



(Signed 3/13/09)

LONE STAR LEGAL AID

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Public Benefits/Special Projects Unit

TO BE DATED AND SUBMITTED WITHIN 24 HRS OF GHA EXECUTION OF SETTLEMENT AGREEMENT

Mr. Shaun Donovan
Secretary, United States Department of Housing and Urban Development
451 7th Street S.W., Room 10000
Washington, D.C. 20410

Re: Galveston Housing Authority
Administrative Complaint

Dear Secretary Donovan:

Please accept this letter as notice that Lone Star Legal Aid (LSLA) on behalf of its clients (Residents) who are displaced tenants of public housing owned and operated by the Galveston Housing Authority (GHA) withdraws its Administrative Complaint filed on March 2, 2009 opposing GHA plans to demolish the public housing developments known as Oleander Homes and Palm Terrace Addition.

GHA and LSLA on behalf of Residents have resolved this matter as evidenced by the attached Settlement Agreement with Replacement Plan. LSLA on behalf of Residents, therefore, also withdraws its opposition to GHA plans to demolish Oleander Homes and Palm Terrace Addition without prior HUD approval. LSLA does not oppose GHA's notice to proceed with the demolition of Oleander Homes and Palm Terrace Addition without going through the SAC approval process.

Thank you for your consideration of this matter. If you have any questions concerning the Settlement Agreement with Replacement Plan or the withdrawal of our Administrative Complaint, I can be reached at (713) 732-9655.

Sincerely,

Susanne C. Seré
Supervising Attorney
Housing and Public Benefits

Sent by Cert. Mail:RRR and by email

Encl.

cc: Daniel Rodriguez, HUD Houston Field Office
Gloria Aldridge, HUD Houston Field Office
Harish Krishnarao, Galveston Housing Authority

LSC

Serving the Texas community since 1948
Angleton, Beaumont, Bellville, Belton, Bryan, Galveston, Houston, Huntsville,

IN THE MATTER OF

X

OLEANDER HOMES
(TX 017001)

X

X

X

X

AND

X

X

PALM TERRACE APARTMENTS
(TX 017006)

X

X

SETTLEMENT AGREEMENT

This Settlement Agreement with Replacement Plan is entered into between the Galveston Housing Authority (GHA) and Lone Star Legal Aid (LSLA) on behalf of its clients (Residents) who are displaced tenants of public housing located in Galveston, Texas, and who were forced to evacuate their homes in anticipation of Hurricane Ike making landfall at Galveston.

RECITALS

1. Hurricane Ike made landfall in Galveston, Texas on September 13, 2008. Multi-family public housing developments known as Oleander Homes, Palm Terrace Addition, Magnolia Homes, Cedar Terrace, and Cedar Terrace Addition were damaged by Hurricane Ike.

2. On February 27, 2009 GHA submitted a letter to the United States Department of Housing and Urban Development (HUD) notifying it that GHA intends to proceed with the demolition of Oleander Homes and Palm Terrace Addition without going through the SAC approval process.

3. On March 2, 2009 LSLA on behalf of Residents filed an Administrative Complaint with HUD opposing GHA plans to demolish these public housing developments alleging failure to comply with applicable demolition laws, regulations, and rules.

4. Both parties support efforts to "fast track" Galveston's recovery, and therefore, entered into negotiations to resolve this dispute in a manner that would promote development of affordable housing as a critical component of Galveston's recovery.

5. In order to avoid any potential delay of recovery efforts, GHA and LSLA on behalf of Residents enter into this Settlement Agreement with Replacement Plan.

TERMS OF AGREEMENT

6. GHA agrees to implement the Replacement Plan, attached as Exhibit A and incorporated into this Settlement Agreement by reference, which includes 1 for 1 replacement of the multi-family public housing units that GHA intends to demolish and that comprise Oleander Homes (TX017001), Palm Terrace Addition (TX017006), Magnolia Homes (TX17003), Cedar Terrace (TX017004) and Cedar Terrace Addition (TX017005).

7. GHA agrees that the Replacement Plan shall be incorporated into and become a part of any plans to demolish or redevelop Oleander Homes, Palm Terrace Addition, Magnolia Homes, Cedar Terrace, and Cedar Terrace Addition.

8. In consideration of GHA's agreement to this Settlement Agreement with Replacement Plan, LSLA on behalf of Residents agrees to withdraw its Administrative Complaint now pending with HUD and to withdraw its opposition to GHA plans to demolish Oleander Homes and Palm Terrace Addition without prior HUD approval.

