

Housing Authority Scandal Has Stimulus in the Spotlight

By Clea Benson, CQ Staff

For months, Sen. [Charles E. Grassley](#) has been exhorting officials at the Department of Housing and Urban Development to keep a sharp eye on the way the nation's public housing authorities are spending \$4 billion from last year's economic stimulus package. The Iowa Republican says he's concerned by a series of news reports and HUD Inspector General audits suggesting that some housing authorities may be spending the money on items such as upscale office furniture for executives rather than on desperately needed repairs to housing for the poor.

Grassley calls the situation a "red alert" for taxpayers, but until now HUD officials have assured him there's no cause for alarm. "HUD has been proactive and thorough in its implementation of the Recovery Act Funds," **Peter Kovar**, the agency's assistant secretary of congressional and intergovernmental relations, wrote in May.

Until recently, Grassley had concentrated on housing authorities with a history of mismanagement, but a developing scandal in Philadelphia makes him think the problem extends further. The Philadelphia Housing Authority is the nation's fourth-largest and was considered so stable that HUD allowed it to administer some funds with little oversight.

But that was before the longtime director, **Carl Greene**, was suspended last month amid revelations that he hid payments of nearly \$900,000 to four women who filed sexual harassment cases against him. Greene also is defending himself against allegations that he required employees and contractors to pay into slush funds for recreational outings and to kick in for gifts, including an oil portrait of Greene. The director, whose annual compensation totals about \$350,000, is facing foreclosure on his \$615,000 condominium, and the IRS had put a \$52,000 lien against his assets for unpaid income taxes. According to Greene's lawyer, he is at an undisclosed location being treated for stress.



SHUT OUT: Greene was suspended amid accusations he misused housing authority funds. (AP / MATT ROURKE)

All of this news has prompted Grassley to demand information from HUD officials about the salaries of housing officials, pointing out that Greene's compensation is higher than the combined salaries of the Philadelphia mayor and the Pennsylvania governor.

Grassley says he's worried that "responsible management" of federal appropriations has been sacrificed to the pressure to spend the economic stimulus money.

HUD auditors, meanwhile, began to review Philadelphia's books last week, and the department's inspector general, federal prosecutors and the FBI are all investigating.

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