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APRIL 1, 2026 *to*
SEPTEMBER 30, 2026

Semiannual Report *to* Congress

OFFICE OF
INSPECTOR GENERAL

U.S DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT



Message *from the* Acting Inspector General Brian D. Harrison

Dear Members of Congress:

I am honored to present the U.S. Department of Housing and Urban Development Office of Inspector General's Semiannual Report to Congress for the period of April 1 to September 30, 2026.

The exceptional results included in this report reflect the efforts of the Office of Inspector General (OIG) special agents, auditors, evaluators, attorneys, and professional staff that serve the U.S. Department of Housing and Urban Development (HUD) and American taxpayers. Embracing the idea of reimagined government performance, HUD OIG entered the reporting period with focused resolve to do more, with less, and better. Now at its conclusion, I proudly report to you that we accomplished that goal, delivering on our statutory mission to prevent and detect fraud and abuse and promote the economy, efficiency, and effectiveness of HUD's programs and operations.

HUD OIG continues its focus on defeating fraud in HUD programs and operations. During this reporting period, our audits and evaluations produced $2.27B in questioned costs, $3.56B in recommended funds put to better use, and $22.6M in audit collections. Our investigations were similarly successful, resulting in more than $10.7M in recoveries and receivables, 55 indictments, informations, and criminal complaints, 44 convictions, pleas and pretrial diversions, and 413 arrests. These results reflect increases ranging from 21 percent to more than 8,000 percent when compared with results from the previous fiscal year (FY 2025).

We accomplished this by empowering leaders to execute their work, positioning our people and resources to have the greatest impact, raising our standards, moving with greater speed and purpose, and ensuring we did not lose sight of our goal to deliver meaningful results for the Executive Branch, Congress, and most importantly, the American people.

Our accomplishments detailed in this report belong to the dedicated men and women of HUD OIG. Their professionalism, persistence, and commitment to public service remain the unshakeable foundation of this organization and our ability to fulfill our mission.

We recognize the responsibility that comes with the confidence of Congress and are grateful for the continued support. We will continue to earn that trust through our independence, our willingness to work collaboratively, our commitment to accountability, and most importantly, the results we deliver.

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BRIAN HARRISON
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Brian D. Harrison
Acting Inspector General
U.S. Department of Housing and Urban Development

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Highlights

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OFFICE OF INSPECTOR GENERAL • U.S. Department of Housing and Urban Development

HUD OIG Oversight

Read Past Semiannual Reports to Congress

Read FY 2027 Top Management Challenges

Throughout this reporting period, HUD OIG intensified its fight against fraud by focusing resources on the areas that pose the greatest risk and produce transformational impacts. HUD OIG's work with the White House Task Force to Eliminate Fraud and our federal law enforcement partners has strengthened our ability to identify vulnerabilities, pursue those who exploit federal programs, and safeguard taxpayers.

Through joint operations with USMS, HUD OIG has helped locate missing and endangered children, apprehend wanted individuals, and address criminal activity connected to HUD-assisted housing. This work, combined with audits, investigations, and Hotline operations, reflects a more integrated and results-driven approach to oversight focused on defeating fraud, protecting residents, and delivering meaningful results for Congress and the American people.

HUD OIG also launched new and innovative communication channels to broaden public awareness and enhance our reach. A new broadcast texting campaign is delivering geo-targeted, fast, accessible guidance on how to report crime, waste, fraud, and abuse in HUD programs, meeting people where they are and empowering them to act. In addition, our new video series, "**HUD OIG Investigates**," brings audiences inside our cases—spotlighting the stories behind the investigations and elevating the voices of victims whose lives were directly impacted.



$3.56B
RECOMMENDED FUNDS PUT TO BETTER USE



$2.27B
QUESTIONED COSTS



$22.6M
COLLECTIONS FROM AUDITS



$10.7M
TOTAL RECOVERIES-RECEIVABLES



$2.3M
TOTAL RECOVERIES AND RECEIVABLES TO HUD PROGRAMS

Major Audits Identify More Than 4.3M in Improper Payments and Safety Risks Across Three Large Public Housing Authorities

HOUSING AUTHORITY OF THE CITY OF LOS ANGELES (HACLA) **CHICAGO HOUSING AUTHORITY (CHA)**

DISTRICT OF COLUMBIA HOUSING AUTHORITY (DCHA) **READ FULL PRESS RELEASE**

HUD OIG audited HACLA, CHA, and DCHA and found major failures in tenant eligibility screening, criminal background checks, immigration verification, and oversight practices. The audits identified more than $4.3 million in improper payments, including assistance to ineligible lifetime sex offenders, ineligible non-citizens, and individuals whose identities or criminal histories were not verified. HUD OIG recommended that the PHAs terminate assistance to ineligible tenants, repay improperly used funds, implement strong controls, and enforce federal eligibility requirements. HUD OIG also issued a memo to HUD recommending it strengthen or clarify related regulations in a formal notice to PHAs and evaluate whether HUD can implement quality controls to ensure program funds are used properly and protect tenants, staff, and the community.

