

27 October 2014

Senator Tom Coburn
172 Russell Senate Office Building
Washington, DC 20510
Fax: 202-224-6008

Senator Coburn:

The Galveston Open Government Project (GOGP) greatly appreciates your efforts to expose waste, fraud and abuse by the federal government. We particularly enjoy your yearly publication of the "Wastebook" which highlights the most egregious examples of the waste of federal tax funds during the prior year.

The GOGP would like to nominate a federal project in our city, for your next "Wastebook". HUD has demanded that the City of Galveston, Texas and the Galveston Housing Authority rebuild a public housing project known as Cedar Terrace despite the fact that it is located on a barrier island, in the Gulf of Mexico, which puts it in a dangerous floodplain. The site also features contaminated soil (arsenic, lead, mercury) and it is located in a blighted neighborhood.

Finally, this neighborhood violates the Fair Housing Act, because it contains 96.5% minorities and 61% of its residents are living below the poverty level. HUD's proposed plan for this project will cause it, and the City, to spend \$34,334,960 of taxpayers' money to build a total of 122 units, or \$281,434 per unit! (see attached)

We believe that these have to be the most expensive public housing units ever proposed and should be included in the next edition of your "Wastebook".

To add insult to injury, the Census Bureau has found the median value of all owner-occupied housing units in the City of Galveston to only be \$135,300. This means that HUD will be spending more than twice as much as the median value of all the owner-occupied homes in this city on these public housing units!

Further analysis of the Census data shows that HUD will also be spending more money on each of these public housing units than at least 71% of all the home owners in our city have invested in their homes. (It's actually probably more money than closer to 80% of all the home owners in our city have invested in their homes.) (see American Community Survey 2008-2012 Table DP04)

Please consider the Cedar Terrace rebuild in Galveston, Texas for inclusion in your next "Wastebook", and thank you for your efforts on behalf of the taxpayers.

Best regards,

David Stanowski
President
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409-621-2099

EXHIBIT F
SUMMARY BUDGET -- PHASE I ONLY (PERMANENT FINANCING)

Grantee or Applicant HA: **Galveston Housing Authority**

Development Name and Phase: **The Cedars at Carver Park**

Unit Type:	Rental Public Housing	Rental non-PH	HO w/PH Assistance	HO w/o PH Assistance	Total Units this Phase
Number of Units (entered on Unit Mix worksheet):	50	72	-	-	122

Part A: Development Sources	Loan/Grant/Equity	PH Capital Assist.	Private Funds	Other Public Funds	Total
Public Housing Capital Assistance: RHFF	Equity	\$ 1,442,000	\$ -	\$ -	\$ 1,442,000
Public Housing Capital Assistance: Grant	Grant	\$ -	\$ -	\$ -	\$ -
Low Income Housing Tax Credit Equity	Equity	\$ -	\$ -	\$ -	\$ -
Other: First Mortgage Lender	1st Mortgage	\$ -	\$ -	\$ 2,200,000	\$ 2,200,000
Other: CDBG-DR Rd 1+2 PHU	Loan	\$ -	\$ -	\$ 22,330,129	\$ 22,330,129
Other:	Loan	\$ -	\$ -	\$ -	\$ -
Other:	Loan	\$ -	\$ -	\$ -	\$ -
Other: GHA Insurance Proceeds	Loan	\$ 3,024,212	\$ -	\$ -	\$ 3,024,212
Other:	Loan	\$ -	\$ -	\$ -	\$ -
Other: Insert Label	Loan	\$ -	\$ -	\$ -	\$ -
Other: Gap	Loan	\$ -	\$ -	\$ -	\$ -
Total Development Sources (Part A)		\$ 4,466,212	\$ -	\$ 24,530,129	\$ 28,996,341

Part B: Additional Sources	PH Capital Assist.	Private Funds	Other Public Funds	Total
Other: CDBG-DR Rd 2 PHU	\$ -	\$ -	\$ -	\$ -
Other: CDBG-DR Rd 2 Affordable	\$ -	\$ -	\$ 3,944,831	\$ 3,944,831
Other: GHA Insurance Proceeds	\$ 1,393,788	\$ -	\$ -	\$ 1,393,788
Total Additional Sources (Part B)	\$ 1,393,788	\$ -	\$ 3,944,831	\$ 5,338,619
Total Sources this Phase (Parts A and B)	\$ 5,860,000	\$ -	\$ 28,474,960	\$ 34,334,960

