

MEMORANDUM

STEPHANIE
RAWLINGS-BLAKE,
Mayor

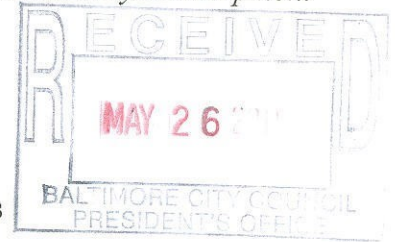
PAUL T. GRAZIANO,
Executive Director, HABC
Commissioner, HCD

To: The Honorable President and Members of the Baltimore City Council
c/o Karen Randle, *Executive Secretary*

From: Paul T. Graziano, *Commissioner of Department of Housing and Community Development
and Executive Director of Housing Authority of Baltimore City*

Date: May 24, 2011

Re: **City Council Resolution 11-0278R**
Investigative Hearing- Payment of Lead Poisoning Judgments



The Department of Housing and Community Development (“DHCD”) and the Housing Authority of Baltimore City have reviewed City Council Resolution 11-0278R, which was introduced for the purpose of requesting the Commissioner of Housing to report to the City Council the scope of adjudicated, pending and anticipated cases concerning the lead paint poisoning of former residents of the Housing Authority of Baltimore City; calling upon the City Solicitor to discuss the decision not to honor the judgments awarded to plaintiffs; and asking the Director of Finance to discuss possible funding sources to compensate those harmed while living in our public housing facilities.

HABC was created under Maryland law as a public body corporate and politic. Pursuant to a cooperation agreement with Baltimore City, HABC provides public housing and housing assistance to eligible families in Baltimore City. HABC, as the fifth largest housing authority nationally, serves more than 25,000 households. The Commissioner for the City Department of Housing and Community Development also is employed by the HABC Board of Commissioners as the Executive Director for HABC.

Currently, there are approximately 185 lead based paint lawsuits pending against HABC, indicating claims for damages in excess of \$800 Million. Additionally, there are 11 lead based paint judgments against HABC, totaling more than \$12 Million.

HABC has been in compliance with the Maryland Lead Paint Risk Reduction Act, since it was implemented in 1996. This compliance involves, among other things, a full risk reduction process prior to each new occupancy including a visual inspection of the unit (interior and exterior) and testing. For the most part, the pending lead paint cases allege occurrences prior to 1996. Given that the statute of limitations in Maryland for children can be as long as 21 years, the window for continued filing of these claims against HABC will not close until 2017.

Almost all of HABC’s funds are provided by the U.S. Department of Housing and Urban Development (“HUD”). HUD has challenged the post judgment actions initiated to collect on

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and the Baltimore City Department of Housing & Community Development.

Comments

the judgments, and removed those cases to federal court. In the first case which HUD removed to federal court, the U.S. District Court ruled that the funds dispersed from HUD to HABC are "subject to 'pervasive' federal regulation and supervision." *Smith v. Housing Authority of Baltimore City*, Memorandum Opinion, Case 1:10-cv-01806-WDQ (D.MD. 1/24/11). The Court further stated that such funds are federal, even though they are in HABC's bank accounts.

In consultation with its attorneys, HABC is looking at all options in efforts to identify a solution to this matter.

cc: Ms. Angela Gibson, *Mayor's Office of Government Relations*
Ms. Kaliopé Parthemos, *Deputy Mayor*