Why GAO Did This Study

The Recovery Act required HUD to distribute $4 billion to PHAs through its Public Housing Capital Fund. Congress also created two programs to provide funds to HFAs to restart stalled projects. This report responds to two ongoing GAO mandates under the act: to examine states’ and localities’ use of Recovery Act funds and to report on the quarterly estimates of jobs funded. This report examines the progress PHAs and HFAs made in spending grant funds, the ways the funds were used, and the actions HUD and PHAs took to ensure that recipients spent grants on time and for the intended purposes. It also assesses the quality of job estimates reported by Recovery Act recipients and reports the status of GAO Recovery Act recommendations. GAO visited PHAs and HFA-sponsored projects in 7 states and the District of Columbia, interviewed federal and local agency officials, evaluated HUD’s and Treasury’s monitoring strategies, surveyed 56 HFAs, and analyzed recipient-reported data.

What GAO Found

Almost all public housing authorities (PHA) met their spending deadlines for the Public Housing Capital Fund formula and competitive grant programs. As mandated, all but one PHA spent 100 percent of their formula grants by March 17, 2012. According to Department of Housing and Urban Development (HUD) officials, PHAs with competitive grants were on track to meet their September 2012 spending deadlines. PHAs we interviewed cited various challenges to meeting the grant deadlines, such as the tight time frames and many attributed their ability to meet deadlines to good planning within their organizations and help from HUD. According to analyses of HUD data, about 3,100 PHAs planned to undertake improvements with their formula grants that affected about 495,000 housing units. Many used their grants to make improvements that enhanced energy efficiency, such as installing energy-efficient windows and appliances. GAO determined that HUD’s monitoring strategy for these programs incorporated key internal controls, such as developing and implementing measures that allowed HUD staff to compare actual with planned results. At specific sites that GAO visited, PHAs were able to demonstrate work was under way or had been completed.

All housing finance agencies (HFA) met their December 2011 disbursement deadlines for funds they received under Section 1602 of the American Recovery and Reinvestment Act of 2009 (Recovery Act). Most HFAs also met their February 2012 deadline to spend Tax Credit Assistance Program (TCAP) funds. Almost all HFAs reported that the funds helped restart stalled affordable housing projects that otherwise could not have moved forward. Project owners primarily used the funds to construct new housing units. HFAs identified several factors that helped them meet the deadlines, particularly their experience and established practices and procedures. As GAO reported in September 2010, TCAP and Section 1602 programs require HFAs to do more project oversight than they typically would to ensure that project owners comply with long-term program requirements. The Recovery Act requires that HFAs perform “asset management,” which includes ensuring the long-term viability of projects. But some HFAs may not have the necessary experience, as third-party investors have often supported HFAs with this additional oversight. HUD has begun gathering data to help determine which projects may need additional oversight, but Treasury has not. Treasury staff would benefit from collecting information that would allow them to assess how HFAs are implementing their asset management policies and procedures.

The accuracy of full-time equivalent (FTE) data reported by recipients of the Public Housing Capital Fund competitive and formula programs and TCAP has improved over time. HUD staff have continued to monitor the data for errors—for example, for over counts of FTEs—and have worked with recipients to make corrections. The number of FTEs reported per quarter for HUD programs peaked in 2010 and 2011 and gradually declined each quarter as funded activities were completed. The Recovery Act does not require HFAs to report FTEs for Treasury’s Section 1602 program.