

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF WISCONSIN**

UNITED STATES OF AMERICA,
EX. REL. JAMES DIETER and
KAREN SCHWENKE,

Relators,

CIVIL ACTION NO. 22CV240

CITY OF MILWAUKEE,
CITY OF MILWAUKEE COMMUNITY
DEVELOPMENT GRANTS ADMINISTRATION,
HOUSING AUTHORITY of the CITY OF MILWAUKEE, and
MILWAUKEE COUNTY,

Defendants.

SECOND AMENDED COMPLAINT

RELATORS James Dieter and Karen Schwenke, by and through their attorneys, on behalf of the UNITED STATES OF AMERICA, for their Second Amended Complaint against the City of Milwaukee, City of Milwaukee Community Development Grants Administration, Housing Authority of the City of Milwaukee, and Milwaukee County based upon personal knowledge and relevant documents, state as follows:

NATURE OF ACTION

1. This is an action to recover damages and civil penalties on behalf of the United States of America arising from false and/or fraudulent records, statements, and claims made, used, presented, and caused to be made, used, or presented by Defendants and/or its agents, employees, and co-conspirators, in violation of the Federal Civil False Claims Act, 31 U.S.C. § 3729 et seq. (“the FCA”). The Defendants’ conduct described herein violates the FCA.

INTRODUCTION

2. The FCA was enacted during the Civil War and substantially amended in 1986. Congress amended the statute to enhance the federal government's ability to recover losses sustained as a result of fraud against the United States after finding that fraud in federal programs was pervasive, and that the statute, which Congress characterized as the primary tool for combating government fraud, was in need of modernization. Congress intended that the amendments create incentives for individuals with knowledge of fraud against the United States to disclose that information without fear of reprisals or government inaction, and to encourage the private bar to commit legal resources to prosecuting fraud on the government's behalf.

3. The FCA prohibits knowingly presenting (or causing to be presented) to the federal government a false or fraudulent claim for payment or approval. 31 U.S.C. § 3729(a)(1)(A). Additionally, the FCA prohibits knowingly making, using, or causing to be made or used, a false or fraudulent record or statement material to a false claim. 31 U.S.C. §§ 3729(a)(1)(B). Any person who violates the FCA is liable for a civil penalty of up to \$11,000 for each violation, plus three times the amount of the damages sustained by the United States. 31 U.S.C. § 3729(a)(1).

4. The FCA allows any person having information about an FCA violation to bring an action on behalf of the United States and to share in any recovery. The complaint must be filed under seal for a minimum of 60 days (without service on the defendant during that time) to allow the government time to conduct its own investigation and to determine whether to join the suit. Based on these provisions, *qui tam* Plaintiffs and Relators James Dieter and Karen Schwenke seek to recover all available damages, civil penalties, and other relief for the violations alleged herein.

5. As described in more detail below, Defendants received funding from the Federal Government for the purpose of aiding low and moderate-income individuals, aiding disabled individuals, aiding minorities, addressing and eliminating blight conditions, and meeting needs that threaten the safety and welfare of persons of limited means within the City of Milwaukee.

6. As a condition to receiving these federal funds, Defendants were required to certify compliance with federal laws prohibiting discrimination on the basis of race, color, national origin, and disability.

7. As a condition to receiving these federal funds, Defendants were required to certify compliance with federal anti-discrimination statutes.

8. As a condition to receiving these federal funds, Defendants were required to certify compliance with the Fair Housing Act.

9. Defendants consistently and repeatedly ignored federal laws prohibiting discrimination while certifying compliance with these laws to the federal government for the disbursement of federal funds.

10. Defendants consistently and repeatedly ignored federal laws prohibiting discrimination while certifying compliance with these laws to the federal government for the disbursement of federal funds.

11. Defendants consistently and repeatedly ignored state and local laws and ordinances governing safe housing while certifying compliance with these laws and ordinances to the federal government for the disbursement of federal funds.

12. Defendants consistently and repeatedly ignored federal, state, and local laws and ordinances promoting the goals of the Fair Housing Act while certifying compliance with these laws and ordinances to the federal government for the disbursement of federal funds.

13. Over the past six (6) years, Defendants have received approximately \$113,367,633.00 in federal funds through the U.S. Department of Housing and Urban Development for housing projects in the City of Milwaukee.

14. Over the past six (6) years, the Milwaukee County received approximately \$25,000,000 in rent assistance funds from the U.S. Department of Housing and Urban Development.

15. Over the past twelve months, Defendants have received approximately 179,000,000 in federal funds through the American Rescue Pan Act for the rehabilitation and construction of affordable homes as well as the demolition of unsafe structures in the City of Milwaukee. The City of Milwaukee expects to receive another \$200,000,000 in federal funds through the American Rescue Plan in early 2022.

16. Defendants have received these federal funds by and through the submission of false claims to the federal government.

PARTIES

17. RELATOR James Dieter is an adult resident of the State of Wisconsin with a residence located 2432 West Kilbourn Ave., Milwaukee, Wisconsin 53233. Dieter purchased this residence in 2004. Dieter made the decision to purchase the historical, nearly 10,000 square foot home in Milwaukee's Near West Side neighborhood (as that term is defined, below) because the City of Milwaukee was in the process of developing a Near West Side Comprehensive Plan (as that term is defined, below) to improve and develop the neighborhood. Dieter was impressed by the City's inclusion of focus groups, community charrettes and resident input. The Comprehensive Plan contained an extensive rezoning strategy to decrease multi-family units and blighted properties while increasing single-family homes and rehabilitation of existing structures.

The City's dedication to improving the Near West Side was a key factor in Dieter's decision to purchase the residence.

18. RELATOR Karen Schwenke is an adult resident of the State of Wisconsin who owns six (6) residential investment properties; three of which are located within the Milwaukee neighborhood known as the Near West Side (as that term is defined, below). Schwenke's decision to purchase the two properties in the Near West Side was intentional and based upon her thorough market research including, but not limited to, the City of Milwaukee's development of a Near West Side Comprehensive Plan (as that term is defined, below). The Near West Side Comprehensive Plan confirmed that the City of Milwaukee had developed a strategy to invest in this neighborhood for the purpose of removing slums and blight, reducing crime, and increasing owner-occupied homes. Schwenke was aware that bulk of funds for rehabilitating the Near West Side would be coming from the federal government. This federal funding and the City's stated dedication to rehabilitating the Near West Side led Schwenke to purchase the investment properties in the Near West Side in 2004 and 2005.

