

## **Testimony of Senator Bill Nelson**

### **Hearing: Oversight of the HUD Inspection Process**

#### **United States Senate Committee on Banking, Housing and Urban Affairs Subcommittee on Housing, Transportation, and Community Development Hearing**

**September 22, 2016**

Mr. Chairman, Ranking Member Menendez, and Members of the Committee,

Thank you for inviting me here today to talk about what Marco and I saw when we visited Windsor Cove, a subsidized housing facility in Orlando, and to talk about the bill we filed earlier this year in response to the problems we found at that facility and other subsidized properties, like Eureka Gardens and Washington Heights in Jacksonville.

The conditions at these properties are unacceptable. I challenge the owners of these properties to spend a week in their own buildings. I doubt any of them will take me up on that though.

When Senator Rubio and I visited Windsor Cove apartments in Orlando, we saw evidence of severe water damage. With so much water sitting everywhere, it's no wonder the tenants are constantly battling against instances of mold and roach infestation.

When I stepped into one of the apartments, the carpeting was so saturated with water that it made a squishing sound. Think about that.

Since that visit, we learned Federal inspectors have cited the property for various housing code violations, including broken smoke detectors, exposed electrical wires, blocked fire exits, leaky water valves, window cracks, missing floor tiles, and water seeping in from roof damage—just to name a few.

The property was given a failing grade in April, 10 months after receiving a nearly perfect score from a contract inspector working for the Department of Housing and Urban Development. HUD invalidated that previous score only after receiving a barrage of complaints from tenants at their local office. The contractor was then barred from performing further inspections for the agency.

I appreciate the corrective action taken by HUD, but it's not enough.

Residents had to wait ten months for HUD to get it right and perform a new inspection—and even then they had to wait an extended period for the owner to appeal the new inspection results before HUD could demand remediation.

HUD clearly needs to do a better job to find these problems before they reach a boiling point. And the owners of these properties need to be held accountable for their shortcomings.

This isn't the case of one housing complex or one property owner. Several properties around the country are falling victim to the problem of lax oversight.

For example, according to one report, tenants at Goodwill Village in Memphis, Tennessee had to deal with an onslaught of snakes—which were attracted to the property because of a rat infestation.

It would take too long for me to talk about every failing property in the country, but I think we can all agree that one is too many.

So I introduced the Housing Accountability Act with Senator Rubio to give tenants a voice and to remove the overdependence on unscrupulous property managers and faulty inspections to clue HUD into what's going on at these properties.

The bill does four main things:

- First, it codifies in law—rather than through regulation or contract—that subsidized property owners have to maintain safe and sanitary conditions at their properties. This should be common sense, but unfortunately we need to put the fear of law into some of these owners.
- Second, it establishes a process for independent contract administrators to survey tenants twice a year in order to identify persistent problems relating to the physical condition of the properties or the performance of the building's management.

Currently, HUD requires tenants to file complaints with the building's management—who may not be responsive or may use the threat of eviction to intimidate tenants. The survey would act as a check on management, as well as on the property owners.

- Third, the bill would create a new penalty for owners that fail to maintain safe and sanitary conditions, or are repeatedly referred to HUD for remediation under the tenant survey previously mentioned.

- Lastly, the bill requires HUD to issue a report examining the capitalization of all subsidized properties in the country, particularly with regard to the use of taxpayer funds for purposes unrelated to the subsidized housing.

We've heard stories that some of these landlords pocket the subsidy they get from HUD, while refusing to make needed repairs.

We need to know if that's indeed what's happening. If it is, then we need to tighten the controls on these property owners. Taxpayers fund these programs to look out for those in need, not to pad the wallets of real estate companies looking to make a quick buck.

Lastly—I've said this before but it begs repeating—no American should have to live in the conditions that we've seen at Windsor Cove and Eureka Gardens. We can't let this continue. I thank the committee for taking the time to discuss this very important issue. Thank you.