Highlights

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Investigative Highlights

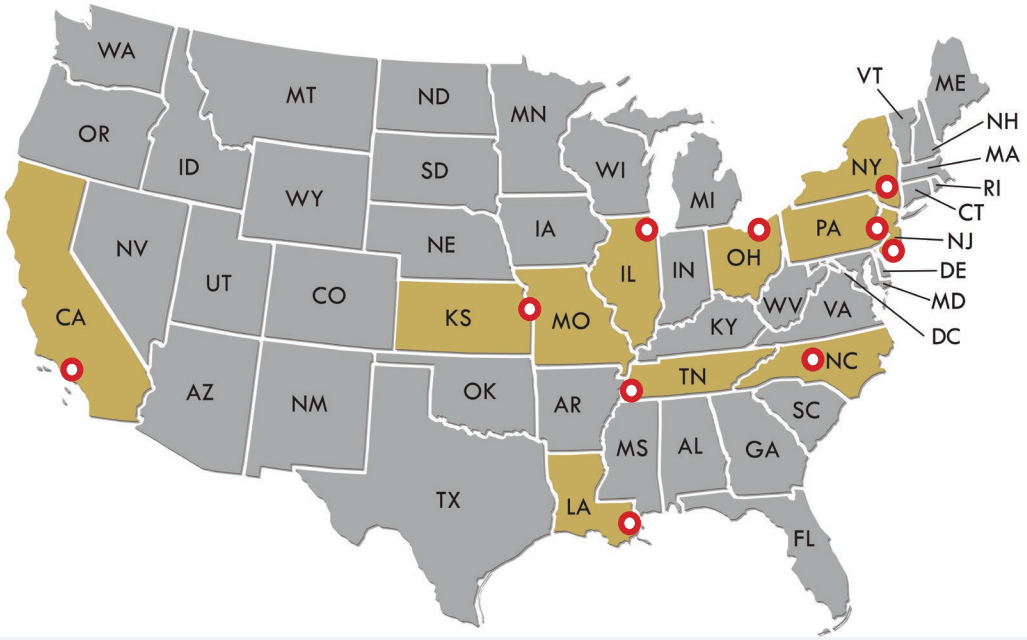
Operation Clean House — Multi-Jurisdictional Enforcement Actions Targeting Fugitives in HUD-Assisted Housing

Between May 2026 and September 2026, HUD OIG partnered with USMS to execute arrest warrants for fugitive felons in support of Operation Clean House. Operations were conducted in multiple cities, including Chicago, IL; Cleveland, OH; Kansas City, KS; Kansas City, MO; Los Angeles, CA; Memphis, TN; New Orleans, LA; Philadelphia, PA; and in New York, New Jersey, and North Carolina to execute arrest warrants for fugitive felons. The operations yielded significant results: HUD OIG arrested or assisted in the arrests of 336 individuals linked to HUD-assisted housing. In addition, multiple controlled substances and nine handguns were seized during the operations. These coordinated enforcement actions underscore HUD OIG's commitment to ensuring HUD assisted housing is safe housing.

336 Arrests
IN HUD-ASSISTED HOUSING

Click on a state to read more

- CHICAGO, IL
- CLEVELAND, OH
- KANSAS CITY KS, MO
- LOS ANGELES, CA
- MEMPHIS, TN
- NEW ORLEANS, LA
- PHILADELPHIA, PA
- NEW YORK
- NEW JERSEY
- NORTH CAROLINA



Operation Meridian: 17 Missing and Endangered Children Recovered

In August 2026, HUD OIG supported Operation Meridian, partnering with USMS and other law enforcement agencies in Ohio to locate missing and endangered children. During the operation, HUD OIG assisted in recovering 17 missing and endangered children who were connected to HUD programs and made two arrests in HUD-assisted housing units. The operation as a whole led to the recovery of 79 reported missing and endangered children between the ages of 6 and 17 across the state of Ohio.

CLICK TO WATCH EPISODE 1 OF *HUD OIG INVESTIGATES*



SECTION 1

Office *of* Investigation

Investigative Highlights

Key Statistical Data *for the Period of April 1, 2026, to September 30, 2026*

Financial Impact

	REPORTING PERIOD	FY 2026
Recoveries and Receivables	$10,743,936	$41,211,718
Recoveries and Receivables to HUD Programs	$2,365,000	$3,570,296
Total recoveries and receivables to PHAs and HUD Grantees[1]	$1,160,647	$2,101,967

Investigative Results[2]

	REPORTING PERIOD	FY 2026
Arrests	413	512
Indictments, Informations, and Criminal Complaints	55	109
Convictions, Pleas, and Pretrial Diversions	44	85
Civil Actions	7	32
Search Warrants	33	76
Subpoenas	242	347

Investigative Reports

	REPORTING PERIOD	FY 2026
Investigative reports issued (Includes approved reports of investigation)	70	133
Persons referred to the U.S. Department of Justice for criminal prosecution	103	202
Persons referred to State and local prosecuting authorities for criminal prosecution	343	382
Indictments and criminal informations during the reporting period that resulted from any prior referral to prosecuting authorities (Includes all charging documents reported: criminal complaints, indictments, informations, and superseding indictments)	55	109

Administrative Actions

	Sanctions		Referrals	
	REPORTING PERIOD	FY 2026	REPORTING PERIOD	FY 2026
Suspensions	43	62	65	94
Debarments	26	35	118	169
Administrative False Claims Act (Program Fraud Civil Remedies Act)	0	0	0	0
Program or Professional License or Certification	0	1	1	2
Evictions	8	44	319	623
Other[3]	10	12	7	10
Total	**87**	**154**	**510**	**898**

1 | May include comingled funds

2 | Delays can occur in recording investigative results during a semiannual reporting period. These figures were accurate as of September 30, 2026.

3 | This category includes employee-related actions (reprimands, suspensions, demotions, or terminations of employees of federal, state, or local governments or of federal contractors and grantees as the result of HUD OIG activities), limited denials of participation, and indemnifications. The numbers include 5 indemnification referrals consisting of a total of 33 FHA-insured loans insured for $9,084,136 and 6 indemnification actions consisting of 8 loans for a total of $4,363,676 of FHA-insured value and partial claims to HUD.

Hotline Results

HUD OIG HOTLINE
1-800-347-3735

Total Intakes Received[4]	**16,052**
Total Intakes Referred to HUD Program Offices	**17,054**

The hotline is the primary method by which HUD OIG receives allegations of fraud, waste, abuse, mismanagement, or whistleblower retaliation involving HUD and HUD-funded programs. During this semiannual reporting period, the Hotline received 16,052 intakes, referred 17,054 intakes to HUD program offices, and referred 987 intakes to HUD OIG components for further evaluation. Additional referrals were provided to other federal agencies and other relevant parties. Table 1 provides a summary of the total number of intakes received as of September 30, 2026. Table 2 provides a summary of the total number of intakes referred to HUD program offices as of September 30, 2026.