Part A: Development Uses	HUD Bdgt Line Item	PH Capital Assist.	Private Funds	Other Public Funds	Total
Development Construction Costs					
Residential Construction	1460	\$ 1,642,262	\$ -	\$ 14,619,713	\$ 16,261,975
Residential Rehabilitation	1460	\$ -	\$ -	\$ -	\$ -
Builder's General Requirements	1460	\$ -	\$ -	\$ 1,052,909	\$ 1,052,909
Builder's Overhead	1460	\$ -	\$ -	\$ 350,969	\$ 350,969
Builder's Profit	1460	\$ -	\$ -	\$ 1,052,909	\$ 1,052,909
Site Improvement	1450	\$ -	\$ -	\$ 2,023,500	\$ 2,023,500
Other: Community Facility	1470	\$ -	\$ -	\$ 309,000	\$ 309,000
Subtotal: Development Construction Costs		\$ 1,642,262	\$ -	\$ 19,409,000	\$ 21,051,262

Development Soft Costs	HUD Bdgt Line Item	PH Capital Assist.	Private Funds	Other Public Funds	Total
Acquisition of Site(s)	1440	\$ 750	\$ -	\$ -	\$ 750
Accounting and Cost Certification	1430	\$ -	\$ -	\$ 25,000	\$ 25,000
Appraisal Expense	1430	\$ -	\$ -	\$ -	\$ -
Architect & Engineer Fees	1430	\$ -	\$ -	\$ 1,390,150	\$ 1,390,150
Environmental Assessment, Testing & Cleanup	1430	\$ -	\$ -	\$ 151,590	\$ 151,590
Financing & Application Expense, Lender	1430	\$ 48,000	\$ -	\$ -	\$ 48,000
Financing & Application Expense, Tax Credit	1430	\$ 27,000	\$ -	\$ -	\$ 27,000
Insurance, Construction Period	1430	\$ -	\$ -	\$ 707,889	\$ 707,889
Interest, Construction & Bridge Loan(s)	1430	\$ -	\$ -	\$ -	\$ -
Legal Expense, Developer & Lender(s)	1430	\$ 333,500	\$ -	\$ 333,500	\$ 667,000
Marketing & Lease-up Expense	1430	\$ 417,700	\$ -	\$ -	\$ 417,700
Permits, Construction & Utility Hookup	1430	\$ -	\$ -	\$ -	\$ -
PILOT & Taxes, Construction Period	1430	\$ 134,000	\$ -	\$ -	\$ 134,000
Survey	1430	\$ -	\$ -	\$ 11,000	\$ 11,000
Title & Recording Fees	1430	\$ -	\$ -	\$ 195,000	\$ 195,000
Initial Operating Deficit (Construction Period)	1430	\$ -	\$ -	\$ -	\$ -
Other: Contingency	1430	\$ 175,000	\$ -	\$ -	\$ 175,000
Other: FF&E	1430	\$ 200,000	\$ -	\$ -	\$ 200,000
Other: Sub Loan Constr Int/Dpst to ACC Rsrv	1430	\$ 611,000	\$ -	\$ -	\$ 611,000
Other: Insurance Reserves	1430	\$ 427,000	\$ -	\$ -	\$ 427,000
Other:	1430	\$ -	\$ -	\$ -	\$ -
Other: Partnership Operating Reserve	1430	\$ 450,000	\$ -	\$ -	\$ 450,000
Other: MBS Developer Fee	1430	\$ -	\$ -	\$ 2,307,000	\$ 2,307,000
Other: GHA Developer Fee	1430	\$ -	\$ -	\$ -	\$ -
Subtotal: Development Soft Costs		\$ 2,823,950	\$ -	\$ 5,121,129	\$ 7,945,079
Total Uses for Development (Part A)		\$ 4,466,212	\$ -	\$ 24,530,129	\$ 28,996,341

Part B: Additional Uses	HUD Bdgt Line Item	PH Capital Assist.	Private Funds	Other Public Funds	Total
Community & Supp. Services	1408	\$ 1,112,000	\$ -	\$ -	\$ 1,112,000
Administration, PHA	1410	\$ -	\$ -	\$ 373,384	\$ 373,384
Fees & Costs	1430	\$ 220,226	\$ -	\$ 630,374	\$ 850,600
Public Improvements	1450	\$ -	\$ -	\$ 1,540,612	\$ 1,540,612
Site Improvements	1450	\$ -	\$ -	\$ 125,000	\$ 125,000
Public Improvements - Design	1430	\$ -	\$ -	\$ 480,756	\$ 480,756
Public Improvements contingency	1430	\$ -	\$ -	\$ 166,561	\$ 166,561
GLO Grant Administrator	1430	\$ -	\$ -	\$ 131,950	\$ 131,950
GLO Third Party Environmental	1430	\$ -	\$ -	\$ 395,851	\$ 395,851
Additional Services Fee (MBS)	1430	\$ 61,562	\$ -	\$ 100,343	\$ 161,905
Total Additional Uses (Part B)		\$ 1,393,788	\$ -	\$ 3,944,831	\$ 5,338,619
Total Uses this Phase (Parts A and B)		\$ 5,860,000	\$ -	\$ 28,474,960	\$ 34,334,960