

Let's Talk About It

Phantom Funds: Austinite Fights for City Accountability to Taxpayers

By Katie Walsh

Allissa Chambers applied for a home rehabilitation loan from the City of Austin in 1994 to improve the conditions of her '40s-built home and surrounding community on East 17th Street. But, as Chambers claims, the City contractor abandoned the job within the first few months, leaving an electrical fire hazard and extreme levels of lead contamination behind. Forced to pay down a loan that appears to have never been released, Chambers and her family have spent the past 14 years seeking justice for the legal and human rights infractions they've suffered—and advocating for other citizens who have endured similar City loan experiences, in Austin and beyond.

Part of the City's East Austin Revitalization efforts include low- and zero-interest Home Rehabilitation Loans, which are funded by citizen tax dollars by way of federal U.S. Department of Housing and Urban Development (HUD) grants.

But as Chambers' story suggests, a complex network of political interests appear to result in the repeated misuse of these taxpayer funds. She stated substandard repair jobs by one City contractor has placed a number of East Austinites in dangerous, sometimes life-threatening living conditions—yet this very contractor continues to win bids upwards of several hundred thousand dollars.

After the initial contractor abandoned Chambers' rehabilitation job in February of 1996, the halfway-

into a bucket of primer and began painting the wall.

With the windows left ajar, the family was welcomed home by animal urine in their air vents, used condoms and needles in their bedrooms and a mortgage payment right around the corner. Despite the dire conditions, they had nowhere else to go. They spent the following weeks cleaning up construction debris and a littered interior, unaware of the danger lurking at their fingertips.

Although the contractor's electrical rewiring had passed City inspection, Electrical Expert Janet Hughes reported that the home was not up to code, and that bare wires were left touching wooden beams. "It was obvious that your house was never completely rewired. I consider what I saw to be a fire hazard," Hughes concluded.

It wasn't long after they moved back in that Chambers' son began to experience extreme health effects and was diagnosed with neurological damage, exhibiting several symptoms characteristic of lead poisoning. Texas Lead Inspection reports show that the integrity of the home's lead-based paint had been destroyed with a machine sander (the use of which is prohibited by HUD), contaminating the yard soil and interior with extreme levels of lead dust. Some areas of Chambers' yard registered as high as 11,900 lead parts per million (compared to EPA Hazard Standards of no more than 400 ppm in a child's play area). The



Chambers' home after the City's alleged rehabilitation

under-construction property sat exposed and decaying for nine months as Chambers fought incessantly to obtain a new contractor.

A council member and City staff refused to oblige unless Chambers dissolved the original contract, surrendering her rights and releasing the contractor from liability. She declined, and later claimed that a council member co-owned the company supplying liability insurance to the contractor, a conflict of interest since covered extensively by local media.

While they failed to produce a Certificate of Completion to officiate the job's execution, the City enforced a lien on the unfinished home, threatening to foreclose if Chambers didn't restore residency. What originally seemed to be a reasonable repayment plan—maintaining residency for five years in return for gradual forgiveness—became a sacrifice of safety and quality of life for Chambers and her three-year-old son.

Chambers recalls the first words out of her son's mouth when they returned to find their house in worse condition than they'd left it: "house broken." She watched, heartbroken, as he dipped a paintbrush

into a bucket of primer and began painting the wall.

City dump would not accept the soil, classifying it as hazardous waste.

Chambers' attorney submitted a letter to the City asking that, with professional data to prove the home's safety threats, the lien be removed. They failed to respond to the request, and in fact upheld the lien for a year-and-a-half longer than the contractual term of five years.

"We clearly informed them and they neglected to do anything about it, forcing us to live in a toxic environment for longer than we were legally bound," Chambers laments. "They knowingly and deliberately put my young son and entire family in harm's way."

After years of being "browbeaten and stonewalled," Chambers filed suit, and in 2000 Judge Hume Cofer ruled that the contractor had breached the contract. The City refused Chambers' \$25,000 settlement offer and over the next several years Council authorized \$177,000 of taxpayer monies to fight her in court. Repeated rescheduling, delays and dead-end mediation starved out her case, until Judge Gisela Triana eventually dismissed it in 2006, reasoning that the

case had simply lingered on the docket too long.

To this day, there remains no evidence that the rehabilitation was ever officially completed, yet the City continues to claim that it was. Rebecca Giello, Policy and Planning Manager in the Department of Neighborhood Housing and Community Development (NHCD), stated for this article that "Ms. Chambers' allegations with regard to her home rehabilitation, completed in 1999, resulted in a settlement agreement several years later."

