

12 January 2012

HUD-Office of General Counsel  
Robert H. Golden  
Assistant General Counsel Ethics Law Division  
Sent via email to: [Robert.H.Golden@hud.gov](mailto:Robert.H.Golden@hud.gov)

Mr. Golden:

Re: Assistant Secretary Mercedes Marquez - Conflict of Interest?

The Galveston Housing Authority (GHA) has been attempting to rebuild the Public Housing that was destroyed by Hurricane Ike for the last three years. During that time, it has worked closely with Secretary Marquez. Several months ago, the GHA decided to rebuild Public Housing as part of a mixed-income development. After what they described as an exhaustive nationwide search, the GHA selected McCormack, Baron, Salazar (MBS) as their developer. When this selection was announced, the people of the City noticed that Secretary Marquez was a vice-president at MBS a few years ago.

In the State of Texas, mayors control local housing authorities. Galveston's mayor, Joe Jaworski, has been trying to implement a very unpopular Public Housing rebuilding plan since his election. It is unpopular, because it will clearly violate the Fair Housing Act, since it will segregate low-income minorities in some of the worst neighborhoods in the City, and in the entire County. He refuses to support a regional approach that would build Public Housing only in high-opportunity neighborhoods throughout the entire region. His plan is doomed to fail, so it will condemn many more Public Housing residents to a life of inter-generational dependency and poverty; which will be a great burden on the City.

One of the Mayor's frequent mantras is that the City will lose funding if it does not implement his Public Housing plan. He occasionally turns to State and federal officials for confirmation of this claim. Here are two emails to Secretary Marquez:

<http://www.galvestonogp.org/GHA/JJMM1.pdf>

<http://www.galvestonogp.org/GHA/JJMM2.pdf>

The City of Galveston currently has about 7,900 vacant housing units out of a total housing stock of 32,368! This is a major drag on the local economy. Unfortunately, since the Mayor wants to use MBS to build mixed-income developments, this plan will dump an additional 719 apartments into this very soft market.

For this reason, on 10 November 2011, the Galveston City Council voted to prohibit the use of mixed-income development to rebuild the destroyed Public Housing units. The Mayor defied the vote of City Council and used his unilateral control of the Housing Authority to proceed with mixed-income development despite the vote. These mixed-income developments rely on Low-Income Tax Credits issued by the State which will be worth millions of dollars to MBS.

In a further effort to enforce their previous vote, and to keep from flooding the local rental market with unneeded units, the Galveston City Council has placed a resolution on the agenda for today's meeting asking the State to refrain from issuing the needed tax credits.

Faced with the possible loss of the tax credits, and the ability to do mixed-income development, someone has been able to persuade Secretary Marquez to call Mayor Jaworski and allegedly threaten the City with a fair housing investigation and the loss of Hurricane Recovery Funds, if Council passes the resolution!

<http://galvestondailynews.com/story/285118>

Due to the Secretary's relationship with MBS, it is clearly a potential conflict of interest for her to threaten the Council in this way, because if she is able to pressure them to vote against

the resolution it will result in millions of dollars of benefit to MBS. In addition, the tax credits are a State and local matter!

Therefore, the Galveston Open Government Project is formerly requesting that your office investigate the relationships and interactions between Secretary Marquez, Mayor Jaworski and McCormack, Baron, Salazar with respect to rebuilding Public Housing in Galveston, TX.

Secretary Marquez is well aware of the fair housing violations that the GHA rebuilding plan will create, due to their unlawful choice of locations, and has turned a blind eye to them. For this reason, we also request that you initiate an investigation into the fair housing violations that HUD has ignored so far in this process. We would welcome a fair housing investigation by an unbiased source within HUD or the Justice Department; we have requested one in the past, but have been ignored.

Respectfully submitted,

David Stanowski  
President  
Galveston Open Government Project, Inc.  
2211 Avenue P  
Galveston, TX 77550  
[gogp@att.net](mailto:gogp@att.net)  
409-621-2099

Copies sent to:

Debbie Cenziper  
The Washington Post  
Sent via email to: [CenziperD@washpost.com](mailto:CenziperD@washpost.com)

HUD Secretary  
Shaun Donovan  
Sent via email to: [Secretary.Donovan@hud.gov](mailto:Secretary.Donovan@hud.gov)

Kathleen M. Pennington  
HUD-Office of Fair Housing  
Assistant General Counsel- Enforcement Division  
Sent via email to: [Kathleen.M.Pennington@hud.gov](mailto:Kathleen.M.Pennington@hud.gov)

James A. Heist  
HUD-Assistant Inspector General  
Sent via email to: [James.A.Heist@hud.gov](mailto:James.A.Heist@hud.gov)

United States Office of Government Ethics  
Sent via email to: [ContactOGE@oge.gov](mailto:ContactOGE@oge.gov)

Congressman Ted Poe  
Texas District 2  
430 Cannon Building  
Washington, DC 20515  
Sent via fax to: 202-225-5547

Congressman Darrell Issa  
Chairman, Committee on Oversight & Government Reform  
California District 49  
2347 Rayburn House Office Building,  
District of Columbia 20515-0549  
Sent via fax to: 202-225-3303

Elijah E. Cummings  
Ranking Member, Committee on Oversight & Government Reform  
Maryland District 7  
2235 Rayburn House Office Building  
Washington, D.C., 20515

**Sent via fax to: 202-225-3178**

**Congressman Blake Farenthold  
Member, Committee on Oversight & Government Reform  
Texas District 27  
2110 Rayburn HOB  
Washington, DC 20515  
Sent via fax to: 202-226-1134**

**Congressman Randy Neugebauer  
Chairman Subcommittee on Oversight & Investigations  
Texas District 19  
1424 Longworth HOB  
Washington, DC 20515  
Sent via fax to: 202-225-9615**

**Congressman Spencer Bachus  
Chairman Committee on Financial Services  
Alabama District 6  
2246 Rayburn HOB  
Washington, DC 20515  
Sent via fax to: 202-225-2082**

**Congresswoman Judy Biggert  
Chairwoman Subcommittee on Insurance, Housing, & Community  
Opportunity  
Illinois District 13  
2113 Rayburn HOB  
Washington, DC 20515  
Sent via fax to: 202-225-9420**

**Senator Charles E. Grassley  
Ranking Member  
Committee on Finance**

**135 Hart Senate Office Building  
Washington, DC 20510  
Sent via fax to: 202-224-6020**