

## Public Housing Oversight: an Urban Myth!

Mayor Joe Jaworski, acting in his role as Galveston's Public Housing Czar, has maintained that **his plans to build first-class Public Housing do not violate the Fair Housing Act, or any other federal rules or regulations**, and in fact have HUD's full support and blessing. Leaders of the local Poverty Industry often echo this sentiment and make comments to the effect that **HUD knows everything we are doing, and they support it.**

However, two separate attempts by the Mayor to get Secretary Mercedes Marquez to provide political cover for him by sending the City a written statement telling residents, who are not members of the Poverty Industry, that the 569 Public Housing units must be re-built in the City have been unsuccessful.

The Galveston Open Government Project (GOGP) has consistently maintained that a written statement from HUD supporting the Mayor's rebuilding plans would mean little or nothing, because **HUD has a long record of mismanagement and incompetence, as it consistently violates its own rules.** This is why it often finds itself the defendant in lawsuits which it typically loses.

HUD's incompetence was placed in the spotlight again last week when the **Washington Post published** the results of its year-long investigation of the Agency. **The focus of their report raises new concerns about the Mayor's building plans.** The Post found that **many HUD building projects end up never being completed, and leaving blighted properties in their wake.**

Since the Mayor's plans include a complex financial arrangement to build over 1,400 units made up of Public Housing, tax-credit housing, and market-rate housing in mixed-income developments, **the probability of getting projects started, but failing to complete them seems that much greater.** The last thing

this city needs are half-built projects that create **new sources of blight!**

Who will provide oversight for the construction of the Mayor's Public Housing projects? If you think that HUD will, please review just a few of the highlights from **what the Post discovered about the HUD "oversight" process below.**

*"The federal government's largest housing construction program for the poor has squandered hundreds of millions of dollars on **stalled or abandoned projects** and routinely failed to crack down on derelict developers or the local housing agencies that funded them.*

*Nationwide, nearly 700 projects awarded \$400 million have been idling for years, a Washington Post investigation found. Some have **languished for a decade or longer** even as much of the country struggles with record-high foreclosures and a dramatic loss of affordable housing.*

*The U.S. Department of Housing and Urban Development, which oversees the nation's housing fund, **has largely looked the other way: It does not track the pace of construction and often fails to spot defunct deals, instead trusting local agencies to police projects.**"*

Does it sound like the Mayor's assurances that HUD is reviewing the rebuilding process in Galveston, and hasn't raised any objections, actually means anything? In reality, **HUD doesn't have a clue how to provide meaningful oversight**, so the lack of objections merely means that **they aren't paying any attention**, as this article shows!

*"The result is a trail of **failed developments in every corner of the country.** Fields where apartment complexes were promised are empty and neglected. Houses that were supposed to be renovated are **boarded up and crumbling, eyesores in decaying neighborhoods.**"*

Although the Mayor's proposed mixed-income developments may certainly break ground, the complexity of their financing needs makes it more likely that his projects will never be completed, and may become **part of the long list of failed HUD projects.**

*“The Post examined every major project currently funded under the HUD program, analyzing a database of 5,100 projects worth \$3.2 billion, studying more than 600 satellite images and collecting information from 165 housing agencies nationwide.*

*The yearlong investigation uncovered **a dysfunctional system that delivers billions of dollars to local housing agencies with few rules, safeguards or even a reliable way to track projects.** The lapses have led to widespread misspending and delays in a two-decade-old program meant to deliver decent housing to the working poor.*

*The Post found breakdowns at every level:*

- *Local housing agencies have doled out millions to troubled developers, including novice builders, fledgling nonprofits and groups accused of fraud or delivering shoddy work.*
- ***Checks were cut even when projects were still on the drawing boards, without land, financing or permits to move forward. In at least 55 cases, developers drew HUD money but left behind only barren lots.”***

**GHA already missed its deadline for site plans!**

*“• Overall, nearly one in seven projects shows signs of significant delay. Time and again, **housing agencies failed to cancel bad deals** or alert HUD when projects foundered.*

- *HUD has known about the problems for years but **still imposes few requirements on local housing agencies** and relies on a data system that makes it difficult to determine which developments are stalled.*
- *Even when HUD learns of a botched deal, federal law does not give the agency the authority to demand repayment. HUD can ask local authorities to voluntarily repay, but the agency was unable to say how much money has been returned.”*

*“But hundreds of stalled projects predate the troubled financial markets, with developers tapping HUD’s program for easy money and then **escaping even rudimentary oversight from local and federal authorities.** The agency’s inspector general for years has chronicled scores of delayed projects and millions in waste.”*

Does it sound like HUD is really watching what the GHA is doing?

*“We can do better and we will,” said Mercedes Marquez, HUD’s assistant secretary for community planning and development, who was nominated by President Obama in 2009. “HUD, the Congress and every taxpayer I know expects these funds to be put to work. . . . I won’t hesitate to do what’s necessary.”*

Mercedes Marquez is the Assistant Secretary who has taken a “special interest” in Galveston. The Mayor has asked her twice to send a statement telling the City that it must re-build the 569 Public Housing units in the City. She has not replied. See [Public Housing Czar](#) Pages 13 and 24.

