



John Keel, CPA
State Auditor

A Special Investigations Unit Report Regarding a

Department of Housing and Community Affairs HOME Program Contract Awarded to the Harbor Lights Residence Council

February 23, 2007

Members of the Legislative Audit Committee:

The Brazoria County District Attorney's Office obtained indictments for Brenda Robinson and Raymond Singleton on February 8, 2007, after the State Auditor's Office's Special Investigations Unit investigated an allegation that funds awarded through the HOME program had been misapplied. Ms. Robinson and Mr. Singleton allegedly collaborated to misuse funds from this program for personal use.

Ms. Robinson and Mr. Singleton were indicted for engaging in organized criminal activity—misapplication of fiduciary property. The aggregate value of the funds obtained was more than \$100,000. This offense is a first degree felony that carries a maximum penalty of imprisonment for 99 years or life and a \$10,000 fine. Additional individuals also may face indictments in the future.

The Department of Housing and Community Affairs (Department) requested the investigation into this alleged offense. In 2001, the Department awarded a contract for HOME program funds to the Harbor Lights Residence Council in Freeport, Texas. The funds were intended to rehabilitate low income apartments located at the Harbor Lights Apartments in Freeport. The Harbor Lights Residence Council contracted with Harbor Village Management Corporation to oversee the construction performed at the Harbor Lights Apartments. Ms. Robinson and Mr. Singleton were agents of both the Harbor Lights Residence Council and Harbor Village Management Corporation.

The Department administers the HOME program, which has been funded by the federal government since 1990. The funds are issued to the State of Texas in block grants to be used in rehabilitating or reconstructing low income housing and rentals. The funds are reserved for housing of families whose median income is at or below 50 percent of the national average. The Department awards contracts to various agencies and municipalities for the purpose of providing safe, decent, and affordable housing for low income families.

The Special Investigations Unit investigates reports of illegal activity involving state agencies and universities. It refers the results to prosecuting authorities.

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After rehabilitation or reconstruction at a complex has been completed, the goal is for the complex to become fully occupied and financially stable.

If you have any questions, please contact Ralph Disher, Senior Investigator, or me at (512) 936-9500.

Sincerely,

John Keel, CPA

State Auditor

cc: The Honorable Rick Perry, Governor
The Honorable Jerri Yenne, Brazoria County District Attorney
Mr. Michael Gerber, Executive Director, Department of Housing and Community Affairs



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