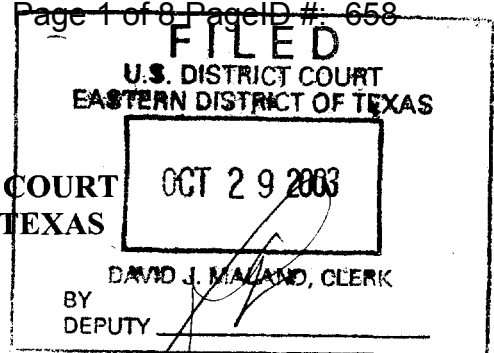


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10/29/03*

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
PARIS DIVISION**



LUCILLE YOUNG, et al., )  
)  
Plaintiffs, )  
)  
v. )  
) Civil Action No. P-80-8-CA  
) Chief Judge John Hannah, Jr.  
MEL R. MARTINEZ, et al., )  
)  
Defendants. )

**ORDER DIRECTING THAT THE NOTICE OF THE PROPOSED SETTLEMENT  
REQUIRED BY RULE 23(E), F.R.CIV.P., BE GIVEN TO ALL CLASS MEMBERS**

Upon consideration of the Joint Motion for Approval of Class Action Settlement and of the request that notice to the class of the proposed settlement as required by Rule 23(e), F.R.Civ.P., be given to all class members by sending a copy of the attached notice by first class mail to each identifiable class member, and by posting a copy of that notice at each of the public housing authorities in the class action area; and, the Court being fully advised in this matter, and having found that:

1. The attached notice of the proposed settlement required by Rule 23(e), F.R.Civ.P., constitutes a fair and adequate representation of the nature of the litigation, the terms and conditions of the proposed settlement, the rights of the class members to object to or otherwise comment on the settlement and instructions on how to obtain further information regarding how to object or otherwise comment on the settlement;
2. Thirty (30) days is fair, adequate and sufficient notice to the class

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IT IS HEREBY ORDERED that the said notice be, and hereby is, APPROVED, and it is further ORDERED that the said notice be given to all class members by sending a copy of the attached notice by first class mail to each identifiable class member, and by posting a copy of that notice at each of the public housing authorities in the class action area, no later than thirty (30) days prior to the days of the Fairness Hearing.

DATED

27 Oct 03

  
UNITED STATES DISTRICT JUDGE

# **NOTICE**

To all African-American persons  
who are applicants to or  
residents of traditional low-  
rent public housing, pursuant to  
a program administered by one of  
the Public Housing Authorities  
in the 36 East Texas Counties

**The United States  
District Court is  
considering an order  
in a case that may  
affect your rights.**

Please read this attachment  
carefully!!!!

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
PARIS DIVISION

LUCILLE YOUNG, et al.,                    )  
  )  
          Plaintiffs,                        )  
  )  
v.    ) Civil Action No. P-80-8-CA  
  ) Chief Judge John Hannah, Jr.  
MEL R. MARTINEZ, et al.,                 )  
  )  
          Defendants.                         )  
  )

NOTICE OF PENDENCY AND SETTLEMENT OF CLASS ACTION

TO ALL MEMBERS OF THE PLAINTIFFS' CLASS, NAMELY, all African-American persons who are applicants to or residents of traditional low-rent public housing, pursuant to a program administered by one of the Public Housing Authorities in the 36 East Texas Counties.

You are a member of the class in this case involving the desegregation of public housing programs in the 36 East Texas Counties. This Notice provides information on the terms of a proposed final settlement of all claims against HUD in this case and the rights of Class Members. As explained below, a public hearing will be held in United States District Court in Tyler, TX ("the Court") on 8<sup>th</sup> Jan 2004 at 10:00 A.M. The hearing will determine whether the proposed settlement is fair, reasonable, and adequate. If you have no objection to the proposed settlement, you are not required to do anything. If you wish to object or otherwise comment on this proposed settlement, you must follow the instructions contained in Part II of this Notice.

This case was originally filed in 1980. The complaint alleged that HUD had knowingly maintained and continued to maintain a system of racially segregated housing in 70 public housing authorities (PHAs) located in 36 counties in East Texas. Specifically, plaintiffs asserted that HUD knowingly acquiesced in the racially discriminatory housing practices those 70 housing authorities in East Texas by continuing to fund and oversee this housing. Judgment was entered against HUD on July 31, 1985 and an interim injunction was entered in 1988. A Final Judgment and Decree (Final Judgment) was entered against HUD on March 31, 1995. Numerous disputes have arisen between the parties concerning HUD's level of compliance with the terms of the Final Judgment as well as the appropriateness of various terms of the Final Judgment. The parties have since entered into negotiations for a final settlement that will resolve these disputes and modify the Final Judgment that currently applies to HUD. YOU ARE HEREBY

NOTIFIED, pursuant to the Court's order to provide this notice, that the parties have reached a settlement of all of the allegations against HUD. The settlement is subject to the Court's approval, and it will affect your rights as member of the Plaintiffs' Class.