19. DEFENDANT City of Milwaukee is municipal corporation organized under the laws of the State of Wisconsin.

20. DEFENDANT City of Milwaukee Community Development Grants Administration is a public agency authorized by the City of Milwaukee, laws of the State of Wisconsin, and federal laws to receive annual funding allocations from the federal government to fund actions (i) principally benefitting low/moderate income persons, (ii) preventing or eliminating slum or blight, and (iii) addressing urgent needs or problems in the community.

21. DEFENDANT Housing Authority of the City of Milwaukee ("HACM") is a municipal corporation organized under Wis. Stat. § 66.1201. HACM is governed by a Board of

Commissioners who are appointed by the Mayor for the City of Milwaukee and confirmed by the City of Milwaukee's Common Council. HACM is responsible for providing safe and sanitary dwellings to accommodate people of low income. HACM is required to perform its purpose without discrimination and by affirmatively furthering the policies and purposes of the Fair Housing Act.

22. DEFENDANT Milwaukee County is a municipal corporation organized under the laws of the State of Wisconsin. Milwaukee County provides housing assistance to low-income individuals and persons with disabilities. Milwaukee County is required to perform its purpose without discrimination and by affirmatively furthering the policies and purposes of the Fair Housing Act.

JURISDICTION AND VENUE

23. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and 31 U.S.C. § 3732, the latter of which specifically confers jurisdiction on this Court for actions brought pursuant to 31 U.S.C. § 3729 and 3730. Under 31 U.S.C. § 3730(e), there has been no statutorily relevant public disclosure of the "allegations or transactions" in this Complaint.

24. Venue is proper in this District pursuant to 31 U.S.C. § 3732(a) and 28 U.S.C. § 1391(b) because the conduct, acts, and omissions at issue in this case occurred within this District.

FACTS

I. As Recipients of Federal Funds, Defendants Are and Were Required to: (1) Certify Compliance with Anti-Discrimination Laws, and (2) Certify that they Affirmatively Furthered the Purposes of the Fair Housing Act.

25. Defendants received federal funding from several sources including, but not limited to, the U.S. Department of Housing and Urban Development (“HUD”), National Housing Trust Fund, and the American Rescue Plan Act.

26. HUD disburses funds to Public Housing Agencies (“PHAs”) throughout the United States. The PHAs then disburse the funds on a local level.

27. Milwaukee County and HACM are registered PHAs with HUD.

28. Defendants received funds from HUD pursuant to four (4) separate programs including the Community Development Block Grant (“CDBG”) program, HOME Investment Partnership (“HOME”), Emergency Shelter Grant (“ESG”), and Housing Opportunities for People with AIDS programs (“HOPWA”).

29. The purpose of the CDBG program is to aid low- and moderate-income individuals, address and eliminate slum and blight conditions, and meet needs that threaten the safety and welfare of persons of limited means.

30. The HOPE program provides funds to rehabilitate and transform the most distressed public housing. This program focusses on remodeling or eliminating unsafe and dilapidated public housing.

31. The ESG program focuses on the renovation, rehabilitation, and conversion of buildings to be used as homeless shelters.

32. The HOPWA program provides funding to prevent homelessness for low-income individuals with HIV/AIDS.

33. HACM and Milwaukee County also receives funding from HUD through its Section 8 Housing Voucher Program (also known as “Section 8”). The purpose of the Housing Voucher Program is to help the City’s very low-income families, elderly, and disabled afford decent, safe, and sanitary housing.

34. The funds received from HUD are administered and distributed by the City of Milwaukee Community Development Grants Administration, HACM, and Milwaukee County. For the time period including 2016 through 2021 (i.e. 6-year statutory period), the City of Milwaukee has received approximately \$183,746,096.00 in funds through HUD. This amount only includes funds received through the CDBG, HOME, ESG, and HOPWA programs; it does not include funds received through the Section 8 program.

35. For the time period including 2016 through 2021 (i.e. 6-year statutory period), Milwaukee County has received approximately \$35,515,425.00 in funds through HUD.

36. On information and belief, for the time period including 2016 through 2021 (i.e. 6-year statutory period), HACM received approximately \$30,000,000 from HUD related to its Section 8 program.

37. On information and belief, for the time period including 2016 through 2021 (i.e. 6-year statutory period), Milwaukee County received approximately \$10,000,000 in rent assistance funds from HUD related to its Section 8 program.

38. The City of Milwaukee received approximately \$400,000,000.00 in federal funds from the American Rescue Pan Act in year 2021 with approximately \$179,900,000.00 of those funds being allocated toward the rehabilitation and construction of affordable homes as well as the demolition of unsafe structures. It is believed that the City of Milwaukee received an

additional \$200,000,000.00 in federal funds from the American Rescue Plan Act in early 2022 which will be used for similar purposes.

39. As a recipient of federal funds, Defendants are required to comply with the Fair Housing Act, Title VI of the Civil Rights Act (prohibiting discrimination on the basis of race, color, or national origin), Section 504 of the Rehabilitation Act (prohibiting discrimination on the basis of disability), and the Americans with Disabilities Act (prohibiting discrimination on the basis of disability).

40. The Fair Housing Act (“FHA”), which is contained within Title VIII of the Civil Rights Act of 1968, requires the federal government and all recipients of federal funds to Affirmatively Further the Purposes of the Fair Housing Act (“AFFH”).

41. HUD has defined its AFFH obligations as follows:

“The obligation to affirmatively further fair housing requires recipients of HUD funds to take meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics, which are:

Race

Color

National origin

Religion

Sex (including gender, gender identity, sexual orientation, and sexual harassment)

Familial status

Disability

Generally, in administering programs and activities relating to housing and community development, the federal government, HUD, and its recipients must:

- Determine who lacks access to opportunity and address any inequity among protected class groups
- Promote integration and reduce segregation

- Transform racially or ethnically concentrated areas of poverty into areas of opportunity.”

See https://www.hud.gov/program_offices/fair_housing_equal_opp/affh.

42. Senator Edward Brooke, co-author of the FHA, stated, “We make two general assertions: (1) that American cities and suburbs suffer from galloping segregation, a malady so widespread and so deeply imbedded in the national psyche that many Americans, Negroes as well as whites, have come to regard it as a natural condition; and (2) that the prime carrier of galloping segregation has been the Federal Government. First it built the ghettos; then it locked the gates; now it appears to be fumbling for the key. Nearly everything the Government touches turns to segregation, and the Government touches nearly everything.” Senator Edward Brooke, 114 Cong. Rec. S2280 (1968).