TABLE 1

Hotline Intake Sources

Web	**9,877**
Hotline Call Center	**5,778**
Internal/Other Referrals	**397**

4 | Hotline activity totals are reported based on date an action was taken. As a result, referrals may be higher or lower than intakes in any given reporting period based on actions taken on backlogs or surges in complaints received.

TABLE 2

Hotline Intakes Referred to HUD Program Offices 17,054

Public and Indian Housing	14,119	Chief Financial Officer	4
Housing and Federal Housing Administration	1,871	Equal Employment Opportunity	3
Community Planning and Development	618	HUD Office of Administrations	2
Fair Housing and Equal Opportunity	379	General Counsel	1
Chief Human Capital Officer	23	Government National Mortgage Association (Ginnie Mae)	1
Healthy Homes and Lead Hazard Control	12	Policy Development and Research	1
Field Policy and Management	10	Public Affairs	1
Labor Standards and Enforcement	9		

Key Investigative Cases

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SEXUAL HARASSMENT

JUSTICE DEPARTMENT SECURES $510,000 SETTLEMENT IN SEXUAL HARASSMENT LAWSUIT AGAINST KENTUCKY LANDLORD | *April 27, 2026*

A Kentucky landlord agreed to pay $510,000 to settle a federal lawsuit alleging he violated the Fair Housing Act by sexually harassing female tenants. The lawsuit, brought by the DOJ and HUD OIG, revealed that over decades he made unwelcome sexual advances, offered rent forgiveness for sexual contact, entered homes without permission, and threatened eviction. Under the consent order approved by a U.S. District Court, the landlord must pay $500,000 to victims and a $10,000 civil penalty. Additionally, he is barred from managing residential properties or contacting harmed tenants and must implement anti-harassment training and policies. This resolution was achieved as part of the DOJ's ongoing Sexual Harassment in Housing Initiative.

Key Investigative Cases

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FINANCIAL FRAUD

FORMER DALLAS HOUSING EMPLOYEE SENTENCED | *May 21, 2026*

A former Dallas Housing Authority (DHA) maintenance supervisor was sentenced to 24 months in prison and ordered to pay $473,641 in restitution after participating in a scheme that diverted DHA funds through phony contracts awarded to his company. From August 2019 to February 2024, the supervisor manipulated bids and approved payments for work that never occurred. The case was investigated by HUD OIG and prosecuted by the U.S. Attorney's Office for the Northern District of Texas, Dallas Division.

IDENTITY AND BENEFITS FRAUD

ILLEGAL IMMIGRANT SENTENCED FOR IDENTITY AND BENEFITS FRAUD

May 29, 2026

A Colombian national was sentenced to 33 months in prison and ordered to repay $404,194 after living in Boston under the false identity of a U.S. citizen for decades and receiving funds from multiple government programs, including HUD-subsidized housing, disability, and the Supplemental Nutrition Assistance Program. The case was investigated by HUD OIG and prosecuted by the U.S. Attorney's Office for the District of Massachusetts.

MORTGAGE FRAUD

FORMER D.C. HOUSING AUTHORITY EMPLOYEE PLEADS GUILTY | *June 3, 2026*

A former District of Columbia Housing Authority employee and multifamily real estate developer pleaded guilty to defrauding mortgage lenders of more than $15 million after submitting falsified mortgage statements and creating a fake veterans housing program to secure renovation loans. The scheme operated from August 2020 through May 2024. The case is being investigated by HUD OIG and prosecuted by the U.S. Attorney's Office for the District of Columbia.

FINANCIAL FRAUD

FORMER FLORIDA APPRAISER SENTENCED | *June 24, 2026*

A former Federal Housing Administration (FHA) appraiser licensed in Texas and Florida was sentenced to a total of 20 years in prison and ordered to pay $157,529 in restitution after orchestrating a fraudulent appraisal scheme that put the FHA program at risk of more than $33 million in losses. After losing his appraisal licenses in both states, the defendant stole the identity and license of another Florida appraiser to submit fraudulent reports while operating from outside the United States. The investigations were conducted by HUD OIG and Federal Housing Finance Agency (FHFA) OIG, and prosecuted by the U.S. Attorney's Offices for the Eastern District of Texas and the Middle District of Florida.

FEDERAL PROGRAM THEFT

DUNN HOUSING DIRECTOR IMPRISONED FOR THEFT | *July 10, 2026*

A former North Carolina public housing executive director was sentenced to 24 months in prison and ordered to pay $238,448 in restitution after stealing taxpayer dollars. From 2016 to 2021, the defendant used fake invoices, forged documents, and misused credit cards to channel funds to herself. The case was investigated by HUD OIG and prosecuted by the U.S. Attorney's Office for the Eastern District of North Carolina.

Key Investigative Cases

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GRANT FRAUD

SANTA FE NONPROFIT LEADER TO REPAY HUD | *July 8, 2026*

A former New Mexico nonprofit executive director agreed to pay $735,000 in a civil settlement to resolve allegations that she concealed conflicts of interest and submitted ineligible claims for HUD Continuum of Care housing grants between 2015 and 2018. The settlement resolves allegations under the False Claims Act and common law. The case was investigated by HUD OIG and prosecuted by the U.S. Attorney's Office for the District of New Mexico.

Whistleblower Protection

Whistleblowers play a critical role in keeping government programs honest, efficient, and accountable. HUD OIG continues to ensure that HUD and HUD OIG employees are aware of their rights to disclose fraud, waste, or abuse in HUD programs without fear of reprisal and to seek redress when they believe they have been subject to retaliation for whistleblowing. Generally, HUD OIG will refer these employees to the U.S. Office of Special Counsel.