*“HUD’s money typically doesn’t cover all construction costs. The program is meant to provide partial funding for developers who are expected to draw additional financing from banks and other sources.”*

This includes the Mayor’s mixed-income scheme.

*“Behind many of the deals are developers who didn’t have land, permits, financial capacity or commitments for private financing. HUD has few underwriting standards: Housing agencies are required to ensure that developers have a proposed budget and construction schedule — but not proof that they have the money to start building.”*

Note how likely it may be to get half-built projects in this city!

*“HUD officials say local agencies are supposed to apply their own rules and choose developers capable of beginning construction within a year and eventually completing the job. “This is what comes with having the flexibility of a block grant, where you respect local decisions,” Marquez said.”*

Based on GHA’s record of managing Public Housing in this city, do you think that it is likely to do a good job as a mixed-income developer?

*“I’m appalled, just appalled,” said Marquez, HUD assistant secretary. “We’re just not standing for it.”*

Secretary Marquez has NOT investigated the allegations that the Mayor's rebuilding plans will violate the Fair Housing Act and other federal rules and regulations. She may be appalled by abuses by local housing agencies, but what is she going to do about them?

*"If [housing agencies] fail to terminate projects as they should, we may not be aware of them right away," Marquez said.*

Even when Secretary Marquez is made aware of pending violations in Galveston, she fails to act!

*"She said that it is not feasible for HUD to monitor thousands of ongoing developments and that local agencies should have their own project-tracking systems."*

This should confirm the fact that they are not monitoring what is going on in this city.

*"Marquez said the agency is focused more than ever on delayed projects and recouping money. "This will get cleaned up," she said."*

Are you confident that Secretary Marquez will make sure that the Mayor completes his rebuilding plans in an acceptable manner?

Many thanks to reporters [Debbie Cenziper](#) and [Jonathan Mummolo](#) for this fine piece of investigative reporting!  
[http://www.washingtonpost.com/investigations/a-pattern-of-hud-projects-stalled-or-abandoned/2011/03/14/AFWelh3G\\_story.html?hpid=z2](http://www.washingtonpost.com/investigations/a-pattern-of-hud-projects-stalled-or-abandoned/2011/03/14/AFWelh3G_story.html?hpid=z2)

The investigation performed by the Washington Post should make it clear why the **GOP has always maintained that lack of action by HUD does not imply agreement or consent, and certainly does NOT assure conformity with federal law!**

In fact the actions and inactions by HUD exposed in the article have **triggered a Congressional investigation!**

*“A bipartisan group of federal lawmakers is calling on Congress to look into the nation’s housing-construction program for the poor, citing years-long delays and other breakdowns that have thwarted the production of hundreds of affordable-housing projects.”*

*Senate Banking Chairman **Tim Johnson** (D-SD) and **Sen. Richard C. Shelby** (AL), the panel’s ranking Republican, said Monday that they will seek to **investigate the Department of Housing and Urban Development’s HOME program**, which delivers \$2 billion a year to local housing agencies to build and renovate homes around the country.”*

*“**Rep. Elijah E. Cummings** (MD), the ranking Democrat on the House Oversight and Government Reform Committee, **also called for an investigation**, sending a letter on Tuesday to committee Chairman **Darrell Issa** (R-CA).*

*“It’s quite disturbing,” Cummings said. “I expect every dime to be spent effectively and efficiently. The American people are not getting what they bargained for. This is one that hits home — literally.”*

*Three other lawmakers — **Reps. Spencer Bachus** (R-AL), chairman of the Financial Services Committee; **Randy Neugebauer** (R-TX), chairman of the subcommittee on oversight and investigations; and **Judy Biggert** (R-IL), chairman of the Subcommittee on housing and insurance — **sent a letter to HUD on Tuesday demanding detailed information about delayed projects and the agency’s oversight.”***

[http://www.washingtonpost.com/investigations/members-of-congress-call-for-probe-of-huds-home-affordable-housing-program/2011/05/17/AFOWrn5G\\_story.html?wpisrc=emailtoafriend](http://www.washingtonpost.com/investigations/members-of-congress-call-for-probe-of-huds-home-affordable-housing-program/2011/05/17/AFOWrn5G_story.html?wpisrc=emailtoafriend)

Contact the members of Congress calling for an investigation of HUD and let them know what’s going on in Galveston:

<http://johnson.senate.gov/public/index.cfm?p=ContactForm>

<http://shelby.senate.gov/public/index.cfm/emailsenatorshelby>

<https://cumminsforms.house.gov/contact/message-form.shtml>

[http://issa.house.gov/index.php?option=com\\_content&view=article&id=597&Itemid=73](http://issa.house.gov/index.php?option=com_content&view=article&id=597&Itemid=73)

Bachus, Neugebauer, and Biggert do not accept email unless you type in a Zip Code in their districts. Therefore, you will have to enter the correct Zip Code and then just tell them that you are writing to them about the investigation of HUD that will come before their committees.

For Spencer Bachus put in Alabama and Zip 35243

<https://writerep.house.gov/writerep/welcome.shtml>

For Randy Neugebauer put in Zip 79602

<http://randy.house.gov/index.cfm?sectionid=65&sectiontree=8,65>

For Judy Biggert put in Zip 60527

<https://biggert.house.gov/index.cfm?sectionid=81>

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President

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