43. The Federal Housing Act of 1949 was revised in 1954, in part, to address slums and blight in major metropolitan areas through the use of federal urban renewal funds. The FHA focused on the root sources responsible for creating blight and slums such as a failure to enforce building codes, failure to have and/or execute a proactive plan, failure to foster community involvement, and failure to address homelessness.

44. HUD statutes require program participants to certify, as a condition of receiving federal funds, that they will affirmatively further the purposes of the FHA.

45. In 2021, the United States Government, via the White House, issued a memorandum to HUD underscoring that HUD and recipients of HUD funds are mandated “to take actions that undo historic patterns of segregation and other types of discrimination and that afford access to long-denied opportunities.” See

https://www.hud.gov/program_offices/fair_housing_equal_opp/affh.

46. As a condition to receiving federal funds, each Defendant must certify compliance with the anti-discrimination laws identified herein and affirmatively further the policies and purposes of the Fair Housing Act.

47. HUD ensures that recipients of federal housing funds comply with these federal anti-discrimination laws by requiring the recipients to certify compliance with those laws. If a recipient does not certify compliance with those laws, the recipient will be denied funds from HUD.

48. Defendants, as non-qualified PHAs, are and were required to submit Annual PHA plans as well as 5-year PHA plans. *See* 42 U.S.C. § 1437c-1.

49. The Annual PHA plans required Defendants, on an annual basis, to submit a signed “certification” confirming that they would “carry out the public housing agency plan in conformity with title VI of the Civil Rights Act of 1964 [42 U.S.C. 2000d et seq.], the Fair Housing Act [42 U.S.C. 3601 et seq.], section 504 of the Rehabilitation Act of 1973 [29 U.S.C. 794], and title II of the Americans with Disabilities Act of 1990 [42 U.S.C. 12131 et seq.], and will affirmatively further fair housing.” 42 U.S.C. § 1437c-1(d)(16).

50. On or about July 25, 2022, HACM executed its 2023 Annual PHA Plan. As part of the Annual PHA Plan, HACM executed HUD Form 50077-ST-HCV-HP, titled *Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations including PHA Plan Elements that Have Changed*, and HUD Form 50077-CR, titled *Civil Rights Certification*. HACM’s Executive Director, Willie L. Hines, signed both HUD Forms on July 20, 2022, and HACM’s Board Chairman, Mark A. Wagner, executed both HUD Forms on July 25, 2022. The Executive Director and Board Chairman both agreed to the following language when affixing their respective signatures to the HUD Certifications:

“I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802).”

See City of Milwaukee - File #: R13350 (legistar.com) at pp. 98-101.

51. The Certification found in HUD Form 50077-ST-HCV-HP states, in pertinent part, as follows:

“Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairperson or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the ___ 5-Year and/or X Annual PHA Plan, hereinafter referred to as” the Plan”, of which this document is a part, and make the following certification and agreements with the Department of Housing and Urban Development (HUD) for the PHA fiscal year beginning 2023, in connection with the submission of the Plan and implementation thereof:

...

2. The Plan contains a certification by the appropriate State or local officials that the Plan is consistent with the applicable Consolidated Plan, which includes a certification that requires the preparation of an Analysis of Impediments (AI) to Fair Housing Choice, or Assessment of Fair Housing (AFH) when applicable, for the PHA's jurisdiction and a description of the manner in which the PHA Plan is consistent with the applicable Consolidated Plan (24 CFR §§ 91.2, 91.225, 91.325, and 91.425).

...

6. The PHA certifies that it will carry out the public housing program of the agency in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d—4), the Fair Housing Act (42 U.S.C. 3601-19), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), title II of the Americans with Disabilities Act (42 U.S.C. 12101 et seq.), and other applicable civil rights requirements and that it will affirmatively further fair housing in the administration of the program. In addition, if it administers a Housing Choice Voucher Program, the PHA certifies that it will administer the program in conformity with the Fair Housing Act, title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, title II of the Americans with Disabilities Act, and other applicable civil rights requirements, and that it will affirmatively further fair housing in the administration of the program.

7. The PHA will affirmatively further fair housing, which means that it will take meaningful actions to further the goals identified in the Assessment of Fair Housing (AFH) conducted in accordance with the requirements of 24 CFR § 5.150 through

5.180, that it will take no action that is materially inconsistent with its obligation to affirmatively further fair housing, and that it will address fair housing issues and contributing factors in its programs, in accordance with 24 CFR § 903.7(o)(3). The PHA will fulfill the requirements at 24 CFR § 903.7(o) and 24 CFR § 903.15(d). Until such time as the PHA is required to submit an AFH, the PHA will fulfill the requirements at 24 CFR § 903.7(o) promulgated prior to August 17, 2015, which means that it examines its programs or proposed programs; identifies any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; and maintains records reflecting these analyses and actions.

...

9. The PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.

...

17. The PHA will keep records in accordance with 2 CFR 200.333 and facilitate an effective audit to determine compliance with program requirements.”

See City of Milwaukee - File #: R13350 (legistar.com) at pp. 98-99.

52. The Certification found in HUD Form 50077-CR states, in pertinent part, as follows:

“Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairperson or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the 5-Year PHA Plan, hereinafter referred to as” the Plan”, of which this document is a part, and make the following certification and agreements with the Department of Housing and Urban Development (HUD) for the PHA fiscal year beginning 2023, in which the PHA received assistance under 42 U.S.C. 1437f and/or 1437g in connection with the mission, goals, and objectives of the public housing agency and implementation thereof:

The PHA certifies that it will carry out the public housing program of the agency in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d—4), the Fair Housing Act (42 U.S.C. 3601-19), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), title II of the Americans with Disabilities Act (42 U.S.C. 12101 *et seq.*), and other applicable civil rights requirements and that it will affirmatively further fair housing in the administration of the program. In addition, if it administers a

Housing Choice Voucher Program, the PHA certifies that it will administer the program in conformity with the Fair Housing Act, title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, title II of the Americans with Disabilities Act, and other applicable civil rights requirements, and that it will affirmatively further fair housing in the administration of the program. The PHA will affirmatively further fair housing, which means that it will take meaningful actions to further the goals identified in the Assessment of Fair Housing (AFH) conducted in accordance with the requirements of 24 CFR § 5.150 through 5.180, that it will take no action that is materially inconsistent with its obligation to affirmatively further fair housing, and that it will address fair housing issues and contributing factors in its programs, in accordance with 24 CFR § 903.7(o)(3). The PHA will fulfill the requirements at 24 CFR § 903.7(o) and 24 CFR § 903.15(d). Until such time as the PHA is required to submit an AFH, the PHA will fulfill the requirements at 24 CFR § 903.7(o) promulgated prior to August 17, 2015, which means that it examines its programs or proposed programs; identifies any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement; and maintains records reflecting these analyses and actions."