In addition, HUD OIG receives complaints filed under 41 U.S.C. § 4712, the statute that extends whistleblower protections to employees of federal contractors, subcontractors, grantees, subgrantees, and personal services contractors. Employees covered by Section 4712 may file whistleblower retaliation complaints with HUD OIG. In turn, HUD OIG reviews these retaliation complaints and, when appropriate, investigates the allegations and provides a report of findings to the HUD Secretary for a determination of whether unlawful reprisal occurred.

The chart below provides further information on Section 4712 whistleblower retaliation complaints received by HUD OIG during the period covered by this report.

Whistleblower Retaliation Complaints Received During the Period

Number of complaints alleging whistleblower retaliation	72
Complaints meeting threshold requirements for initial inquiry and/or full investigation	22

SECTION 2

Office *of* Audit and Evaluation

Audit and Evaluation Highlights

Key Statistical Data *for the Period of April 1, 2026, to September 30, 2026*

Audit and Evaluation Results[5]

	REPORTING PERIOD	FY 2026
Reports Issued	34	52

Financial Impact

Recommended Funds Put to Better Use	$3,562,212,326	$3,568,129,372
Questioned Costs	$2,274,307,584	$2,302,631,478
Collections from Audits	$22,557,470	$65,721,801



5 | During this semiannual reporting period, HUD OIG audits did not result in administrative actions, civil actions, or personnel actions. Therefore, HUD OIG did not include those categories under audit results in this report.

Resolution of HUD OIG Recommendations

HUD OIG conducts audits and evaluations and, in addition to reporting findings, makes recommendations for corrective action that HUD and program participants can take to cure deficiencies and improve the delivery of critical housing services. HUD OIG collaborates closely with HUD to ensure that its corrective actions are focused and achieve the intended results of providing safe and quality housing for its beneficiaries, as well as reducing the risk of fraud, waste, and abuse. During this reporting period, HUD successfully resolved 114 open recommendations from previous HUD OIG audits and evaluations.

This collaborative effort has significantly reduced the total number of open HUD OIG recommendations. As of September 30, 2026, HUD had 657 open recommendations.

Open Audit and Evaluation Recommendations by SAR period



Closure of Priority Open Recommendations

REPORT, 2021-KC-0004, REC 1B

HUD's Office of Multifamily Housing Programs' Complaint Process Did Not Ensure that Health and Safety Complaints were resolved in a Timely Manner

On **April 24, 2026,** HUD took action to close priority recommendation 1B from the HUD OIG audit report, *HUD's Office of Multifamily Housing Programs' Complaint Process Did Not Ensure that Health and Safety Complaints were resolved in a Timely Manner*, issued on July 28, 2021. The Office of Multifamily Housing provided a memorandum to HUD's regional directors and field asset management division directors concerning tenant complaint processing. Attached to the memorandum was HUD's procedure for processing tenant complaints, which the field asset management staff and managers were expected to continue to follow. The purpose of the memorandum was to ensure all tenant complaints were handled consistently, timely, and with a documented resolution across all Multifamily regions.

REPORT, 2025-FO-0006, REC 2A

HUD Did Not Comply with the Payment Integrity Information Act of 2019

On **August 28, 2026**, HUD took action to close priority recommendation 2A from the HUD OIG audit report, *HUD Did Not Comply with the Payment Integrity Information Act of 2019*, issued on May 13, 2025. To close this recommendation, HUD updated and revised its Do Not Pay (DNP) policy, Handbook 1900.40, Revision 2, dated August 27, 2026. This updated the policies and procedures around the DNP activities across programs and support offices and strengthened its governance structure for its DNP process. This included the responsibilities assigned to OCFO, program and support offices and HUD's Privacy Office. Additionally, the policy defines the process and related responsibilities for pre-award and prepayment verification of eligibility checks. The changes allow HUD to clearly define the responsibilities for all parties and ensure alignment with current laws, processes, and procedures. Further, the implementation of the process and governance structure, along with the compliance timelines outlined in the policy, will improve HUD's pre-award and prepayment verification process.

Recommendations Dashboard

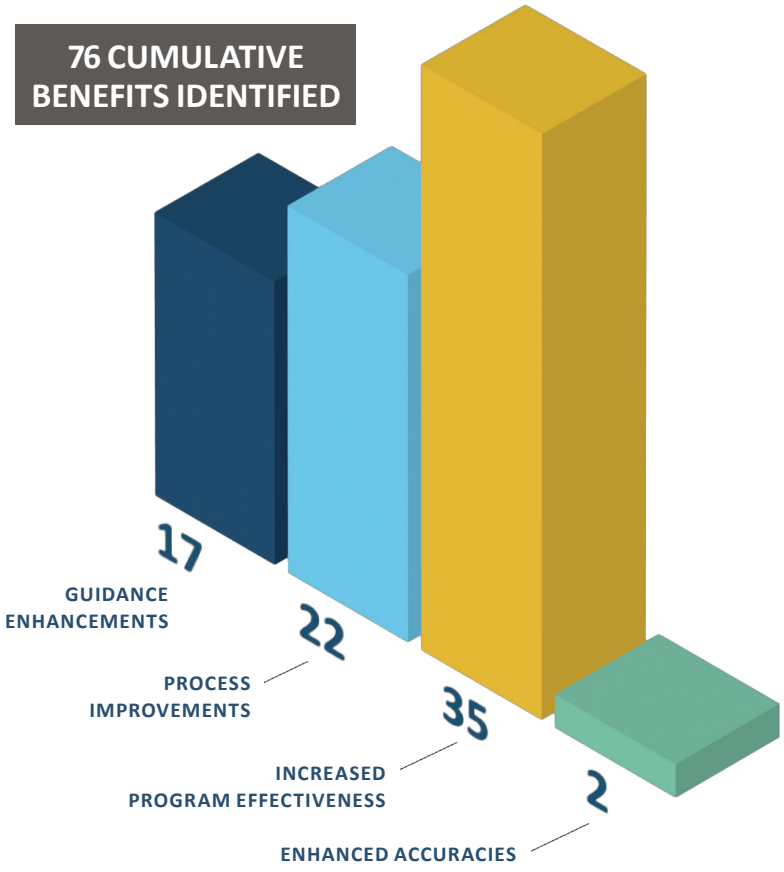
HUD OIG's Recommendations Dashboard provides public access to open, closed, and priority recommendations for HUD programs. Users can view recommendation status, associated costs, and related report information.



