

June 30, 2007

To: The Judiciary and Legislative Committee

From: The Juan Rubio Family 1514 West Scott

In August 2003, our Family purchased a home from the South Community Organization for \$58,700.00 South Community Organization was paid with Community Block Grant Home Funds to rehabilitate our home - our home never conformed with HUD Requirements, Milwaukee building codes or passed a lead clearance test with the Heath Department.

In August 2004, we began contacting elected city officials, including the Mayor and various city departments, including the administrator of Community Block Grant asking for assistance in making our home code compliant. Instead of being supported by city of Milwaukee staff, our family has been disrespected.

We are providing you with a Timeline, dated documents and photographs to simplify your review. We have other information available at your request.

June 27, 2007 Milwaukee Journal Sentinel

“Judge dismisses fraud charge, blasts city”

“Blasting Milwaukee’s block grant office for its lack of oversight ... a judge threw out a charge of theft by fraud involved in rehabilitating houses with federal funds. Milwaukee County Judge Dennis Moroney said the city did nothing and administrated by absentia. They had everyone else do the work That’s a scary concept for us to determine that people at block grant hadn’t a clue what was going on. Testimony showed no one checked to see where the money was going or that the work was being done or the quality of the work.

May 15, 2007 City of Milwaukee Office of the City Attorney

To the Common Council

Re: Resolution relating to the Claim of Juan Rubio Aguilar C.I. File No. 06-L-1

“The City departments followed standard procedures in this matter, as such, we recommend denial of this claim.”

April 2007

Open Records Request to Community Block Grant Administration.

Regarding South Community Organization. Found January 30, 2006 letter.

January 30, 2006 City of Milwaukee Community Development Grants Administration

To the Office of the City Attorney

“It is the opinion of the CDGA that any claim by the Rubio’s against the City of Milwaukee is unfounded and ultimately misdirected. it is reasonable to presume that the current problems at the property were created (by the Rubios).”

January 2006

Rubio Family Statement

October 28, 2004 Program Manager Department of City Development/NIDC

To Alderman James N. Witkowiak

“Based upon our inspection, we find it would cost between \$35,000 to \$45,000 to bring the property to code compliance.”

November 2000

Home Revovation Budget: **Funding Sources Budget \$92,855.00**

Construction Specifications. Property purchased by SCO for \$38,000.

January 2006

RUBIO FAMILY STATEMENT

In the ~~Spring~~^{Fall} of 2000, we found a house for sale at 1514 West Scott Street. We liked the home. We offered the owner \$35,000 for the property; she said that she would think about our offer. We told a friend about our interest in buying the house and our friend suggested that we talk to John Bach (the real estate broker for Southside Community Organization). Our friend explained to us that Southside Community Organization (a non-profit neighborhood organization) would help us purchase the house with grants – then, we wouldn't have to make a down payment.

We met with John Bach and he explained that the SCO Homebuyers' program would allow us to buy the home with no down payment and very little closing costs.

We moved from Minnesota with our ten children because we thought we could move in our new home. It wasn't ready, John Bach told us it would be two weeks before we could move in. We stayed with friends.

The next time that we talked to John Bach – he told us that SCO had purchased the property. We were upset, but Mr. Bach told us everything would be o.k. – SCO had bought the home for us and they would find us grants to help us purchase the home. From that point on, anytime we talked about buying the home from SCO – we were told that the price for the property would be \$37,000.

We had to move from our friends' house – so we moved into the house, even though it wasn't ready. John Bach told us it was going to take 2 – 4 weeks to complete the work. We thought that SCO was going to do little things – paint the rooms, clean the carpets, etc. All of us were living in one/half of the downstairs, without a kitchen.

John Bach walked us through the home and said that SCO was going to install new windows, renovate the 1st floor bathroom and the kitchen, install new kitchen cabinets, build a new stairway to the 2nd floor, add a shower in the 2nd floor bathroom, paint all the rooms and install vinyl in the kitchen and bathroom and new carpeting throughout the house, make repairs in the basement, build new porches, front and back, pour new concrete sidewalks around the house.