See City of Milwaukee - File #: R13350 (legistar.com) at p. 101.

53. On July 14, 2022, as part of HACM's 2023 Annual PHA Plan, Milwaukee Mayor Cavalier Johnson executed a Certification, titled *Certification by State or Local PHA Plans Consistency with the Consolidated Plan or State Consolidated Plan*. In that Certification, Mayor Johnson confirmed that:

"The Annual PHA Plan for the Housing Authority of the City of Milwaukee (HACM) includes goals and activities that are consistent with the Consolidated Plan and the Analysis of Impediments, specifically as follows: 1) improving and sustaining affordable housing through Choice Neighborhood Implementation grant in partnership with the City of Milwaukee, through use of mixed finance development and through participation in the HUD Rent Assistance Demonstration program (RAD); 2) providing housing for seniors and disabled individuals; 3) providing opportunities for low-income families to improve economic self-sufficiency through employment, training, education, financial literacy, asset-building, and homeownership programs."

See City of Milwaukee - File #: R13350 (legistar.com) at pp. 96.

54. The City of Milwaukee approved HACM's 2023 Annual PHA Plan on October 12, 2022. *See City of Milwaukee - File #: R13350 (legistar.com)*.

55. HACM executed Annual PHA Plans in 2015, 2016, 2017, 2018, 2019, 2020, and 2021 for each successive year.

56. HACM's 2021 Annual PHA Plan was approved for submission to HUD on November 11, 2020. *See City of Milwaukee - File #: R13182 (legistar.com)*. HACM's 2020 Annual PHA Plan was approved for submission to HUD on October 16, 2019. *See City of Milwaukee - File #: R13095 (legistar.com)*. HACM's 2019 Annual PHA Plan was approved for submission to HUD on October 10, 2018. *See City of Milwaukee - File #: R12995 (legistar.com)*. HACM's 2018 Annual PHA Plan was approved for submission to HUD on October 11, 2017. *See City of Milwaukee - File #: R12897 (legistar.com)*. On information and belief, HACM's 2017 and 2016 Annual PHA Plans were approved for submission to HUD in or around October or November of 2016 and 2015, respectively.

57. HACM executed HUD Form 50077-ST-HCV-HP, titled *Certifications of Compliance with PHA Plan, Civil Rights, and Related Laws and Regulations including PHA Plan Elements that Have Changed*, and HUD Form 50077-CR, title *Civil Rights Certification*, for each Annual PHA Plan. On information and belief, HACM executed these Certifications in June or July of each year in which each Annual PHA Plan was executed. HACM has not included its Certifications for these years in its online database despite recommendation from HUD that it do so.

58. On information and belief, HACM's Executive Director executed HUD Forms 50077-ST-HCV-HP and 50077-CR in each year from 2015 through 2022. Willie Hines served as

HACM's Executive Director from 2022 through the present. Antonio Perez served as HACM's Executive Director from 2000 through 2022.

59. On information and belief, HACM's Board Chairman executed HUD Forms 50077-ST-HCV-HP and 50077-CRs in each year from 2015 through 2021. Mark Wagner has served as HACM's Board Chairman from 2014 through the present date.

60. On information and belief HACM's Annual PHA Plans, including HUD Forms 50077-ST-HCV-HP and 50077-CR, for years 2015 through 2022 were submitted to HUD as part of HACM's request to receive payments of federal funds from the United States government.

61. On July 20, 2022, Milwaukee County Executive David Crowley signed various Certifications as part of Milwaukee County's 2023 Annual Action Plan. *See <https://county.milwaukee.gov/EN/DHHS/Housing> at Annual Plan 2023.*

62. The Certifications executed by County Executive David Crowley included, but are not limited to:

- a. A Certification that Milwaukee County will "affirmatively further fair housing";
- b. A CDBG Certification that Milwaukee County will conduct and administer the grant "in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) and the Fair Housing Act (42 U.S.C. 3601-3619) and implementing regulations."
- c. A CDBG Certification that Milwaukee County will "comply with applicable laws."
- d. A Certification that "The housing activities to be undertaken with Community Block Grant, HOME, Emergency Solutions Grant, and Housing Opportunities for

Persons with AIDS funds are consistent with the strategic plan in the jurisdiction's consolidated plan.”

63. On August 30, 2021, Milwaukee County Executive David Crowley signed various Certifications as part of Milwaukee County's 2022 Annual Action Plan. *See* <https://county.milwaukee.gov/EN/DHHS/Housing> at Annual Plan 2022.

64. The Certifications executed by County Executive David Crowley as part of Milwaukee County's 2022 Annual Action Plan included, but are not limited to:

- a. A Certification that Milwaukee County will “affirmatively further fair housing”;
- b. A CDBG Certification that Milwaukee County will conduct and administer the grant “in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) and the Fair Housing Act (42 U.S.C. 3601-3619) and implementing regulations.”
- c. A CDBG Certification that Milwaukee County will “comply with applicable laws.”
- d. A Certification that “The housing activities to be undertaken with Community Block Grant, HOME, Emergency Solutions Grant, and Housing Opportunities for Persons with AIDS funds are consistent with the strategic plan in the jurisdiction's consolidated plan.”

See <https://county.milwaukee.gov/EN/DHHS/Housing> at Annual Plan 2022.

65. On information and belief, the Milwaukee County Executive signed the same or substantially similar Certifications as those referenced herein as part of Milwaukee County's 2021, 2020, 2019, 2018, 2017, 2016, and 2015 Annual Action Plans. Although Milwaukee County's Annual PHA Plans are available on the County's online database and are substantially

similar to the 2023 and 2022 Annual PHA Plans, Milwaukee County failed to include the certifications in its online copies of the 2015-2021 Annual PHA Plans.

66. Chris Abele served as Milwaukee County Executive from April 25, 2011 through May 4, 2020. David Crowley has served as Milwaukee County Executive from May 4, 2020 to the present date.

