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For Immediate Release

Congressman Peters Misinformed about Pontiac's Federal Grant Programs

United States Congressman Gary Peters (D) is misinformed about information concerning the history of Pontiac's federal grant programs. The City of Pontiac has been cited over the past twenty years by the United States Department of Housing and Urban Development (HUD) and by the City's auditors for mismanagement and misuse of federal funds received for the Community Development Block Grant (CDBG), HOME, and Neighborhood Stabilization Program (NSP). Because of these deficiencies, on September 29, 2011, representatives of HUD's Detroit field office met with Pontiac Emergency Manager Louis H. Schimmel, Pontiac Mayor Leon Jukowski, and members of Mr. Schimmel's staff, and representatives of Oakland County's Community & Home Improvement Division. HUD Detroit advised Mr. Schimmel that he should strongly consider relinquishing the City's status as an entitlement community and enter into the Oakland County Urban County arrangement or risk losing future federal funding and unspent federal funding from prior years. Furthermore, HUD Detroit advised Mr. Schimmel that he needed to make a decision by the next day, September 30, 2011 and rescind the decision to maintain the City's entitlement status made by the previous Emergency Manager only a few weeks earlier.

In a news release dated January 11, 2012, Congressman Peters asserted that the City had the option to subcontract with Oakland to administer the program on the City's behalf. That option was not an option that either the City or Oakland County could consider at that time. HUD Detroit strongly suggested that the option that the City and Oakland County chose was the City's only option.

Congressman Peters also asserted that the City's decision to relinquish its status as a direct recipient of funds would not take effect in time to impact FY12 CDBG allocations. As recently as yesterday, January 10, 2012, HUD continued to assert to the City that HUD would continue to recognize the City's decision and apply the City is funding to Oakland County's allocation.

Finally, Congressman Peters is asserting that the City of Pontiac would lose between \$750,000 to \$850,000 of CDBG funding. To obtain this estimate, Congressman Peters is counting administrative funding and a 33% set-aside for the housing improvement program, the funds of which would benefit Pontiac. The City calculates the net loss to the City of about \$250,000.

Since October, the City and Oakland County have been working with HUD's Detroit office to maximize all federal funds available to the City of Pontiac. When Congressman Peters began to question the process in December, all progress that the City, Oakland County, and HUD were making was halted.

The recent offer that was made to the City of Pontiac to minimize the loss of federal funding was presented to the City for the first time during a conference call yesterday afternoon. The City was given until Friday to make a decision. Formal paperwork concerning the detail of the proposed arrangement has yet to be transmitted to the City and the County. The recent option presented to the City does not absolve the City of liability for management of federal programs, a goal that both the City and HUD agreed to resolve in September.