

*Ron Leonhardt*

Form CA-43

# CITY OF MILWAUKEE

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August 4, 2004

Alderman Joe Davis, Sr.  
City Hall, Room 205  
200 East Wells Street  
Milwaukee, Wisconsin 53202

Re: Westside Housing Cooperative

Dear Alderman Davis:

On June 15, 2004, the Common Council adopted File Number 040121, which awards reprogramming HOME grant funds. The resolution was amended on the Common Council floor to include an amendment providing that the release of \$100,000 to South Community Organization for the Phase II Westside Housing Coop Rehabilitation project is contingent upon review by the City Attorney's office.

Questions were raised at the Common Council meeting concerning the quality and cost of work already performed for rehabilitation of the housing units in this project. Questions were also raised as to whether the operation of this project was under investigation by any law enforcement authorities.

To the best of our knowledge, there is and has been no investigation of Westside Housing Cooperative (WHC) or South Community Organization by either the District Attorney, federal authorities, or the U.S. Department of Housing and Urban Development (HUD). We are not aware of any subpoenas being issued in connection with this project.

The Community Block Grant Administration (CBGA) has informed us that, in December of 2003, a telephone inquiry concerning appropriate action on this project was placed to the office of the HUD Inspector General, the agency responsible for criminal investigations related to HUD funds. CBGA staff advises that it received no response to that telephone inquiry. The inquiry was made when CBGA determined that building code compliance had not been met with respect to the rehabilitation of certain WHC housing units financed with federal funds.

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CBGA advises that a scope of work to assess the cost of bringing these units into building code compliance has been prepared.

With respect to questions about the quality and cost of work performed on WHC units, we have consulted with representatives of the Comptroller's office. Comptroller staff advises that the WHC project is scheduled for a field audit in August of 2004. At that time, audit staff will review invoices and billings for the grant-funded work.

More information will be available upon completion of the field audit. Pending conclusion of the audit, we recommend that you consult with CBGA for more information on the scope of work to bring these housing units into building code compliance.

Very truly yours



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