67. On information and belief, the Certifications executed by County Executive as part of Milwaukee County's 2021, 2019, 2018, 2017, 2016, and 2015 Annual Action Plans included, but are not limited to:

- a. A Certification that Milwaukee County will "affirmatively further fair housing";
- b. A CDBG Certification that Milwaukee County will conduct and administer the grant "in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) and the Fair Housing Act (42 U.S.C. 3601-3619) and implementing regulations."
- c. A CDBG Certification that Milwaukee County will "comply with applicable laws."
- d. A Certification that "The housing activities to be undertaken with Community Block Grant, HOME, Emergency Solutions Grant, and Housing Opportunities for Persons with AIDS funds are consistent with the strategic plan in the jurisdiction's consolidated plan."

68. Despite decades of explicit certifications by HACM and Milwaukee County to affirmatively further fair housing and comply with anti-discrimination laws, and despite HACM and Milwaukee County confirming for decades that the City must take affirmative action to further fair housing and stop discrimination as a means to prosper the low-income minority,

disabled, and elderly population, no real, tangible positive change has occurred in the Near West Side and similar containment zone areas. Those areas remain blighted with slums and dilapidated, unsafe, and indecent housing.

69. HUD also ensures compliance with these federal anti-discrimination laws by requiring recipients to submit various plans such as the Consolidated Plan and Annual Action Plan and Consolidated Annual Performance and Evaluation Reports (“CAPER”).

70. The CAPER sets forth specific and detailed information regarding how the recipient spent federal funds received from HUD. Each year’s CAPER can be found on the City of Milwaukee Community Development Grants Administration website, at <https://city.milwaukee.gov/CDGA>.

71. The City of Milwaukee submitted its 2015 CAPER on January 5, 2017; 2016 CAPER on August 7, 2017; 2017 CAPER on May 22, 2018; 2018 CAPER on November 25, 2020; 2019 CAPER on June 17, 2020; 2020 CAPER on October 7, 2021; and no CAPER has been filed to date for 2022. *See* <https://cpd.hud.gov/cpd-public/consolidated-plans>.

72. Milwaukee County submitted its 2015 CAPER on January 5, 2017; 2016 CAPER on March 12, 2018; 2017 CAPER on June 22, 2018; 2018 CAPER on April 22, 2019; 2019 CAPER on April 22, 2022; 2020 CAPER on May 7, 2021; and no CAPER has been filed for 2021 or 2022 to date. *See* <https://cpd.hud.gov/cpd-public/consolidated-plans>.

73. “The Consolidated Plan is designed to help states and local jurisdictions to assess their affordable housing and community development needs and market conditions, and to make data-driven, place-based investment decisions. The consolidated planning process serves as the framework for a community-wide dialogue to identify housing and community development priorities that align and focus funding from the CPD formula block grant programs:” the CDBG,

HOME, ESG, HOPWA, and Housing Trust Fund. *See*

<https://www.hudexchange.info/programs/consolidated-plan/>.

74. As part of Defendants' PHA 5-year plans, Defendants were required to certify that their respective 5-year PHA plans were consistent with information and data contained in their Consolidated Plans.

75. The City of Milwaukee submitted its 2015-2019 Consolidated Plan on July 7, 2015, and its 2020-2024 Consolidated Plan on June 29, 2021. *See <https://cpd.hud.gov/cpd-public/consolidated-plans>.*

76. Milwaukee County submitted its 2014-2018 Consolidated Plan on June 26, 2014; no Consolidated Plan for 2019; and 2020-2024 Consolidated Plan on February 17, 2021. *See <https://cpd.hud.gov/cpd-public/consolidated-plans>.*

77. "The Consolidated Plan is carried out through Annual Action Plans, which provide a concise summary of the actions, activities, and the specific federal and non-federal resources that will be used each year to address the priority needs and specific goals identified by the Consolidated Plan. Grantees report on accomplishments and progress toward Consolidated Plan goals in the Consolidated Annual Performance and Evaluation Report (CAPER)." *See <https://www.hudexchange.info/programs/consolidated-plan/>.*

78. The City of Milwaukee submitted its 2016 Annual Action Plan on July 21, 2016; 2017 Annual Action Plan on September 12, 2017; 2018 Annual Action Plan on August 22, 2018; no Annual Action Plan for 2019; 2020 Annual Action Plan on June 29, 2021, 2021 Annual Action Plan on October 22, 2021; and 2022 Annual Action Plan has not been submitted to date. *See <https://cpd.hud.gov/cpd-public/consolidated-plans>.*

79. The City's 2015 Annual Action Plan included the following affirmation:

“Actions planned during the next year to address the needs to public housing

Increase the availability of decent, safe, and affordable housing; maximize the number of affordable units available to the PHA within its current resources; promote self-sufficiency and asset development of families and individuals; **conduct activities to affirmatively further fair housing; increase awareness and target PHA resources among families of races and ethnicities with disproportionate needs and to families with disabilities;** target available assistance to the elderly and families at or below 30% and 50% of AMI.”

See <https://cpd.hud.gov/cpd-public/consolidated-plans> at City of Milwaukee 2015 Annual Action Plan, p. 37 (emphasis added).

80. Each of the City’s Annual Action Plans from 2015 through 2021 (no Annual Action Plans exist for 2019 or 2022) include the exact same language. See <https://cpd.hud.gov/cpd-public/consolidated-plans> at City of Milwaukee 2015, 2016, 2017, 2018, and 2020 Annual Action Plan.

81. The City’s 2015 Annual Action Plan included the following “Barriers to affordable housing”:

- Institutional and governmental policies and regulations which affect income and housing
- Non-coherent Federal housing mandates and Federal and State transportation policies
- **Lack of enforcement mechanism for complaints of discrimination**
- **Lack of housing units accessible to persons with disabilities**
- **Overcrowded housing**
- **Lack of affordable housing supply**
- Cuts in funding to Section 8 Housing Choice Voucher Program
- Lack of a Regional Housing Strategy or Plan
- Attack on the Community Reinvestment Act (CRA)
- Suburban policies (NIMBYism, impact fees, exclusionary zoning codes, exclusionary public housing or Section 8 Rent Assistance vouchers,

inadequate public transportation).

