

MIAMI-DADE COUNTY COMMISSION ON ETHICS & PUBLIC TRUST



REPORT OF INVESTIGATION

#K11-157

Date Opened: 12/15/11

Date Closed: 1/19/12

Investigator: Sylvia Batista

On December 14, 2011, the COE received an e-mail regarding possible fraud in connection with Miami Dream Homes (MDH). MDH is a project of the City of Miami Department of Community Development. The e-mail attached a letter from Grady Muhammad, an activist and CEO of Miami-Dade First, Inc., to George Mensah, Director of the City's Department of Community Development (DCD). In his letter, Mr. Muhammad complains about the length of time it has taken to complete the project and the project's cost which he calculates to be more than \$160,000 for each one-bedroom unit. When completed, the project will provide seven (7) units of affordable housing.

According to Mr. Muhammad, the project has taken more than 7 years to complete due to the lack of oversight by Mr. Mensah and others at the DCD. In a subsequent telephone conversation with the COE, Mr. Muhammad addressed the issue of the air conditioning units which have been stolen from the project site on two separate occasions. Mr. Muhammad further informs that there is only one police report of the thefts, and believes that the thefts were carried out by someone on the inside because of

the way in which the thieves cut and placed tape on the cables connected to the units. Mr. Muhammad finds it hard to believe that random thieves have stolen the AC units since there has been an armed security guard at the project since after the first theft.

01/11/12 – George Mensah, Director of the Department of Community Development

Mr. Mensah rendered a verbal statement on this matter. He explained that the property for the project was provided to the Department of Community Development for development in 2005, but the project did not start until sometime in 2007. The developer of the project is Frank Abella of MDH, LLC. The name of the project is CD Building.

Mr. Mensah advised that the first thing he did when he came on board the DCD was to work on completing the project. However, it is located in a tough neighborhood where vandalism is always a problem.

Mr. Mensah said that at one point the developer came back to the DCD and advised that the City required that he install an elevator in the three-story building. Mr. Mensah said that the developer went with him to the City Building Department and they confirmed that the building code requires it. He advised that for this reason he had additional costs associated with the project and a budget modification was necessary. Mr. Mensah said that he told the developer that they did not have the money for the additional cost. However, due to the contract between the City and the developer, the City had no choice but to pay and try to get the developer to finish the units. Mr. Mensah explained that the City agreed to the cost increases and provided additional funding through their Board of Housing & Commercial Loan Committee. This is a board of the City Commission that approves funding for affordable housing and commercial business loans for small businesses.

Mr. Mensah advised that the board provided the additional funds and construction started again in 2009. Construction continued through 2010 and 2011 and the project reached about 95% completion about a year ago. Mr. Mensah explained that this is when the air conditioning units were stolen. He said that the developer complained that every time they put anything on the site people would steal it. Mr. Mensah said that the theft was reported to the police and the police report was provided to the insurance company. He explained that because they were going to file an insurance claim, they have to produce a police report. The developer was not able to continue with the project until he got the insurance proceeds. Construction began again in September or October of 2011. Mr. Mensah advised that he recently went to see the project and it is almost done. The developer hired an armed guard after the first theft, however, thieves attempted to steal the new AC units again. He advised that it just so happens that on the day he went to see the project with Commissioner Michelle Spence-Jones, the developer started to take down the AC units and will not reinstall them until the project is ready.

Mr. Mensah advised that because of the delays caused by the theft, the developer has requested an extension. He explained that the project is technically out of compliance with the contract, but because of the fact that it is almost done it does not make sense for the City to become involved as that would prolong the completion of the project. Mr. Mensah advised that you are better off going before the Commission and saying that project is complete which would bring the project back into compliance. If they take the route of leaving the contract out of compliance, they could end up not completing the project at all.

Mr. Mensah explained that Mr. Muhammad sends e-mails to everybody and this project has been reviewed back and forth because of this.

1/12/12 – Francisco J. Abella, Miami Dream Homes –

Mr. Abella rendered a verbal statement on this matter. Mr. Abella said that the project was funded in 2007 and began that same year. Mr. Abella explained that MDH was selected from a list of county and municipal affordable housing developers to build 9 lots—six (6) single-family homes, which have been completed, and three (3) commercial multifamily buildings. Mr. Abella added that the subject building is one of the three commercial multifamily buildings that they have developed.

Mr. Abella advised that the air conditioners have been stolen from the project 3 or 4 times. The first theft happened in May or June of 2011. Two or three AC units were stolen. Mr. Abella advised that he has been contracting with a security company since November 12, 2011, and with Victor Vera, who installed a camera system at the site. The security services and camera system are being paid for by MDH. Mr. Abella advised that on December 21, 2011, the copper and electrical services were stolen from all the AC units. Mr. Abella explained that they were having problems completing the elevator installation and decided to remove the AC units from the site until those issues have been resolved. Mr. Abella advised that all seven (7) AC units were removed from the project on December 22, 2011 and are being stored at Southern Electric headquarters.

Mr. Abella said that they are making the final push to complete the project, and if all goes as planned, it should be completed in about three weeks.

Conclusion:

COE did not find evidence that supports the allegations set forth by Mr. Grady Muhammad in his e-mail. For that reason, no further action will be taken by the COE on this matter.