

# Bush housing secretary resigns amid mounting corruption charges

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US Secretary of Housing and Urban Development (HUD) Alphonso Jackson announced his resignation from the Bush cabinet Monday, after weeks of public allegations of favoritism in the awarding of government contracts and punitive treatment of a local housing authority which had refused to make a business deal with a Jackson crony.

While the 62-year-old Jackson cited “personal and family matters” as the cause of his resignation, he became a casualty, at least indirectly, of the subprime collapse and the ensuing crisis in the broader home mortgage market.

Jackson stood side-by-side with Treasury Secretary Henry Paulson last December when the administration announced its “Hope Now Alliance,” which relies on voluntary efforts by mortgage lenders to modify loans for homeowners facing foreclosure. With so much public and media attention focused on federal housing policy, it became a political liability to keep as head of HUD such a discredited political operator.

The most recent allegations against Jackson revolve around the HUD cutoff of funding to the Philadelphia Housing Authority after the PHA declined to turn over a disputed parcel of vacant land to a friend of Jackson’s, songwriter and developer Kenny Gamble. The lot was valued at \$2 million.

Last fall, HUD cut off \$50 million in funding to the PHA, charging that the local authority was in violation of numerous federal rules, including one requiring that 5 percent of housing units be accessible to the disabled. PHA Director Carl R. Greene filed a lawsuit charging that the cutoff was an act of political retaliation sparked by the conflict with Gamble.

Attorneys for Greene obtained internal HUD e-mail traffic on the day of the funding cutoff which supported their suit, and delivered this evidence to Pennsylvania’s

two senators. Several of the messages were published in the *Washington Post* March 12.

In one e-mail, Orlando J. Cabrera, then assistant secretary of HUD, wrote to another assistant secretary, Kim Kendrick, referring to PHA Director Greene: “Would you like me to make his life less happy? If so, how?” Kendrick replied, “Take away all of his Federal dollars?” and concluded with a smiley-face symbol. Cabrera responded, “Let me look into that possibility.” The same day, the funding cutoff was initiated.

The publication of the e-mails triggered an uproar on Capitol Hill, but at several subsequent appearances before Senate subcommittees Jackson refused to discuss the Philadelphia case. He claimed—apparently falsely—that the judge hearing the civil suit by the PHA had imposed a gag order that barred him from testifying before Congress.

On March 21, two Democratic senators, Christopher Dodd of Connecticut, chairman of the banking and housing committee, and Patty Murray of Washington, chairwoman of the appropriations subcommittee which handles the HUD budget, wrote to the White House demanding Jackson’s resignation.

They said they were “deeply troubled by the growing number of allegations of impropriety” against Jackson, which included charges that he had steered housing contracts in both New Orleans and the US Virgin Islands to personal friends, as well as the punitive action against Philadelphia.

In the New Orleans case, currently under FBI investigation, a Jackson friend and golf partner received nearly \$500,000 in HUD funds for work as a construction manager after Hurricane Katrina. Jackson’s wife Marcia was also said to have financial ties to two companies that received contracts from the Housing Authority of New Orleans.

In response to the senators' letter, a Bush spokesman issued a routine declaration that "The president continues to have confidence in Secretary Jackson." But three days later, Jackson was summoned to the White House and given his walking papers, according to press accounts published Monday after his resignation.

Jackson is a longtime crony of George W. Bush, going back to the late 1980s, when he was head of the Dallas housing authority while Bush was president of the Texas Rangers baseball team. He moved to Washington DC when Bush was installed in the White House, serving as the No. 2 man at HUD, then succeeding Secretary Mel Martinez when he stepped down to wage a successful Senate campaign in Florida.

In April 2006, Jackson achieved brief notoriety with a speech in Dallas in which he described—to a partisan Republican audience—how he had cancelled a federal contract for a HUD supplier company after its president told him that he was opposed to President Bush. Jackson subsequently retracted the story, claiming he had made it up.

The 2006 statement triggered investigations by the Justice Department, the FBI and a federal grand jury, but these probes were dragged out with the evident hope that Jackson would be able to survive until the Bush administration leaves office next January.

Jackson's four years at HUD have been a desert in terms of policy, since the \$35 billion agency has long been targeted by the Republican Party for elimination. Its main function is to funnel federal dollars into urban public housing and Section 8 low-income and moderate-income development.

Jackson evidently viewed the department he was charged to lead as an opportunity to distribute favors to the Bush administration's backers, including his own cronies. As for the supposed mission of HUD, to provide housing for the poor, Jackson told a congressional panel in 2004, just after taking office, that poverty "is a state of mind, not a condition."



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