Non-Monetary Benefits

Along with monetary benefits, HUD OIG has developed a robust method for tracking non-monetary and other benefits resulting from its reports and recommendations. HUD OIG uses an Other Benefits Review Board to ensure that all its components consistently track and report the non-monetary and other benefits that result from HUD's implementation of policy, guidance, technical, or other changes to address HUD OIG report recommendations.

HUD OIG is pleased to report the results for non-monetary recommendations assessed for April 2026 through September 2026. HUD OIG identified 76 non-monetary benefits generated by closed HUD OIG recommendations. These include 17 guidance enhancements, 22 process improvements, 35 instances of increased program effectiveness, and two enhanced accuracies.



Nonmonetary Benefit Categories

1. Guidance Enhancements

17 IDENTIFIED

When HUD creates new rules, policies, or procedures because of HUD OIG's work. These changes give clearer direction and help prevent future problems.

2. Process Improvements

22 IDENTIFIED

When HUD makes a program or process run more smoothly or efficiently because of HUD OIG's work. This can include simplifying steps or improving how work gets done.

3. Increased Program Effectiveness

35 IDENTIFIED

When HUD takes action that helps a program perform better and support HUD's goals based on HUD OIG's recommendations.

4. Enhanced Accuracy

2 IDENTIFIED

When HUD improves the accuracy or clarity of its data or records to optimize accountability, transparency, or customer experience because of HUD OIG's recommendations.

Non-Monetary Benefits Case Examples

1. Guidance Enhancements

REPORT 2025-KC-0002, REC 1A

On July 28, 2026, HUD closed a recommendation requiring it to develop and implement uniform procedures for the Field Service Management (FSM) desk monitoring review, including a second-level review and a process for each inspection type. HUD OIG's audit found that HUD had not developed formal procedures for its FSM monitoring reviews, that its existing FSM monitoring plan lacked clarity, and that its qualitative monitoring database supported only one level of review. As a result of HUD OIG's work, HUD issued the Standard Operating Procedure, FSM Qualitative Monitoring Plan, effective September 1, 2026, which establishes uniform steps for each inspection type and requires a second-level review of completed monitoring reviews. Issuing this guidance to strengthen controls over the monitoring of FSM contractors' property preservation and protection services is a direct benefit of HUD OIG's oversight.

2. Process Improvements

REPORT 2024-OE-0002, REC 3

On July 24, 2026, HUD OIG closed a recommendation requiring HUD's Office of the Chief Information Officer to employ automation to maintain a timely and accurate view of security configuration information for all systems connected to its network. HUD OIG's fiscal year 2024 Federal Information Security Modernization Act evaluation found that HUD's information security program had not reached the managed and measurable maturity level for configuration management, in part because it lacked automated visibility into the configuration state of its connected systems. As a result of HUD OIG's work, HUD implemented automated configuration monitoring across its network, giving OCIO a current view of security configuration information for all connected systems. Automating this monitoring process so that HUD can identify misconfigured systems before they are exploited is a direct benefit of HUD OIG's oversight.

3. Increased Program Effectiveness

REPORT 2026-LA-0002, REC 2E

On July 8, 2026, HUD closed a recommendation requiring the Office of Lead Hazard Control and Healthy Homes (OLHCHH) to consider grantees' suggestions for improving training sessions, technical assistance, and communication that grantees use to meet agreed-upon performance benchmarks, and to document the guidance it planned to share with them. HUD OIG's audit found that seven grantees had offered specific suggestions, including holding regular webinars focused on common issues, that OLHCHH could act on. As a result of HUD OIG's work, OLHCHH made an effort to consider grantees' suggestions and delivered training, technical assistance, and communication. In addition, OLHCHH provided documentation that supported guidance to grantees in meeting agreed-upon performance benchmarks. Better equipping grantees to meet their performance benchmarks increases the effectiveness of the Lead-Based Paint Hazard Control and Lead Hazard Reduction Demonstration programs in reducing lead hazards in low-income households, and is a direct benefit of HUD OIG's oversight.

4. Enhanced Accuracy

REPORT 2026-FO-0003, REC 1J

On August 11, 2026, HUD closed a recommendation requiring FHA to ensure that the report the National Servicing Center provides for reclassifying partial claims from loans receivable to accounts receivable is appropriate for financial reporting, and to document that decision. HUD OIG's audit of FHA's fiscal year 2025 financial statements found that FHA's Office of Financial Accounting and Reporting relied on a report whose suitability for financial reporting it had not established or documented, which put the accuracy of the reclassification between the loans receivable and accounts receivable balances at risk. As a result of HUD OIG's work, FHA evaluated and confirmed the appropriateness of the National Servicing Center report for financial reporting and documented the basis for that determination. Confirming the reliability of the underlying report enhances the accuracy of FHA's reported loans receivable and accounts receivable balances, and is a direct benefit of HUD OIG's oversight.

Key Audits and Evaluations

READ ALL 34 REPORTS ISSUED

FINANCIAL RISK

HUD Underestimated Rising Property Charges for an Estimated 1,237 HECM Borrowers | *May 5, 2026*

HUD OIG evaluated HUD's administration of Life Expectancy Set Asides (LESAs) within the Home Equity Conversion Mortgage (HECM) program to determine whether the set aside funds were effectively meeting the program's intent for financially vulnerable borrowers. LESA funds are designed to cover property taxes and insurance for the duration of a borrower's life expectancy, but HUD OIG found that an estimated 1,237 borrowers will exhaust their LESAs far earlier than HUD projected. HUD did not assess whether its LESA calculation methodology ensured funds would remain available for the borrowers' expected lifetimes, despite rising nationwide property tax and insurance costs. As LESAs deplete, borrowers will be required to make out of pocket property charge payments; those unable to do so may default on their HECM loans. HUD OIG determined this could result in a projected $258 million loss to HUD. The audit highlights the need for HUD to reassess LESA calculations to protect vulnerable borrowers and reduce financial risk to the program. Single Family Housing implemented the OIG's recommendation, and the audit was closed on September 2, 2026.

