



JUN 27 2017

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410

Alexander County Housing Authority
Determination Regarding Abrogation of Collective Bargaining Agreement

Under the authority of Section 6(j)(3)(D)(i)(I) of the United States Housing Act of 1937, 42 U.S.C. § 1437d(j)(3)(D)(i)(I), I hereby make the following Findings and Determinations:

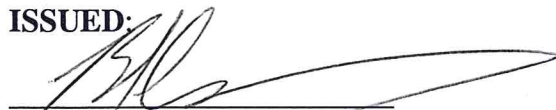
FINDINGS:

1. Because of the occurrence of a substantial default by the Alexander County Housing Authority (ACHA), the Secretary has taken possession of ACHA within the meaning of Section 6(j)(3)(A)(iv) of the United States Housing Act of 1937, 42 U.S.C. § 1437d(j)(3)(A)(iv). Since February 19, 2016, ACHA has been operated under my authority by employees of the United States Department of Housing and Urban Development (HUD). ACHA employs both full-time and part-time employees in administrative and maintenance roles.
2. Pursuant to the Consolidated Annual Contributions Contract (ACC) between HUD and ACHA, HUD may declare ACHA in substantial default based on ACHA's failure to satisfy the terms of the ACC. Upon that determination, HUD is authorized under Section 6(j)(3)(D)(i) of the United States Housing Act of 1937, 42 U.S.C. § 1437d(j)(3)(D)(i) to take certain actions to correct the substantial default, including but not limited to abrogating any contracts determined to be a substantial impediment to the correction.
3. On October 1, 2010, ACHA entered into a Collective Bargaining Agreement (CBA) with Laborers' International Union of North America, the Southern and Central Illinois Laborers' District Counsel and Laborers' Local Union 773 (the Union). The CBA governs the employment of all full-time ACHA employees, and contains extremely favorable terms for the employees and offers no protection or flexibility for ACHA. Over the last year, ACHA and the Union have attempted to re-negotiate a new CBA, however, those efforts have failed and continued efforts are futile.
4. HUD's Real Estate Assessment Center completed a financial assessment of ACHA on April 1, 2017, and concluded that ACHA is insolvent and the residents of ACHA's properties need to be relocated. That report cited the CBA as a significant contributing factor to ACHA's insolvency and identified the cost structure as unsustainable.
5. The CBA contains provisions that are impede ACHA from hiring the staff and contractors needed for relocation and correction of the substantial default, and from terminating current employees under the current financial conditions at ACHA.

DETERMINATIONS:

1. As a result of the substantial default by ACHA, the Secretary determined to take possession of ACHA within the meaning of 42 U.S.C. § 1437d(j)(3)(A)(iv).
2. 42 U.S.C. § 1437d(j)(3)(D)(i)(I) authorizes the Secretary to review and determine that certain contracts entered into by ACHA will substantially impede HUD's ability to correct the substantial default by ACHA.
3. The termination provisions contained within the CBA signed by ACHA and the Union impede ACHA's ability to hire, fire, pay and manage its employees and thereby substantially impede the Secretary and persons appointed by the Secretary in their efforts to correct ACHA's substantial default.
4. No statutory authority precludes a determination under 42 U.S.C. § 1437d(j)(3)(D)(i)(I) in this case.
5. For the reasons set forth above, I hereby determine that the individuals named to operate ACHA under my authority, including its current Board and Executive Administrator, as well as their successors and persons acting at their direction, shall abrogate the CBA between ACHA and the Union.
6. This determination will remain in force until the Secretary declares in writing the correction of the substantial default. All personnel and administrative actions taken during the effective date of this determination shall be considered permanent, unless otherwise the person taking the action otherwise states in writing at the time the action is taken.

ISSUED:


Dr. Ben Carson, Secretary