THIS NOTICE DOES NOT INCLUDE THE WHOLE SETTLEMENT AMONG THE PARTIES OR THE TEXT OF ANY OF THE RELEVANT DOCUMENTS. THIS NOTICE IS DESIGNED ONLY TO PROVIDE A BASIC OUTLINE OF THE LITIGATION AND THE SETTLEMENT AND TO PROVIDE INSTRUCTIONS ON HOW TO OBTAIN FURTHER INFORMATION REGARDING HOW TO OBJECT OR OTHERWISE COMMENT ON THE SETTLEMENT. This Notice is not an expression by the Court or any of the parties on the fairness of the settlement.

### I. The Litigation

The Final Judgment can be characterized as containing three major elements: a) physical improvements to low-rent public housing sites and the neighborhoods in which they are located, b) elimination or reduction in the number of one-race low-rent public housing projects; and, c) the creation of 5,134 desegregated housing opportunities ("DHOs") for class members.

Physical Improvements: To date, at a cost of approximately \$59 million, HUD has essentially satisfied the physical improvement requirements of the Final Judgment. The State of Texas provided \$8.6 million in CDBG funds for the neighborhood improvements and has agreed to provide an additional \$4.4 million in CDBG funds, which will be sufficient to complete all the remaining neighborhood improvement projects

One-Race Housing Projects: At the time of the entry of the Final Judgment some 93% of the public housing sites in East Texas were predominantly one-race sites. Since the entry of the Final Judgment, the number of predominantly one-race sites has been substantially reduced. However, approximately half of the public housing sites in East Texas can still be characterized as predominantly one-race. According to data available to the parties, it appears that a number of those sites in all likelihood will remain predominantly one-race sites due to demographic and other factors beyond the control of HUD or the Court.

DHO Creation: The Final Judgment required HUD to create 5,134 DHOs within seven years of the date of the Final Judgment. The Final Judgment also required that DHOs be provided in accordance with the number and type of DHO, which HUD had determined to be needed within each particular PHA jurisdiction. The Final Judgment mandated the creation of the East Texas Fair Housing Services Center (ETFHSC) to provide mobility counseling to class members, to recruit landlords with housing units in non-minority census blocks to participate in the Section 8 program, and to refer class members to landlords when qualified housing units became available. HUD was required to fund the ETFHSC at a funding level of no less than \$500,000 per year for a period of five years. The five-year funding period ends on December 3, 2003. Between December 1998 and June 2001, the ETFHSC had created approximately 222 DHOs.

In response to an enforcement motion filed by plaintiffs in February 2001, HUD voluntarily undertook a Demonstration Project in 5 of the 36 East Texas counties. The purpose of the Demonstration Project was to determine whether the rate of DHO production could be increased through a program that significantly increased Section 8 payment standards, provided cash grants to class members of up to \$1500.00 for moving expenses, rent and utility deposits, and paid cash bonuses of up to \$1000 to participating landlords. The Demonstration Project proved to be successful. The ETFHSC created more DHOs during the first seven months of the experiment than it had created during its entire preceding three-year history of operation. However, the seven-year deadline for creation of 5,134 DHOs expired on March 30, 2002 and the parties disagree as to the precise number of DHOs that have been created thus far and whether it is possible to create the required number of DHOs in a reasonable period of time.

In addition to the February 2001 enforcement motion, Plaintiffs have filed a May 2002 motion to enforce in part and modify in part, the Final Judgment and a July 2002 motion to hold HUD in contempt for failing to reach the 5,134 DHO goal within the original March 30, 2002 deadline and for failing to employ project-based Section 8 assistance in certain specified localities where there are insufficient existing rental units to satisfy the specific numerical DHO requirement for those localities. In addition, HUD filed a motion to modify the Final Judgment to eliminate the seven-year deadline for creating the 5,134 DHOs and announces, at that time, that, in March 2002, it had adopted a new Desegregated Housing Opportunities Plan (DHOP) which would extend the enhancements to the Section 8 program made under the Demonstration Project to all 36 East Texas counties. None of these above-described motions have been heard or decided by the Court. The parties have since entered into negotiations for a new settlement that will resolve these disputes and simultaneously modify the Final Judgment.

The proposed settlement agreement eliminates the numerical goal of 5,134 DHOs and substitutes a new performance standard. HUD will be deemed to be in full compliance with its DHO production obligations if, from and after March 28, 2003, HUD creates an additional 1500 DHOs. The settlement agreement also reduces the burden of DHO creation by eliminating the jurisdiction-specific DHO targets. HUD will continue to operate its DHOP, including the increased Section 8 exception standards, cash grants to class members, and landlord incentives, until the additional 1500 DHOs are created. Funding for the ETFHSC will be continued at the rate of \$900,000 per year for an additional two years beyond the December 3, 2003 termination date for the existing FHSC contract. In addition, HUD will provide an additional \$40,000 per month to the FHSC for the balance of the existing contract.

HUD's obligation to monitor PHA compliance will be reduced to monitoring seven specified PHAs that have had past programmatic compliance problems for compliance with public housing program requirements, section 8 housing voucher choice requirements and desegregation plan requirements.

