

STATEMENT OF MERCEDES MARQUEZ
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DEVELOPMENT
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
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Mr. Chairman, Ranking Member Shelby and distinguished members of the committee, thank you for the opportunity to appear before you today. I would also like to thank Congressman Becerra for his kind introduction. Over the years, many friends have encouraged and supported me in my work. Some of them are here today. However, no one has been more steadfast or selfless than my partner of 21 years, Mirta Ocana. It is my pleasure to introduce her today.

I am honored to have been nominated by President Obama to be Assistant Secretary for Community Planning & Development. I also want to thank Secretary Donovan for asking me to come and work with him – giving me the opportunity to join an excellent team of professionals dedicated to insuring quality housing for every American.

I have spent my career working on the full spectrum of housing and community development issues. I have grappled with these issues as a civil rights litigator, an affordable housing developer, a federal government

official and for the last five years as the Director of Housing for Los Angeles, the department that crafted the city's response to the foreclosure crisis.

I started my career as a civil rights litigator. I have represented folks in matters involving substandard housing conditions, classic fair housing discrimination cases, and federal class actions relating to community gentrification and wide spread discrimination in public housing. Through this work I learned the value of decent, safe and affordable housing within the context of a healthy neighborhood.

After a dozen years of litigation, I was appointed by President Clinton to the U.S. Department of Housing and Urban Development (HUD), first as Deputy General Counsel for Civil Rights and Fair Housing and later, as Senior Counsel to Secretary Andrew Cuomo. At HUD, I helped craft what the Secretary referred to as HUD's "Justice Agenda." This required us to reach across departmental divisions to assemble and lead cross-departmental teams. For example, to examine the possible discriminatory use of CDBG dollars we put together a team from Community Planning & Development (CPD), Fair Housing and the Office of General Counsel (OGC). By working in a coordinated fashion meaningful results were achieved. Through this work I learned the intricacies of the funding programs which

fall within the purview of the Assistant Secretary for Community Planning and Development.

While most of my work centered on urban communities, I was also privileged to work in rural areas, including Native American reservations and “Colonias” along the US/Mexico border. My work included the design of HUD’s first Rural Housing and Economic Development NOFA’s, and in partnership with HUD’s Office of Native American Programs, the launch the Self Help Housing Program on the Pine Ridge Reservation in South Dakota. This work also brought the opportunity to collaborate with Rural Housing at USDA to make sense of conflicting policies affecting the development of rural housing. This work touched me personally. I am the granddaughter of farm workers – and while I grew up in San Francisco, California, I have spent a considerable amount of time visiting family in California’s San Joaquin valley.

After my experience at HUD, I went back home to Los Angeles to practice housing and community development. As Vice-President of McCormack Baron Salazar, one of the country’s most successful private affordable housing developers, I spent three years working on classic “tax credit” affordable housing development as well as HOPE VI deals. In essence, I took deals from concept to the final securing of financing.

I have spent the last five years as General Manager of the Los Angeles Housing Department (LAHD). The agency had a long-standing reputation for antiquated thinking, inadequate infrastructure and a lack of transparency.

Within my first year we achieved a top to bottom assessment and called in all of the stakeholders – lenders, lawyers, developers, landlords, tenant advocates, and government partners – always seeking to become public sector entrepreneurs – building momentum working with the market instead of lagging behind it. We also launched “Project Clean House” – an effort that identified the 50 most underperforming deals and brought the developers – for profit and non-profit – in to meet with us. We were able to get the majority of the deals back on track and completed. As for the rest – over a two year period – we recaptured or de-obligated, either voluntarily or through judicial proceedings – over \$50 million and put every penny back into the financing of affordable housing – and in 2006 launched the city’s Permanent Supportive Housing Program.

In partnership with national lenders, the philanthropic community and Enterprise Community Partners we successfully implemented the New Generation Fund – a \$100 million Acquisition Capital fund. This fund works with the Affordable Housing Trust Fund to provide acquisition,

predevelopment and gap financing to private and non-profit affordable housing developers in a transparent and competitive system.

Now, our biggest challenge is the current economic and housing crisis. Los Angeles has experienced over 24,000 foreclosures in the last nine quarters. We address the foreclosure crisis in thoughtful and innovative ways. Early on we invested in data. Los Angeles is 469 square miles in size and our investment in and development of GIS maps gave us the information we needed to understand the true nature of our problem and where to expend the \$32.8 million Los Angeles received from NSP 1. We identified distinctly impacted neighborhoods of the city, focusing on 10 by 10 block areas where we can also achieve other goals like transit oriented development, preservation of affordable multi-family housing, and green building standards. Restore Neighborhoods LA, the community based non-profit we created to acquire and dispose of both multi-family and single family properties is up and running. We also designed a mapping function accessible through our website where any member of the public can log on and determine whether a foreclosed property they are interested in falls within our “impacted” areas and, as such, is eligible for an acquisition/rehabilitation loan.

As a practitioner, I have experienced the constraints of HUD's regulatory structure, which often creates regulations that often do not take into account that one size does not fit all. If confirmed, I commit to bring a disciplined focus to CPD and will work to insure accountability, transparency, expertise and flexibility that support the efforts of local government to achieve meaningful community development.

It would be an honor to serve as Assistant Secretary for Community Planning and Development. Mr. Chairman, Senator Shelby, I want to thank you and the others members of the committee for the opportunity to appear before you today and I am prepared to answer any questions you may have.

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