- **Social class, racial and cultural barriers**
- **Housing and employment discrimination**
- **Residential segregation**
- Inadequate income
- **Racial disparities in mortgage lending**
- Insurance redlining; appraisal practices
- **Racial steering**

See <https://cpd.hud.gov/cpd-public/consolidated-plans> at City of Milwaukee 2015 Annual Action Plan, p. 45 (emphasis added).

82. The City’s Annual Action Plans for 2015 – 2017 include identical language related to “Barriers of affordable housing.” See <https://cpd.hud.gov/cpd-public/consolidated-plans> at City of Milwaukee 2015, 2016, 2017 Annual Action Plan. The 2015 Annual Action Plan was the earliest Annual Action Plan contained in the online database. The City’s Annual Action Plans for years 2018, 2020, and 2021 (the 2019 Annual Action Plan is not available) contain similar wording regarding “barriers to affordable housing” and included the same concepts. See <https://cpd.hud.gov/cpd-public/consolidated-plans> at City of Milwaukee 2018, 2020, 2021 Annual Action Plan.

83. The City’s 2015 CAPER confirmed that it had taken action to affirmatively further fair housing. In pertinent part, the 2015 CAPER stated as follows:

“...the City of Milwaukee Housing Authority undertook activities to increase the availability of decent, safe, and affordable housing; maximized the number of affordable units available to the PHA within its current resources; promoted self-sufficiency and asset development of families and individuals; **conducted activities to affirmatively further fair housing; increased awareness and targeted PHA resources among families of races and ethnicities with disproportionate needs and to families with disabilities;** and targeted available assistance to the elderly and families at

or below 30% and 50% of AMI.”

See <https://cpd.hud.gov/cpd-public/consolidated-plans> at 2015 CAPER (emphasis added).

84. The City’s 2015, 2016, 2017, and 2018 CAPERs included language identical to that in the 2015 CAPER regarding its confirmation to affirmatively further fair housing. See <https://cpd.hud.gov/cpd-public/consolidated-plans> at 2015, 2016, 2017, 2018 CAPER. The City’s 2019 CAPER included similar language confirming that it “Targeted available assistance to the elderly and to households at or below 30% and 50% of area median income (AMI);” “Increased awareness and targeted PHA resources among families of races and ethnicities with disproportionate needs and to families with disabilities;” and “Conducted activities to affirmatively further fair housing.” See <https://cpd.hud.gov/cpd-public/consolidated-plans> at 2019 CAPER.

85. The City’s 2020 CAPER included similar language confirming that it “affirmatively” took action to “reduce barriers to affordable housing” including the “administration and enforcement of federal, state and local fair housing ordinances,” “affirmatively promote neighborhoods; enforce and further fair housing; expand on housing opportunities available to minorities and the poor within and outside areas of minority concentration” and “eliminating blight.” See <https://cpd.hud.gov/cpd-public/consolidated-plans> at 2020 CAPER.

86. Despite the City’s Annual Action Plans including identical and/or substantially similar language concerning the “barriers of affordable housing” (which included references to disparate treatment, racial steering, overcrowding, housing discrimination, residential segregation, racial disparities, and racial barriers) over the course of nearly a decade, and despite the City’s CAPERs confirming for nearly a decade that the City has affirmatively furthered fair

housing and took action to stop discrimination, no real, tangible positive change has occurred in the Near West Side and similar containment zone areas. Those areas remain blighted with slums and dilapidated, unsafe, and indecent housing.

87. The City of Milwaukee submitted Certifications to the United States confirming that it would comply with the mandates of the Fair Housing Act and its implementing regulations, affirmatively further fair housing as mandated by the Fair Housing Act and its implementing regulations, and comply with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act, and Title II of the Americans with Disabilities Act along with the implementing regulations of those statutes. These Certifications were submitted to the United States with the City's request for payment of federal funds from HUD. The City confirmed to the United States that it had complied with AFFH and anti-discrimination statutes as a condition to receiving federal funds from HUD. On information and belief, the Mayor for the City of Milwaukee (or his assign) executed the Certifications. Tom Barrett was the Mayor for the City of Milwaukee from 2004 through 2021. Cavalier Johnson has been the Mayor for the City of Milwaukee from 2021 through the present date.

88. Relators do not possess the specific certifications submitted by the City to HUD as the City has not made these documents available in its online database. Although the City has made its Consolidated Plans, Action Plans, and CAPERs available in its online database, the City has not made its certifications available in any online database. Relators believe the City has intentionally withheld its certifications from the online database.

89. On information and belief, Tom Barrett (or his assign) executed the Certifications referenced herein on behalf of the City for all City grant requests from 2015 through 2020/2021. On information and belief, Cavalier Johnson (or his assign) executed the Certifications

referenced herein on behalf of the City for all City grant requests from 2021/2022 through the present year.

90. Milwaukee County submitted its 2016 Annual Action Plan on September 7, 2016; 2017 Annual Action Plan on October 19, 2017; 2018 Annual Action Plan on March 27, 2019; 2019 Annual Action Plan on August 16, 2021; 2020 Annual Action Plan on February 17, 2021, 2021 Annual Action Plan on September 3, 2021; and 2022 Annual Action Plan has not been submitted to date. *See <https://cpd.hud.gov/cpd-public/consolidated-plans>.*

91. The United States, through HUD, made annual payments of several million dollars to the City of Milwaukee based upon the City's submission of its Consolidated Plans, Annual Action Plans, CAPERS, and most importantly, Certifications of compliance with anti-discrimination laws and AFFH.

92. The United States would not have made any payment to the City of Milwaukee had the City failed to submit the requisite Consolidated Plans, Annual Action Plans, or CAPERS. More importantly, the United States would not have made any payment to the City of Milwaukee had the City failed or refused to submit Certifications confirming that (i) it had complied with the FHA, Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act, or Title VII of the ADA, and (ii) it affirmatively furthered fair housing as mandated by the FHA.

93. The United States, through HUD, made annual payments of several million dollars to HACM based upon the HACM's submission of its Consolidated Plans, Annual Action Plans, CAPERS, and most importantly, Certifications of compliance with anti-discrimination laws and AFFH.

94. The United States would not have made any payment to HACM had HACM failed to submit the requisite Consolidated Plans, Annual Action Plans, or CAPERS. More

importantly, the United States would not have made any payment to HACM had the HACM failed or refused to submit Certifications confirming that (i) it had complied with the FHA, Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act, or Title VII of the ADA, and (ii) it affirmatively furthered fair housing as mandated by the FHA.