Curiously, the roughly \$7500 settlement Giello and City Audit Investigator Anthony Thomas reference appears to be for the reimbursement of a June 1996 payment to the contractor, for an invoice that had previously been withdrawn and invalidated. The payment was authorized by Construction Specialist David Montoya, who had been pulled off of Chambers' project three months prior. Chambers claims that Construction Manager Candelario Moreno admitted that Montoya was asked to sign off on work that was never completed. Additionally, repeated payment requests on this same invoice for up to a year later suggest the payment was never validated or processed.

Despite a court injunction freezing any funds from leaving the Austin Housing Finance Corporation (AHFC) escrow account, Chambers received a Loan Status Statement in 2000, as if funds were indeed released. By January of 2001, statements reflected a zero loan balance. The City produced loan servicing documents from two different agencies, although exact amounts and dates differ from one record to the next. The forced repayment of an unreleased loan and existence of these quasi-supporting documents raises many questions for Chambers.

"Why would there be a discrepancy on dates and dollar amounts if this is the same loan?" she posits.

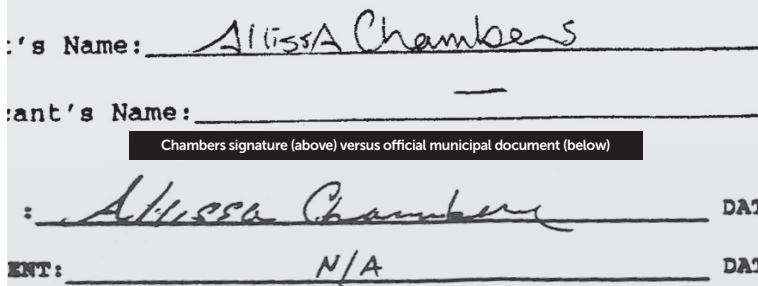
June 2006, a month after the litigation concluded, the same contractor was awarded a new \$450,000 roofing contract. This April, they were included in a nearly \$5 million, multi-contractor weatherization project.

Today, Chambers heads up Austinites Lobbying for Municipal Accountability (ALMA), a local organization aimed at demanding responsible oversight for the "abuse of power by public officials." While she mourns the loss of the most formative years of her family's life, her sights are set on the plight of unknown numbers of citizens who endure the same misfortunes, without the education or financial resources to defend themselves.

ALMA works with the Travis County Green Party and the Gray Panthers, a social justice advocacy group, to raise awareness around municipal accountability. While all three parties have sent several certified letters to City Manager Marc Ott, Mayor Lee Leffingwell, the U.S. Attorney and Congressman Lloyd Doggett providing detailed documentation of apparent violations of federal statutes, including forgery and fraud, they have yet to receive a substantial response. Clint Smith of the Gray Panthers feels this is the most troubling aspect of Chambers' case.

"They won't answer our questions, which in and of itself is a violation of Title 18 of United States code. It's mandatory that public officials provide some response—all we've run into are instances of failure and refusal," Smith said.

To date, the only official City response to the questions ALMA and their advocates have raised came in a 2009 memo from City Auditor Jason Hadavi, which states that "the vast majority of the documentation requested was no longer available due to record retention policies." Considering that litigation did not conclude until 2006, the destruction



"Why do these even exist if no money ever went to the house? It looks to me as if they made it appear that federal funds were applied to my home, when a court injunction ensured nothing ever left the bank. Where did those funds go?" She also has questions about the apparent forgery of her signature on more than one official municipal document related to the loan (see image).

AHFC Contractor Guidelines stipulate that any contractor in violation of their contract or with consistent poor ratings/failure to complete projects on time will be suspended and/or disbarred. Contrary to these guidelines and despite a well-documented history of hazardous work, the City and Travis County continue to award the contractor in question new contracts.

The home of Joan Sutton and Janeice Henderson burned to the ground in 1997 due to an electrical fire, leaving the two sisters and their 82-year-old grandmother homeless and yet still responsible for repayment. More recently, Travis County sued the contractor in question after a shoddy roofing job resulted in the flooding of 89-year-old Ophelia Milicia's home, displacing her for 14 months. Yet in

documentation related to the case raises further legal questions for Chambers.

Both Stout and Smith referenced similar cases of federal housing fund misuse in Dallas, Houston, San Antonio, Newark, Detroit and Washington DC, some of which resulted in FBI investigations and/or indictments. They reiterated the fact that Chambers' experience is not an isolated "horror story," as cases like hers are often portrayed in the media.

"When a single family suffers, it affects everyone," Stout said. "People want their government to be effective and accountable, and unfortunately that's just not happening."

Accountability, according to Smith, is the bottom line. "Who is accountable for these offenses of forgery, misuse and nonfeasance on the part of public officials?" he asked. "Allissa has been brave and strong and somehow, she's been able to hold out and fight for herself. Now it's time for City officials to take responsibility for their actions and begin operating in the public interest and according to the law."