoff
Chairman
Subcommittee on Human Rights