95. The United States, through HUD, made annual payments of several million dollars to Milwaukee County based upon the County's submission of its Consolidated Plans, Annual Action Plans, CAPERS, and most importantly, Certifications of compliance with anti-discrimination laws and AFFH.

96. The United States would not have made any payment to Milwaukee County had the County failed to submit the requisite Consolidated Plans, Annual Action Plans, or CAPERS. More importantly, the United States would not have made any payment to Milwaukee County had the County failed or refused to submit Certifications confirming that (i) it had complied with the FHA, Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act, or Title VII of the ADA, and (ii) it affirmatively furthered fair housing as mandated by the FHA.

II. The City of Milwaukee Continues to be the Most Segregated City in the United States.

97. Although the Federal Housing Act succeeded to a degree on its overall policies, it was plagued by discrimination and containment policies. Many metropolitan areas, including the City of Milwaukee, found it much more profitable to create containment zones within the City's boundaries in which to house the City's low-income population, minorities, disabled individuals, and criminals while simultaneously devoting substantial resources to neighborhoods comprised of middle to upper income, non-minority, and non-disabled residents.

98. In post-World War II years, predominately white neighborhoods in Milwaukee's Near North Side were the focus of the City's federal funding to the detriment of the City's less fortunate, minority areas such as Milwaukee's Near West Side.

99. The City of Milwaukee has engaged in a pattern and practice of vigorously furthering the purposes of the FHA by taking actions to eliminate discrimination, building code violations, and crime in non-containment zones while permitting discrimination, rampant building code violations, and crime within the containment zones.

100. The City of Milwaukee has created containment zones where disabled, minority, and low-income individuals are treated as second-class citizens.

101. The City of Milwaukee has intentionally discriminated against the residents of the containment zones based upon their overwhelming composition of minority, disabled, and low-income residents.

102. Within the containment zones, zoning ordinances and building codes are ignored, development is discouraged, densification is compounded rather than reduced, community involvement is disregarded, crime is permitted, and community plans are overlooked.

103. Containment zones were and are the City's answer to housing its disabled, minority, and low-income population.

104. The City of Milwaukee has not changed over the years. The City of Milwaukee remains at the top of the list as the most segregated city in the nation.

<https://www.brookings.edu/blog/the-avenue/2018/12/17/black-white-segregation-edges-downward-since-2000-census-shows/>

105. The goal of the City of Milwaukee has been and remains to maintain and perpetuate these containment zones while continuing to receive the full benefit of federal funds

that, ironically, were supposed to be used to eradicate slums, blight, segregation, discrimination, and other unfair housing practices.

106. The City continues to ignore HUD's requirement that the City adhere to federal non-discrimination laws, the FHA, and state and local housing laws as a condition to receiving federal funds.

107. The City continues to ignore the FHA's requirement that the City take intentional, affirmative steps to overcome patterns of segregation, eliminate discrimination in housing, and foster a community that assists individuals of low to moderate income as a condition to receiving federal funds.

108. The City has unlawfully created containment zones within its boundaries wherein discrimination and lawlessness is the norm and residents are treated with disdain and contempt.

109. While the City has received hundreds of millions of dollars from the federal government to eradicate discrimination, segregation, blight, and slums from these areas and assist the disabled, low-income, and minority residents, these containment zones have remained unchanged for decades.

III. A Neighborhood Example of a City-Wide Problem: The City of Milwaukee Created a Containment Zone in the City's Near West Side by Refusing to Adhere to Anti-Discrimination Laws and Refusing to Affirmatively Further the Purposes of the Fair Housing Act.

110. "[T]he Near West Side is located west of I-43, north of I-94, east of U.S. 41, south of Vliet Street, west of N. 27th Street, and south of Galena Street east of N. 27th Street."

See Near West Side Comprehensive Plan, 4 (2004),

<https://city.milwaukee.gov/ImageLibrary/Groups/cityDCD/planning/plans/Near-West/plan/NearWestPlan.pdf>. (Exhibit A).

111. To combat the worsening conditions of Milwaukee, a Milwaukee Comprehensive Plan for the Near West Side, also known as the Near West Side Comprehensive Plan (the “Comprehensive Plan”), was developed in 2004.

112. The City of Milwaukee approved the Comprehensive Plan in March 2004 and incorporated the Plan into the City’s overall Plan.

113. The City used the Comprehensive Plan as a roadmap to reduce segregation, densification, blight, and slums in the neighborhood.

114. The City of Milwaukee’s Department of City Development, Department of Neighborhood Services, and Department of Public Works as well as other City departments and agencies were (and are) directed to undertake action to implement the Comprehensive Plan.

115. The goals of this Comprehensive Plan fall within four categories: Residential Goals, Commercial Goals, Institutions and Public Spaces Goals, and Transportation Goals.

116. The residential goals are to “[s]trengthen and improve the existing neighborhood fabric,” and to “[i]ncrease owner-occupancy throughout the Near West Side.” *Id.*

117. The commercial goals are to “[c]reate retail destinations that utilize existing commercial land and infrastructure,” and to “[e]nhance the marketability of commercial nodes to promote economic stability and growth.” *Id.*

118. The institutions and public spaces goals are to “[i]ncrease sense of security throughout the Near West Side,” and to “[e]nhance public destinations and gathering places for residents and visitors.” *Id.*

119. The transportation goals are to “[r]ecreate historic neighborhood traffic patterns to maximize route alternatives,” and to “[i]mprove the viability of transportation alternatives.” *Id.*

120. Part of the Comprehensive Plan involved interviewing “stakeholders” of the area planned for investment. Conclusions made by the interviewees were considered when directing the location for redevelopment funding. The interviewees believed it would be valuable to the community if apartment structures were demolished if they “are without significant historic or architectural value and are severely deteriorated, have abandoned units, or are chronic sources of neighborhood crime and drug abuse.” *Id.* at 27.