HEALTH AND SAFETY

HOME and HOME ARP Draws Made Near Hold in Federal Funding Were Premature and Improper Payments | *June 12, 2026*

HUD OIG reviewed HOME Investment Partnerships Program (HOME) and HOME American Rescue Plan (HOME ARP) draws made near the January 2025 hold in Federal funds to determine whether grantees complied with program requirements. The audit identified significant risks associated with increased draw activity during this period and found that two of the eight grantees reviewed—New York City and the City of Anaheim—made premature draws and improper payments. New York City and its subrecipient, New York City Housing Authority (NYCHA), could not support how $81.9 million in HOME ARP funds were used for a tenant arrears program, including more than $6 million paid on behalf of ineligible tenants. Together, both grantees prematurely drew over $87 million without immediate need and failed to report or remit associated interest income. Anaheim also acknowledged drawing an additional $404,630 prematurely. HUD OIG concluded that these actions misrepresented funding needs and increased financial risk. Recommendations included requiring documentation or repayment, recovering interest, reviewing other premature draws, assessing grantee controls, and considering administrative actions for violating program requirements.

HUD'S OPERATIONS

HUD Did Not Comply With the Payment Integrity Information Act of 2019 for FY 2025 | *August 5, 2026*

HUD OIG found that HUD did not comply with the Payment Integrity Information Act (PIIA) because it reported unknown payment estimates for Public and Indian Housing Tenant-Based Rental Assistance (PIH-TBRA) and Multifamily Project-Based Rental Assistance (MF-PBRA) without sufficient testing. As a result, HUD could not effectively implement required corrective actions for its two largest program expenditures, which totaled $55.7 billion in FY 2025. HUD has been unable to produce compliant estimates for these programs for nine years and has been noncompliant with improper payment laws for 13 years. Systemic challenges—nonstandardized processes, decentralized documentation, and outdated policies—continue to hinder progress. HUD also did not consistently use the Do Not Pay system for prepayment verification, leading to more than $2 billion in payments to entities lacking active SAM.gov registrations and/or Unique Entity Identifiers (UEI) and $77 million in unknown payments made on behalf of deceased tenants.

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Key Audits and Evaluations

READ ALL 34 REPORTS ISSUED

HEALTH AND SAFETY

The New York City Department of Social Services Made Payments with its ESG CARES Act Funds that Could Not Be Determined As Proper | *August 27, 2026*

HUD OIG found that the New York City Department of Social Services (NYC DSS) made more than $10.4 million in Emergency Solutions Grant (ESG) Coronavirus Aid, Relief, and Economic Security (CARES) Act payments that could not be classified as proper or improper due to insufficient documentation. Weak controls in its multi-step reimbursement process resulted in unknown payments and reduced accountability for federally funded services. Based on sample projections, at least $52.7 million in the broader expense universe may be unsupported. HUD OIG recommends documentation or repayment, strengthened policies and procedures, continued review of grant draws, and consideration of administrative action.

IMPROPER PAYMENTS

HOME and HOME ARP Draws Made Near Hold in Federal Funding Were Premature and Improper Payments

September 17, 2026

HUD OIG audited HAPs in HUD's MF PBRA and PIH TBRA programs and found significant improper payments across both. HUD has been unable to produce compliant improper payment estimates for MF PBRA for nine consecutive years, contributing to 13 years of overall noncompliance with improper payment laws. Testing in the MF PBRA program identified 42 improper payments out of 230 reviewed, projecting at least $1.291 billion in annual improper payments due to owner calculation errors, failure to follow requirements, and missing documentation. Similarly, in PIH TBRA, 74 of 300 tested payments were improper, leading to a projected $1.430 billion in annual improper payments driven by PHA errors, noncompliance, and inadequate documentation. Across both programs, HUD relies heavily on multifamily property owners and PHAs to ensure payment accuracy, but limited oversight and insufficient monitoring by PHAs and Performance-Based Contract Administrators (PBCAs) prevent HUD from identifying systemic HAP calculation issues. HUD OIG found that HUD's guidance and systems do not adequately support program administrators in navigating complex requirements, contributing to persistent risks to payment integrity.

RELATED REPORTS: **HUD'S MULTIFAMILY PROJECT-BASED RENTAL ASSISTANCE PROGRAM HAD SIGNIFICANT IMPROPER PAYMENTS. | *September 17, 2026***

HUD'S PIH-TBRA PROGRAM HAD SIGNIFICANT IMPROPER PAYMENTS | *September 17, 2026*

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Peer Review

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law No. 111-203), section 989C, requires Inspectors General to report the latest peer review results in their semiannual reports to Congress. HUD OIG's Office of Audit and Evaluation[5] and Office of Investigation are required to undergo a peer review every three years to ensure that the work completed by the respective organizations meets the applicable requirements and standards.

The following is a summary of the status of the latest round of peer reviews.

Peer Reviews conducted on HUD OIG

Type of review	Date of peer review	Reviewing OIG	Rating	Outstanding recommendations
Audit	September 30, 2024	DOT OIG	Pass	None
Evaluation	April 9, 2026	VA OIG	Pass	None
Investigation	October 14, 2022	SSA OIG	Pass	None

Peer Reviews conducted by HUD OIG

Type of review	Date of peer review	Reviewing OIG	Rating	Outstanding recommendations
Audit	June 17, 2025	SSA OIG	Pass	None
Evaluation	March 28, 2025	DoD OIG	Pass	None
Investigation	June 5, 2020	DHS OIG	Pass	None

5 | Although the Office of Audit and Evaluation operates as a combined component, the peer reviews for the Office of Audit and the Office of Evaluation are conducted independently.

