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May 5, 2023

The Honorable Marcia L. Fudge
U.S. Department of Housing and Urban Development
451 7th Street, S.W.
Washington, D.C. 20410
RE: REMS Property ID #800004632

Dear Secretary Fudge:

I write to convey my urgent concerns with the building and living conditions of the Bon Air Apartments on Walton Way in Augusta, Georgia, as well as the safety of its residents and the surrounding community. Since 1924, the Bon Air has stood as a historic landmark located in the Summerhill neighborhood of Augusta.[1] In recent decades, the Bon Air has been converted into a 202-unit multifamily property for those utilizing the Department of Housing and Urban Development's (HUD) Section 8 Project-Based Rental Assistance. However, the conditions at the Bon Air have continued to deteriorate, and management of the Bon Air Apartments has consistently failed to deliver a clean and safe environment for its residents and the surrounding neighborhood.

As you know, for years there have been ongoing issues with the management of the Bon Air Apartments. In fact, the Bon Air's HUD inspection scores had barely passed the minimum threshold year after year, until 2019.[2] Then in late 2020, Redwood Housing Partners bought the Bon Air Apartments. Unfortunately, the living conditions have not changed significantly since this acquisition. In fact, as previously stated in one of your written responses to me, on June 14, 2022, HUD's Real Estate Assessment Center (REAC) conducted an inspection of the property and they received a failing score of 55c*.

You may recall, over the past year, I have written to your office on multiple occasions to inquire about the inadequate living conditions at the Bon Air and Redwood Housing Partners' plans to acquire the proper funding for renovations. I also scheduled a site visit with some of your staff in September of 2022 to allow Redwood Housing Partners to give us an update on their financing plans and to answer questions regarding the countless complaints we have received from constituents. I greatly appreciate HUD representatives for accommodating this request in a timely manner.

[1] https://www.historicaugusta.org/properties/bonair-hotel-2101-walton-way/
[2] https://www.hud.gov/program_offices/housing/mfh/rems/remsinspecscores/remsphysinspscores

During the site visit, we were told that Redwood Housing Partners would be undertaking substantial, much needed, renovations to improve the quality of life for the residents of the Bon Air. They shared that they intended to bankroll the repairs of the Bon Air using state Low Income Housing Tax Credit (LIHTC) funding, which they applied for in April 2022, after being denied the previous year. They also informed us that they would be applying for another open round of LIHTC funding in October 2022. Because they had already been previously denied LIHTC funding and the only renovations they had made in their almost two-year period of ownership included hail damage repairs that left them with a failing inspection score, I asked Redwood Housing about their alternative funding plans should they once again be denied LIHTC funding by the Georgia Department of Community Affairs. They reiterated that they were very hopeful of their application being accepted, but they also shared that, should they not receive the tax credits, they had a contingency plan to move forward with proposed renovations and enhancements to the property by providing their own funding. Redwood Housing also made the promise that renovations would be underway, regardless of which funding source they had to use, beginning in the first half of 2023.

In March 2023, I was informed that Redwood Housing Partners did not receive either of the two LIHTC grants that they applied for in 2022. At a follow-up meeting with Redwood Housing Partners that same month, they informed me that it would be months before they were even able to give us a renovation plan, let alone start renovations.

This update was not what they shared with me – or your staff- in September of 2022. We were made a promise in good faith that they had backup funds secured and secondary renovation plans set, when in reality they are still currently gathering sources of credit, have not procured permits, and are putting together an alternate renovation plan, which we have yet to receive, that will not begin until the latter half of 2023, at the earliest.

In the meantime, conditions have not improved at the Bon Air. Residents contact my office with reports of unsafe living conditions including rat and bedbug infestations, common areas smelling of urine, gun shots at the property, and much more. Due to the current circumstances, I ask that HUD formally answer the following questions with a written response no later than May 22, 2023:

1. HUD's latest response to my questions regarding funding for the renovation of the Bon Air Apartments stated *"The owner applied for the first open round of Low Income Housing Tax Credit (LIHTC) funding in April 2022 and will be applying for another open round in October 2022. They anticipate a decision on the LIHTC applications later this year and if awarded, renovations will begin in the first half of 2023. The Office of Multifamily Housing (MFH) considers this an acceptable timeframe for substantial rehabilitation finance processing."* With Redwood Housing Partners' second and third denial of LIHTC grants, and the "acceptable timeframe for substantial rehabilitation finance processing" having come and gone, what oversight does HUD now intend to take? Do you believe that the "acceptable timeframe" has passed?

2. When HUD officials wrote and signed the current Bon Air Apartment contract with Redwood Housing Partners, did they first ensure that Redwood Housing Partners had

adequate funding for routine maintenance and necessary building improvements of the Bon Air? If so, was a negligence clause included in your contract to hold them accountable for the upkeep and living conditions of the Bon Air Apartments? If not, why not?

3. What recourse, per your contract, can HUD take against Redwood Housing Partners for failing to obtain financing in the promised timeframe to supply adequate living conditions and to uphold their promise of substantial renovations?

4. In my previous correspondence, I asked for quarterly updates on your oversight over Redwood Housing Partners regarding the issues at the Bon Air Apartments. Can you please provide how often has HUD conducted inspections of the Bon Air Apartments since its acquisition by Redwood Housing Partners, when was the latest inspection conducted, and the results of the inspection, if you have not already provided it to me?

I also ask that HUD supply the following documents no later than May 22, 2023:

- All documentation and information showing proof of Redwood Housing Partners' financial ability to undertake the ownership and required renovations of the Bon Air Apartments that was obtained by HUD before the contract was signed.

- All HUD inspection reports since Redwood Housing Partners took ownership of the Bon Air Apartments.

- All complaints received by HUD regarding the Bon Air Apartments and any resolving actions taken by HUD to address said complaints.

I also request that HUD conduct a briefing with subject matter experts for myself and appropriate members of my staff to give an informational update on the process, next steps, and to answer any additional questions we may have. I request that this briefing be held within the month.

Finally, I ask that HUD representatives return to Augusta to once again tour the property with me and hold a roundtable with local residents and stakeholders.

A housing issue of this magnitude will have no easy answers, but the Bon Air residents have waited far too long for owners and management to step up and address these critical issues. It is beyond time for all partners involved in providing safe and affordable housing at this location to take action.

Sincerely,

Rick W. Allen
Member of Congress