



HUD watchdog makes 35 recommendations to shore up issues

The recommendations came in the HUD OIG's priority open recommendations report

January 10, 2024, 6:30 am By Chris Clow

The U.S. Department of Housing and Urban Development (HUD) Office of the Inspector General (OIG) on Tuesday released its priority open recommendations report, submitted to HUD Secretary Marcia Fudge designed to highlight as-yet unaddressed risks in the management of the department.

"The report highlights for HUD leadership 35 open recommendations from OIG reports that, if implemented, will help HUD address its most serious management challenges and enhance critical aspects of its operations," the OIG said in an announcement.

Some of the issues outlined in the report include those related to the promotion of health and safety in HUD-assisted housing, the management of fraud risk, improving the technology posture of the department and addressing cybersecurity shortcomings, protecting whistleblowers and reducing counterparty risk.

"Of the 35 priority open recommendations, 24 recommendations were identified in FY 2023, and 11 new recommendations were added for FY2024," the announcement said. "Each priority open recommendation is an opportunity for HUD to take specific action to increase the integrity of its operations and programs."

Last year's report saw HUD take substantive action to address seven outstanding issues, the OIG said.

"For example, HUD improved its oversight of public housing authority compliance with the Lead Safe Housing Rule by clarifying what is required when a public housing authority determines target housing is exempt from the rule," the announcement explained. "In addition, HUD improved its management over the flood insurance program by developing a reporting control to detect HUD-insured loans that do not maintain required flood insurance."

The report is designed to make recommendations that may appear incremental, but are designed to create a discernible impact if they are implemented according to HUD OIG Rae Oliver Davis.

"By focusing its efforts on these recommendations, HUD will be better positioned to protect whistleblowers, improve how Ginnie Mae handles troubled mortgage-backed security issuers, address systemic challenges with improper payments, and address recommendations that would put billions of taxpayer dollars to better use," Davis said in a statement.

As of Jan. 2024, there are more than 800 open recommendations the HUD OIG has made to the department to improve its standing. The 35 chosen to appear in this report are organized based on those identified to be top management challenges this year.

Six recommendations fall under the top-line priority of promoting health and safety standards in HUD-assisted housing, and include resolving complaints promptly; ensuring compliance with the lead safe housing rule; and improving oversight of lead-based paint hazard remediation.

Mitigating counterparty risks is the next largest priority, encompassing recommendations including asking Ginnie Mae to improve its guidance for "troubled" mortgage-backed securities (MBS) issuers.

IT modernization is next on the list, perhaps taking on a higher level of importance due to recent cybersecurity incidents involving major private-sector players in the housing industry including loanDepot, Fidelity and Mr. Cooper..