Legislation, Regulations, and Other Directives

HUD OIG reviews proposed legislation and regulations concerning their impact on the economy and efficiency of HUD programs, as well as the prevention and detection of fraud and abuse in HUD programs and operations. During this six-month reporting period, HUD OIG reviewed 100 issuances. HUD OIG provided comments on 18 (18 percent) of the issuances and non-concurred on 20 (20 percent). The draft directives consisted of 73 notices, and 27 other directives. Of the other directives, HUD OIG reviewed four handbooks-guidebooks, two final rules, 13 congressional reports, and eight other directives.

Departmental clearances by final disposition

No position	**62%**
With comments	**18%**
Nonconcur	**20%**

Legislation

Permanent Authorization of the CDBG-DR Program

With the passage of the 21st Century ROAD to Housing Act, PL 119-101, effective July 11, 2026, HUD's Community Development Block Grant Disaster Recovery (CDBG-DR) program is authorized for three years. HUD OIG and the U.S. Government Accountability Office have issued multiple oversight reports with recommendations to ensure that HUD's CDBG-DR program funding reaches vulnerable communities quickly, including a recommendation that HUD seek permanent authorization of the CDBG-DR program through legislative action.

Warning and Certifications

HUD OIG regularly makes recommendations to HUD to include standard warnings and certifications in its policies and forms to protect HUD's programs from fraud. Clear warnings on HUD documents put fraudsters on notice that there can be serious criminal, civil, and administrative consequences to their actions that help discourage fraud. Certifications of accuracy and truthfulness under penalty of perjury, as well as warnings, play an important role in promoting accountability and enabling effective prosecution of those who commit fraud.

HUD OIG, therefore, continues to recommend that HUD include the following language in forms:

> I/We, the undersigned, certify under penalty of perjury that the information provided above is true and correct. WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §§ 3729, 3802).

HUD OIG non-concurred on three clearances due to warnings and certifications language. HUD continues to be receptive to these recommendations and has accepted and incorporated HUD OIG's recommended warning and certification language into several of its policies.

Notices and Other Directives

Rescission of Floodplain Management and Protection of Wetlands; Minimum Property Standards for Flood Hazard Exposure; Building to the Federal Flood Risk Management Standard

On July 10, 2026, HUD published a proposed rule in the Federal Register to restore HUD's regulations governing floodplain management and the protection of wetlands generally to their state prior to the publication of an April 23, 2024, final rule. The proposed rule would maintain flexibilities from that rule related to floodways, categorical exclusions, exemptions from Part 55 applicability, and the decision-making process.

Request for Information Regarding Single Family Minimum Property Requirements (MPR)

On May 29, 2026, HUD published a request for information regarding single family MPRs established through the authority set forth in Section 203 of the National Housing Act (12 U.S.C. 1709(a)). Since the Program's inception, FHA has required, as a condition of eligibility, that all residential properties securing insured mortgages satisfy certain MPRs. Separately, section 526 of the National Housing Act (12 U.S.C. 1735f-4) requires the Secretary to establish minimum property standards for newly constructed residential housing other than manufactured housing. FHA's last major update to the MPRs and the associated repair requirements was more than 20 years ago.

Removal of Environmental Clearance Officer Review and Comment for Assessments for Projects Over 200 Lots/Dwelling Units or Beds

On June 22, 2026, HUD published an interim final rule in the Federal Register, which revises HUD's environmental review regulations by removing HUD's requirement that Environmental Assessments for projects over 200 dwelling units or beds shall be sent to the Field Environmental Clearance Officer or Program Environmental Clearance Officer for review and comment.

Revising the Definition of "Manufactured Home" to Lower Housing Costs

On June 12, 2026, HUD published a proposed rule in the Federal Register, which would amend the definition of "manufactured home" in HUD's Manufactured Home Construction and Safety Standards (MHCSS), Model Manufactured Home Installation Standards (MMHIS), and Manufactured Home Installation Program (MHIP) to provide that a transportable section of a manufactured home serving as part of an upper floor of a manufactured home would not need to be transported or built on a permanent chassis.

Reporting Requirements

New citation	New requirement (NDAA* for fiscal year 2023, sec. 5273)	Page
(a)(1)	a description of significant problems, abuses, and deficiencies relating to the administration of programs and operations of the establishment and associated reports and recommendations for corrective action made by the Office	**2-14**
(a)(2)	an identification of each recommendation made before the reporting period, for which corrective action has not been completed, including the potential cost savings associated with the recommendation	**Table A** **HUD OIG Open Recommendations Dashboard**
(a)(3)	a summary of significant investigations closed during the reporting period	**5-7**
(a)(4)	an identification of the total number of convictions during the reporting period resulting from investigations	**4**
(a)(5)	information regarding each audit, inspection, or evaluation report issued during the reporting period, including-- (A) a listing of each audit, inspection, or evaluation; (B) if applicable, the total dollar value of questioned costs (including a separate category for the dollar value of unsupported costs) and the dollar value of recommendations that funds be put to better use, including whether a management decision had been made by the end of the reporting period	**2-14** **Table C** **Table D** **HUD OIG Open Recommendations Dashboard**
(a)(6)	information regarding any management decision made during the reporting period with respect to any audit, inspection, or evaluation issued during a previous reporting period	**Table B**
(a)(7)	the information described under section 804(b) of the Federal Financial Management Improvement Act of 1996	**20**
(a)(8)	(A) an appendix containing the results of any peer review conducted by another Office of Inspector General during the reporting period; or (B) if no peer review was conducted within that reporting period, a statement identifying the date of the last peer review conducted by another Office of Inspector General;	**15**
(a)(9)	list of any outstanding recommendations from any peer review conducted by another Office of Inspector General that have not been fully implemented, including a statement describing the status of the implementation and why implementation is not complete;	**15**
(a)(10)	a list of any peer reviews conducted by the Inspector General of another Office of the Inspector General during the reporting period, including a list of any outstanding recommendations made from any previous peer review (including any peer review conducted before the reporting period) that remain outstanding or have not been fully implemented;	**15**

