

Housing Affairs Letter

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HUD Rocked By New Scandals

Still reeling from a series of employee and operational scandals under former Secretary Shaun Donovan and current Secretary Julian Castro, the department is involved in two new corruption scandals its officials say they will do nothing to correct.

In fact, in one of the capers, the HUD official accused of fraud has been promoted; and in the other, two senior Obama administration appointees will retain their salaries even though the Government Accountability Office, the congressional watchdog over the Executive Branch, says federal law requires them to surrender their pay.

In 2012, the House Committee on Oversight & Government Reform began an investigation into allegations then Assistant Attorney General Tom Perez, head of the Civil Rights Division, secretly arranged to quash an investigation in Minnesota if the city dropped its landlord-related lawsuit questioning the government application of the “disparate impact” theory in racial discrimination matters.

HUD and the Justice Department were determined to keep the issue of disparate impact from debate in the U.S. Supreme Court until the administration had a legal action that would result in a favorable court decision. The administration feared the high court would outlaw the questionable legal strategy.

The theory, first advanced by the National Urban League in the 1960s and included in the Civil Rights Act of 1964, was intended to be the cornerstone of HUD’s developing campaign to enforce racial desegregation of the nation’s largely white suburbs.

The House called on four HUD officials -- HUD’s general counsel, the deputy assistant secretary for Enforcement & Programs, the associate general counsel of Office of Program Enforcement, and the Region Five director of Fair Housing & Equal Opportunity -- to explain why the Minnesota probe was dropped and the lawsuit quashed. HUD subsequently sent two political appointees -- a principal deputy assistant secretary and a principal deputy general counsel -- to answer the House committee questions, but the department refused to let the HUD employees speak.

GAO says that refusal places HUD in violation of a federal law barring the use of taxpayer money to pay Executive Branch officials to obstruct Congress. HUD’s general counsel and

deputy assistant secretary claim it is “not normal” for Congress to question high-ranking bureaucrats.

HUD officials tell HAL that the department has no intention of requiring the political appointees to return at least six months of their salaries. Perez was subsequently rewarded with appointment as Secretary of Labor. Donovan was awarded the top spot at the Office of Management & Budget.

In the second caper, HUD employee Markquonda Mathis, earning \$31,000 a year, was allowed to jump the District of Columbia’s closed tenant waiting list and obtain a Section 8 apartment. Markquonda subsequently sublet the unit to her sister, Markquasha, and obtained a Section 8 apartment in Alexandria, VA, so Markquasha could have a DC parking space for her Lexus SUV. Markquonda was allowed to jump the Alexandria Housing Authority’s closed wait list as well.

The Commonwealth of Virginia’s Attorney for Alexandria investigated but declined to bring charges, saying Markquonda did not make any false statements on her applications and her actions did not violate any elements of Virginia’s criminal laws.

Markquonda Mathis was recommended for an indefinite suspension but was subsequently awarded a permanent position in HUD’s Office of Healthy Homes & Lead Hazard Control. She now helps manage the awarding of millions of dollars worth of federal grants.

Info: See the GAO-HUD report on repaying salaries at www.cdpublications.com/docs/8802, the HUD inspector general Mathis probe at www.cdpublications.com/docs/8803, and the HUD Healthy Homes current staff directory at www.cdpublications.com/docs/8804

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