



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410

JUL 13 2011

The Honorable Joe Jaworski
Mayor of Galveston
P.O. Box 779
823 Rosenberg
Galveston, Texas 77553

Dear Mayor Jaworski:

This letter is in response to your request for clarification regarding the one-for-one replacement of public housing in the City of Galveston under the Conciliation Agreement approved by HUD on May 25, 2010. The Conciliation Agreement includes a clear commitment by the State to use Hurricane Recovery Funds for the one-for-one replacement of public housing in Galveston that HUD relied on when it approved the agreement. Section II.B.2.b. of the Conciliation Agreement states that:

From TDHCA's affordable housing set aside out of the Hurricane Recovery Funds, no less than \$50 million shall be available for use in the City of Galveston for the one-for-one replacement of all family and elderly public housing units damaged or destroyed in Hurricane Ike.

Section II.B.2.e.i. requires the State to create a program for rebuilding subsidized housing that includes:

The one-for-one replacement or rehabilitation of all family and elderly public housing units that were damaged or destroyed as a result of the Hurricanes within the local jurisdictions in a manner that affirmatively furthers fair housing in compliance with phase 1 of the updated AI. Twenty million dollars shall be reserved specifically to support the one-for-one replacement of family and elderly public housing damaged or destroyed by The Hurricanes in the City of Galveston.

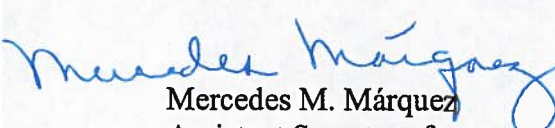
The State's Phase I AI, which HUD has reviewed and accepted under the terms of the Conciliation Agreement, reaffirms the commitment to rebuild 569 units of public housing in Galveston and further states that:

Consistent with the Conciliation Agreement, family and elderly public housing units damaged or destroyed by the disaster should be reconstructed or repaired in a manner that affirmatively furthers fair housing utilizing disaster recovery funds within 24 months of approval of the initial application for disaster recovery assistance for the local jurisdiction.

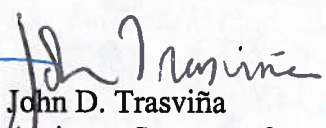
The October 6, 2010 letter to you from the executive directors of TDHCA and TDRA requesting the City Council to direct the Galveston Housing Authority to develop a plan for the one-for-one replacement of public housing within the City of Galveston is fully consistent with the Conciliation Agreement. Failure to cooperate with the State in carrying out its obligations puts the Conciliation Agreement in jeopardy. It is also likely to further stall the expenditure of billions of dollars in relief to Texans recovering from Hurricane Ike and may result in the withholding of assistance to the City of Galveston. Further, City actions which impede the Housing Authority from rebuilding public housing may put the city's regular CDBG funding at risk next year and in future years.

Thank you for your continuing leadership on the path of recovery for the City of Galveston.

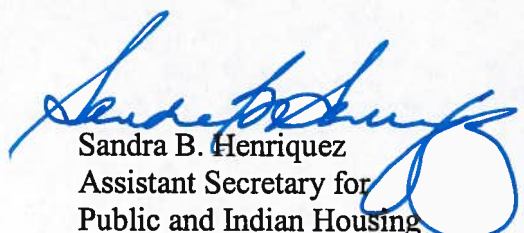
Sincerely,



Mercedes M. Márquez
Assistant Secretary for
Community Planning and
Development



John D. Trasviña
Assistant Secretary for
Fair Housing and Equal
Opportunity



Sandra B. Henriquez
Assistant Secretary for
Public and Indian Housing

cc: Board of Commissioners, Galveston Housing Authority