New citation	New requirement (NDAA* for fiscal year 2023, sec. 5273)	Page
(a)(11)	statistical tables showing (A) the total number of investigative reports issued during the reporting period; (B) the total number of persons referred to the Department of Justice for criminal prosecution during the reporting period; (C) the total number of persons referred to State and local prosecuting authorities for criminal prosecution during the reporting period; and (D) the total number of indictments and criminal informations during the reporting period that resulted from any prior referral to prosecuting authorities;	4
(a)(12)	a description of the metrics used for developing the data for the statistical tables under paragraph (11);	4
(a)(13)	v report on each investigation conducted by the Office where allegations of misconduct were substantiated involving a senior Government employee or senior official (as defined by the Office) if the establishment does not have senior Government employees...	20
(a)(14)	(A) a detailed description of any instance of whistleblower retaliation, including information about the official found to have engaged in retaliation; and (B) what, if any, consequences the establishment actually imposed to hold the official described in subparagraph (A) accountable;	None
(a)(15)	information related to interference by the establishment, including - (A) a detailed description of any attempt by the establishment to interfere with the independence of the Office, including— (i) with budget constraints designed to limit the capabilities of the Office; and (ii) incidents where the establishment has resisted or objected to oversight activities of the Office or restricted or significantly delayed access to information, including the justification of the establishment for such action; (B) a summary of each report made to the head of the establishment under section 6(c)(2) during the reporting period;	None
(a)(16)	Detailed descriptions of the particular circumstances of each - (A) Inspection, evaluation, and audit conducted by the Office that is closed and was not disclosed to the public; and (B) Investigations conducted by the office involving a senior government employee that are closed and not disclosed to the public.	None

Streamlined Reporting Requirements

Federal Financial Management Improvement Act

As of September 30, 2026, HUD OIG and HUD had not identified any systems that were noncompliant with the three elements of section 803(a) of FFMIA.

Reports That Were Closed During the Period That Were Not Disclosed to the Public – (a)(16)

This requires detailed descriptions of the particular circumstances of each (A) inspection, evaluation, and audit conducted by the office that is closed and was not disclosed to the public and (B) investigation conducted by the office involving a senior government employee that is closed and was not disclosed to the public.

HUD OIG closed an investigation into a senior government employee's knowledge of an inventory discrepancy. The investigation determined that the senior government employee mistakenly adjusted an inventory. There was no loss of equipment, and this mistake did not constitute misconduct or a violation of policy. The investigation did not substantiate the allegations.

HUD OIG closed an investigation into whether a senior government employee engaged in inappropriate workplace behavior or committed time and attendance fraud. The investigation found that the allegations involving inappropriate workplace behavior were addressed by HUD's Anti-Harassment Program, and there were no actionable harassment findings. Regarding time and attendance, the investigation also determined the employee's records reflected official travel or telework on the dates in question, and there was no evidence of misconduct or a violation of policy. The investigation did not substantiate the allegations.

HUD OIG closed an investigation into whether a senior government employee engaged in prohibited representation, time and attendance fraud, or other misconduct. The investigation found insufficient evidence to support allegations of criminal conduct, violations of federal regulations, or violations of HUD's Sick Leave Policy.

Trafficking Victims Prevention and Protection Reauthorization Act of 2022

HUD OIG performed a review of records for this semiannual reporting period related to human trafficking allegations as required by the Trafficking Victims Prevention and Protection Reauthorization Act of 2022. HUD OIG received and reviewed four complaints related to human trafficking allegations.

Additionally, HUD OIG conducted human trafficking protection training as part of the annual ethics training curriculum, which was completed by all HUD OIG employees.

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HUD's Top Management Challenges for Fiscal Year 2027

Improving Business Operations: **Modernizing IT Systems and Streamlining Procurement**



Protecting Taxpayer Funds from **Fraud, Waste, and Abuse**



Ensuring the Availability of **Affordable and Quality Housing**



Acronym Glossary

CARES	Coronavirus Aid, Relief, and Economic Security (CARES) Act
CDBG-DR	Community Development Block Grant Disaster Recovery
DHS	U.S. Department of Homeland Security
DoD	U.S. Department of Defense
DOJ	Department of Justice
DOT	U.S. Department of Transportation
ESG	Emergency Solutions Grant
FFMIA	Federal Financial Management Improvement Act
FHA	Federal Housing Administration
FY	fiscal year
HAP	Housing Assistance Payment
HECM	Home Equity Conversion Mortgage
HOME	HOME Investment Partnerships Program
HOME ARP	HOME American Rescue Plan
HUD	U.S. Department of Housing and Urban Development
IPA	Independent Public Accountant
IT	Information technology
LESA	Life Expectancy Set Asides
MF-PBRA	Multifamily Tenant-Based Rental Assistance
MHCSS	Manufactured Home Construction and Safety Standards
MHIP	Manufactured Home Installation Program
MMHIS	Model Manufactured Home Installation Standards
MPR	Minimum Property Requirements
NDAA	National Defense Authorization Act
NYC DSS	New York City Department of Social Services
NYCHA	New York City Housing Authority
OIG	Office of Inspector General
Owners	Multifamily Housing Owners
PBCA	Performance-Based Contract Administrator
PBRA	Project-Based Rental Assistance
PHA	Public Housing Authority
PIH-TBRA	Public and Indian Housing Tenant-Based Rental Assistance
PII	Personally Identifiable Information
PIIA	Payment Integrity Information Act
SAR	Semiannual Report to Congress
SSA	Social Security Administration
U.S.C.	United States Code
USMS	U.S. Marshals Service
VA	U.S. Department of Veterans Affairs

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