

16 September 2010

Sent via email to: [hotline@hudoig.gov](mailto:hotline@hudoig.gov)

Sent via fax to: 202-401-2505

To:

Mr. Kenneth M. Donohue, Sr.

Inspector General, Department of Housing and Urban  
Development

451 7th Street S.W., Washington, DC 20410

Cc:

Governor Rick Perry, Fax (512) 463-1849

Attorney General Gregg Abbott, [greg.abbott@oag.state.tx.us](mailto:greg.abbott@oag.state.tx.us)

Mr. Kevin Hamby, Senior Counsel, Texas Department of Housing  
and Community Affairs, [Kevin.Hamby@tdhca.state.tx.us](mailto:Kevin.Hamby@tdhca.state.tx.us)

Galveston City Counsel

Re: Use of HUD funds to build public housing projects that violate  
federal laws and regulations

Mr. Donohue:

Prior to Hurricane Ike, there is little doubt that the Galveston Housing Authority's housing projects were in violation of HUD's March 1996 "[Fair Housing Planning Guide](#)", and that the concentration of low-income minorities in them violated Section 3608(e)(5) of the Fair Housing Act. However, it is unclear why HUD, the Texas Department of Rural Affairs (TDRA), and the Texas Department of Housing and Community Affairs (TDHCA) were unaware of this problem, and there was certainly no action on the part of the Galveston Housing Authority (GHA) to rectify it.

When these projects were destroyed by Hurricane Ike, three so-called “fair housing groups” demanded that they be replaced one-for-one in the City of Galveston. You would think that fair housing groups would be aware of the latest requirements (1996 & 2005) to Affirmatively Further Fair Housing (AFFH), and demand that any new units be built to these standards; but this was not the case.

Rebuilding these units in the City of Galveston will not meet the latest requirements to Affirmatively Further Fair Housing which are designed to relocate low-income minorities into areas with higher opportunities than are offered in this city. With the lowest median household income, the highest crime rate, and one of the worst schools systems in the County; Galveston simply is not a city that can offer reasonable opportunities to low-income minorities.

In addition, GHA’s rebuilding plan will violate HUD’s regulations for “Site and Neighborhood Standards”, federal floodplain regulations, and HUD’s directive to avoid creating or adding to an oversupply or surplus of housing.

The Galveston Open Government Project brought these problems to the attention of Secretary Donovan in an [08 February 2010 Letter](#) (no reply), and in meetings with representatives from HUD’s Houston and Fort Worth offices, but they ignored our suggestion to adopt a regional approach to PH as required by [Thompson v HUD](#).

Finally, we filed an [Administrative Complaint](#) with HUD on 23 February (no reply).

In Thompson v HUD, Judge Marvin J. Garbis ruled that the PH conditions in Baltimore “violated Section 3608(e)(5) of the Fair Housing Act by failing to adequately consider regional approaches to ameliorate racial segregation in public housing in the Baltimore Region”. Since the facts and circumstances in the City of Galveston and Galveston County are nearly identical to

those in the City of Baltimore and Baltimore County, there is little doubt that the GHA rebuilding plan will violate 3608(e)(5).

GHA's rebuilding plan will also violate [CFR 941.202](#), HUD's regulations for "Site and Neighborhood Standards", federal floodplain regulations as outlined in [Executive Order 11988](#), and HUD's directive contained in [HUD Handbook 4010.1, Section 3-6 C](#) to use "every means at their disposal" to avoid creating or adding to an oversupply or surplus of housing.

The State of Texas through the TDRA and TDHCA has negotiated a [Conciliation Agreement](#) with two fair housing groups that is trying to force the City of Galveston and the GHA to unlawfully use HUD funds to rebuild these 569 PH units in violation of at least four federal laws and regulations. It is my hope that you can intervene to stop this from happening.

Best regards,

David Stanowski  
President  
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