Immediately, we told Mr. Bach that we were very concerned about who was going to pay for all this rehabilitation work – he said that we shouldn't worry – our Family had qualified for grants from the State of Wisconsin to renovate the house, pay the down payment and the closing costs.

The workers didn't come everyday and when they did come they only worked for 3 or 4 hours. The twelve of us lived in half of the downstairs, without a kitchen for 5 or 6 months. All of this chaos, just to save \$800.00 in closing costs!

Meanwhile, Juan lost his job and was working for a temporary agency. Before the construction was completed, John explained to us that there were not funds to fix the home – because so many things needed to be repaired. He said that the price for the house wouldn't be \$37,000 but \$10,000 more than we had expected the house to cost.

There were a lot of problems with the house – plumbing, dirty water coming into the downstairs bathroom, water and sewage in the basement, electrical problems, the vinyl tile in the kitchen and the bathroom cracked immediately – things weren't done that John Bach said would be completed. John promised to finish the work and make the repairs.

Then, Mr. Bach then brought us the Offer to Purchase and the price of the house was \$55,000.00/ \$18,000 more than the original agreed price. He said that we had to apply for a bank loan within two weeks.

Juan had found steady work and John said that we should apply at St. Francis Bank (SCO had a working relationship with this neighborhood bank). John didn't come with to the appointment as he had promised. He was on vacation. We continued to rent the house from Southside Community Organization.

There were problems renting from SCO – when Juan worked at the temporary agencies, our rent payments were sometimes late. The late payments to SCO were excessive. Because of office turnover and confusion at their office our money orders were sometimes misplaced or lost. SCO served us with eviction papers, even though we found our receipts for the rents payments. We were charged court fees – because of the court actions.

In May of 2003, Mike Breaver (the Executive Director at SCO) said that our Family would be evicted if we didn't purchase the house within a month. We were given an Offer to Purchase and then SCO told us that we had to pay a \$10,000 down payment above the agreed on price. We said that we didn't have any money and that's when SCO gave us the loan for \$5000.00 – as a second mortgage.

We, of course, also had to pay the closing costs!

We have an ARM loan – the minimum interest rate is 9% with a maximum of 15% (or 23%).

HOME RENOVATION BUDGET: 1514 West Scott Street

November 22nd, 2000

Acquisition Amount: \$38,000

Soft Costs:

DILHR	50
DILHR Register of Deeds	100
Recording Fees	90
Property Title	60
Appraisal Fee	200
Application Fee	250
Rental Recording Fee	30
Occupancy Permit	175
Draw Costs: Chicago Title	1,000

Total: \$1,955

Monthly Holding Costs:

Electrical	35	
Gas	75	
Water and Sewer	40	
Insurance	25	
Interest @ 8.5%	240	
Taxes	80	
Maintenance	30	
x No. of months	6	3,150

Total: \$3,150

Hard Costs:

Section One - Exterior Changes

Lead Abatement	2,500
Windows (double hung)	2,625
Windows (glass block)	2,500
Windows (skylights)	1,000
Window (slider)	750
Windows (clerestory)	1,500
Base. Ent. (remove)	500
Back Porch (construct)	6,500
Pergola	2,000

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Front Ent. Porch (demo)	1,000
Front Ent. Porch (construct)	2,350
Concrete walk	4,290

Section Two - Basement Changes

Water Heater	775
Boiler	1,135
Heat Ducts	750

Section Three - First Floor Changes

Entrance (demo)	1,100
Closet (construct)	950
Side Porch (demo)	1,250
Entrance (construct)	6,300
Kitchen cabinets	1,350
Carpeting	2,975
Smoke Det. (install)	100

Total Hard Costs: \$44,200

Development Cost Summary:

Rehab Contingency	4,300
Development Fee	1,250
Soft Costs	1,955
Holding Costs	3,150
Acquisition Costs	38,000
Hard Costs	44,200

Total Development Costs: \$92,855

(After-Rehab Appraisal: \$55,000)

Funding Sources:

Bay View Federal Savings	5,880
Acquisition Costs	38,000
CBGA Funds	48,225 (1,929 GSF X \$25 = \$48,225)
Wisconsin Gas Co.	750

Funding Sources Total: \$92,855