Monitoring of the remainder of the 70 PHAs will be limited to ensuring their cooperation in the DHO creation effort. All monitoring requirements will terminate when the new 1500 DHO goal is reached. In addition, under the settlement agreement, several other provisions of the Final Decree will be entirely eliminated.

When the new 1500 DHO goal is reached, the parties will submit a joint motion to dismiss the case, with prejudice, and the plaintiffs will be deemed to have granted to HUD the customary full release.

YOU AND THE CLASS would give up your right to challenge any role played by HUD in any alleged segregation or other civil rights violation that has occurred in the public housing programs in the 70 PHAs located in 36 counties in East Texas, as well as any actions taken by HUD described in the settlement and in full satisfaction of the claims made by the plaintiff class against HUD. There will be no payment of damages of any kind to class members.

## II. Rights of Class Members

If you are a member of the class identified on the first page of this Notice, you will be eligible to receive the benefits of this settlement and will be bound by its results. YOU MAY NOT EXCLUDE YOURSELF OR "OPT OUT" OF THIS SETTLEMENT. If you do not like the settlement, you may (i) tell the Court what your objections are and argue that it should not approve the settlement; (ii) seek leave to intervene in this case on your own behalf; or (iii) file a separate lawsuit arguing that you have not been adequately represented.

**YOU HAVE THE RIGHT TO OBTAIN MORE INFORMATION ABOUT THE SETTLEMENT.** To obtain full copies of the documents associated with this case, including the settlement agreement, you can ask for them at the offices of either the U.S. District Clerk or the Plaintiffs' attorney. It will be easier to get these documents from the Plaintiffs' attorney, and he will provide these copies free of charge. The Plaintiffs' attorney's name is Michael M. Daniel, and his address is Michael M. Daniel, P.C., 3301 Elm Street, Dallas, TX 75226. His telephone number is (214) 939-9230. If you want to look at any additional documents, you should contact the Plaintiffs' attorney to ask how. If you decide to go to the Court, its address is listed below; you should bring a copy of this Notice with you to the Court when you ask for copies of any documents.

**YOU HAVE THE RIGHT TO OBJECT TO OR OTHERWISE COMMENT ON THE SETTLEMENT. IF YOU WISH TO DO SO, YOU MUST FOLLOW THESE DIRECTIONS CAREFULLY. IF YOU DO NOT FOLLOW THESE DIRECTIONS EXACTLY, YOUR OBJECTION MAY NOT BE CONSIDERED.**

Write your objections or comments down. At the top, write "Young v. HUD, 3:85-CV-1210-R." At the bottom, write "I certify that I sent a copy of these comments to the Plaintiffs, HUD, and the Court." Sign your name and put your address and telephone number at the bottom. Make four copies.

Send one each to the four addresses listed below. Your objection must be postmarked two weeks before the date of the hearing.

Plaintiffs' Attorney:

HUD's Attorneys:

The Court:

Michael M. Daniel  
Michael M. Daniel, P.C.  
3301 Elm Street

Ron Wiltsie  
US Dept. of Justice  
Civil Division

District Clerk  
Room 106  
211 West Ferguson

Dallas, TX 75226

P.O. Box 883

Tyler, TX 75702  
Washington, D.C. 20044

YOU HAVE THE RIGHT TO HIRE A LAWYER, AT YOUR OWN EXPENSE, TO HELP YOU REACT TO THIS PROPOSAL. If you wish to hire your own lawyer, give him or her a copy of this notice. If you need an extra copy, contact the Plaintiffs' attorney at the address and telephone number above.

A hearing will be held before the Honorable John Hannah, Jr. Chief Judge, U.S. District Court for the Eastern District of Texas, on 8<sup>th</sup> Jan 2004 at 10:00 A.M. on the first floor of the Federal Building at 211 West Ferguson, Tyler, TX. The purpose of this hearing is for the Court to determine whether the settlement is fair, reasonable and adequate. You have the right to attend this hearing even if you do not object or otherwise comment on the settlement. IF YOU HAVE NOT SENT WRITTEN OBJECTIONS, HOWEVER, YOU MAY NOT BE ALLOWED TO SPEAK AT THE HEARING. If you have filed written objections, you may or may not be allowed to speak, depending on the Court's rulings at the hearing.

If you have questions, call or write the plaintiffs' attorney at the above telephone number and address. DO NOT CALL OR WRITE THE JUDGE OR THE DISTRICT CLERK.

THE DESCRIPTIONS OF THE DOCUMENTS CONTAINED IN THIS NOTICE ARE FOR THE PURPOSES OF THIS NOTICE ONLY. THIS NOTICE IS NOT AUTHORITY FOR ANY INTERPRETATION OF THE REQUIREMENTS OF ANY COURT ORDER. NO PARTY SHALL CITE THIS NOTICE, OR ANY PORTION THEREOF, AS INTERPRETIVE AUTHORITY FOR ANY OF THE COURT'S ORDERS.