9. LSLA agrees to notify HUD in writing within 24 hours of GHA's execution of this Settlement Agreement with Replacement Plan, or by the next business day if execution occurs between 5:00 p.m. Friday through 5:00 p.m. Sunday, that it withdraws its pending Administrative Complaint and withdraws its opposition to GHA plans to demolish Oleander Homes and Palm Terrace Addition without prior HUD approval.

10. LSLA agrees to write a letter to HUD on behalf of Residents stating that it does not oppose GHA's plans to proceed with the demolition of Oleander Homes and Palm Terrace Addition without going through the SAC approval process.

EXECUTION

The Galveston Housing Authority agrees to the terms of this Settlement Agreement with Replacement Plan.

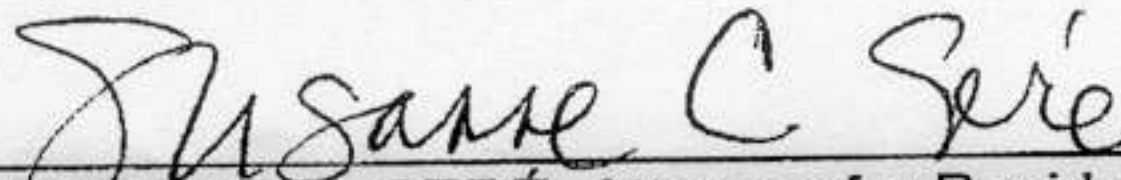
Executed on the 13th day of March 2009.



ARTHUR MABASA, Chairperson
Galveston Housing Authority Board of Commissioners

Lone Star Legal Aid on behalf of Residents agrees to the terms of this Settlement Agreement with Replacement Plan.

Executed on the 13th day of March 2009.



SUSANNE C. SERÉ, Attorney for Residents
Lone Star Legal Aid

SETTLEMENT AGREEMENT REPLACEMENT PLAN

1. Definitions:

A. GHA shall mean the Galveston Housing Authority, its successor PHA's, present and future officers and commissioners, employees, and agents.

B. HUD shall mean the United States Department of Housing and Urban Development.

C. LSLA shall mean Lone Star Legal Aid on behalf of its clients who are displaced tenants of public housing located in Galveston, Texas and who were forced to evacuate their homes in anticipation of Hurricane Ike making landfall.

D. Low Income Families shall mean families whose incomes are between 0 and 80 percent of median income for Galveston, Texas, as determined by HUD with adjustments for family size, and who are eligible for public housing.

E. Replacement Housing shall mean 569 units of public housing located in the City of Galveston to be developed by GHA for Low Income Families.

F. Displaced Residents shall mean those lessees named in then existing leases and who were residing in GHA public housing at Oleander Homes, Palm Terrace Addition, Cedar Terrace, Cedar Terrace Addition, and Magnolia Homes under those leases on September 12, 2008, and who were forced to evacuate.

2. Replacement Plan:

A. As part of its long term redevelopment plan, GHA intends to demolish the multi-family developments known as Oleander Homes, Palm Terrace Addition, Magnolia Homes, Cedar Terrace, and Cedar Terrace Addition.

B. In conjunction with its demolition plans, GHA shall immediately commence seeking funding from HUD to provide Replacement Housing on a 1 for 1 basis, and in the same bedroom size configurations as existed on September 12, 2008, for the 569 residential units subject to its Annual Contributions Contracts with HUD as of September 12, 2008 and comprising the following developments: Oleander Homes, Palm Terrace Addition, Magnolia Homes, Cedar Terrace, and Cedar Terrace Addition. In addition, GHA will pursue other sources of funding for building Replacement Housing, including but not limited to CDBG money and federal stimulus money, so as to proceed building the Replacement Housing in the most expeditious manner. GHA's obligation to pursue other sources of funding is in addition to, and not instead of, commencing the HUD funding application referenced herein, and shall not in any event delay or impair GHA's funding application to HUD.

C. GHA anticipates that Replacement Housing for the units in each demolished development shall be ready for occupancy within 3 to 5 years after demolition of said development.

3. Displaced Residents:

A. GHA shall issue the Displaced Residents at each of the developments named above who are otherwise qualified to reside in public housing tenant protection vouchers as provided by demolition rules and regulations when GHA begins demolition at the public housing developments at which Displaced Residents resided. This

provision is intended to provide housing assistance as of the termination of the DHAP-like program.

B. Displaced Residents who are otherwise qualified to reside in public housing shall be given first preference, as soon as units are ready for occupancy, to return to GHA repaired housing as it becomes available.

C. Displaced Residents who are otherwise qualified to reside in public housing shall be given first preference, as soon as units are available for occupancy, to return to Replacement Housing as it becomes available.

4. Reports:

GHA agrees to provide LSLA written reports, on at least a quarterly basis, regarding planning and implementation of demolition and Replacement Housing.