121. The interviewees indicated that depreciating property values relative to other areas in the city supported comprehensive rehabilitation and maintenance. *Id.* In addition, the interviewees said, “fear of crime and concern about the large number of group homes and other social service agencies creates uncertainty in the marketplace and discourages individual reinvestment in the neighborhoods.” *Id.* Based on the responses from the stakeholders, the consulting team recommended that City Programs should work toward more owner occupancy of single- and two-family homes in these neighborhoods. *Id.*

122. Household surveys were conducted on the Near West Side for the purpose of gaining public participation for the Plan. Over 79% of respondents to the household surveys wanted to see increased homeownership on the Near West Side because they believed it would improve the area. *Id.* at 38-9. Those surveys also revealed that 63.8% of respondents wanted to see increased property maintenance/code enforcement in the Near West Side. *Id.*

123. The Comprehensive Plan also created three focus groups for stakeholders in the Near West Side. The focus groups put forth several ideas as to how the area should best be improved. The focus groups concluded that the City of Milwaukee must take the lead on bringing these ideas to fruition. Specifically, the groups indicated that the City should begin the process by “helping to remove blight, acquiring properties for demolition and making the parcels

available to developers, [and] addressing transportation [and parking] issues.” *Id.* 42-3. The focus groups believed these actions would encourage homeowner residents, developers, and businesses while decreasing densification and eliminating blight and slums.

124. Community charrettes also were used as a method of public participation to further develop the issues to be addressed in the Comprehensive Plan. During these community charrettes, the community was encouraged to present evidence regarding important neighborhood issues and discuss how best to remedy those issues. The community also was encouraged to provide input as to what the residents wanted for the future of their neighborhood. Some of the most important policies highlighted were an increase in residential code enforcement, rehabilitation of the single-family homes in poor condition, conversion of apartments into condominiums, and to create more owner-occupied homes. *Id.* at 44.

125. The Comprehensive Plan also included a land use policy. *Id.* at 46. One of the main focuses of the project was to work with residential land use. *Id.* at 47. The residential policies “address (1) land use compatibility; (2) design for the redevelopment, rehabilitation and preservation of existing housing stock; and (3) the development of new residences to increase owner-occupancy throughout the neighborhood.” *Id.* at 47.

126. The land use policies were meant to discourage the creation of community living arrangements. *Id.*

127. In addition, there was a policy “for all residential rehabilitation and new development” to “[i]nclude architectural elements that are compatible with the character of the area.” *Id.* at 48. Some examples are “front porches, connecting sidewalks, rear garages, windows facing the street, and traditional articulation of facades.” *Id.* The exterior entrances to the homes and walkways to the homes “should be well lit at night.” *Id.*

128. The Comprehensive Plan directed the use of a redevelopment strategy whereby “spot acquisition” would be used when a property has many code violations or is deemed a nuisance property. *Id.* at 49.

129. Finally, the Comprehensive Plan was put into place to “reduce the density and isolation in all public housing developments.” *Id.*

130. The City failed to follow the Comprehensive Plan and, thus, the Near West Side continues to be severely segregated, densified, and blighted. The City’s failure to follow its own Plan in the Near West Side exemplifies its failure to desegregate, de-densify, and eliminate blight in other pockets of the City.

131. A historical review of the Near West Side demonstrates Defendants’ failure to follow the Comprehensive Plan. Relatively little, if any, positive changes have been made in this neighborhood over the past several decades. The overall slum and blight in the neighborhood had persisted throughout this time to the exclusion of new development.

132. Data from the 2000 U.S. Census was used by the City in creating the Comprehensive Plan in 2004. The 2000 census data revealed that the population density of the Near West Side was 11,945 persons per square mile while the rest of the City of Milwaukee averaged 6,251 persons per square mile. *Id.* at 5.

133. The Near West Side density level remains nearly double that of the other City of Milwaukee neighborhoods and is comprised mostly of low-income, minority, and disabled individuals.

134. The Near West Side is one of the most segregated areas in the City of Milwaukee. Recent statistics show that approximately Eighty-Two Percent (82%) of the Near West Side is comprised of minorities.

135. The Near West Side is oversaturated with homeless beds. The State of Wisconsin consists of 65,496 square miles and has 772 zip codes. Over 15% of the State's homeless beds are located within the three (3) zip codes comprising the Near West Side – a 2.6 square mile area.

136. The Near West Side is oversaturated with rooming houses. There are fifty-nine (59) rooming houses within the 4th Aldermanic District. (Exhibit B). Fifty-four (54) of those rooming houses are within the Near West Side.

137. In total, there are approximately 125 rooming houses within the entire City of Milwaukee. Accordingly, over 43% of the City of Milwaukee's rooming houses are located within the 2.6 square mile area of the Near West Side. The City of Milwaukee consists of 96.1 square miles.

138. Dieter has nine (9) rooming houses within 1 ½ blocks from his residence.

139. An oversaturation of rooming houses leads to the densification and destruction of the neighborhood. "Rooming houses have become notorious as both symptoms and causes of neighborhood decay in many cities." *See* American Planning Association, <https://www.planning.org/pas/reports/report105.htm>.

140. While State and local ordinances support the denial of a rooming house license where there is an oversaturation of rooming houses within a geographic area, the City of Milwaukee has deliberately chosen to ignore the ordinances in favor of concentrating rooming houses within the Near West Side. *See* License and Permit Procedures, Chapter 85-2.7(4)(c).

141. Consolidating rooming houses within containment zones, which comprise very small geographic areas within the City as a whole, allows the City to effectively contain low-income, disabled, minorities in a very specific area. Within these containment zones, building

codes and zoning ordinances are not enforced, blight and slums are the norm, and crime is permitted. Law enforcement contains the crime rather than stops the crime.

142. Dieter and Schwenke strongly considered the Comprehensive Plan when deciding to invest in the Near West Side. The Comprehensive Plan confirmed to Dieter and Schwenke that, at least in 2004, the City of Milwaukee intended to focus on the Near West Side when allocating federal funds to improve housing conditions, decrease densification, eliminate blight and slums, reduce discriminatory practices, and fund redevelopment projects in the area.

143. Since investing in the Near West Side, Schwenke and Dieter have observed that the City of Milwaukee has ignored federal laws regulating housing with respect to disabled individuals, ignored slum and blight conditions, ignored the adverse impact on people of color, ignored crime, ignored building code violations, and ignored zoning ordinances.

144. Dieter and Schwenke have been actively engaged and involved in the Near West Side for almost two decades.

145. Dieter has lived in the Near West Side and Schwenke has owned rental properties in the Near West Side since 2004. Both Dieter and Schwenke have personally witnessed the Near West Side become more blighted and segregated over the years despite the alleged influx of tens or hundreds of millions of dollars.

146. Dieter and Schwenke have observed the disparate treatment of residents within the Near West Side where low-income, minority, and disabled individuals are subjected to horrendous living conditions simply because the City has a goal to contain such individuals within very small geographic areas.

147. Dieter and Schwenke have actively observed the Near West Side being used as a containment zone over the last two decades.

148. The City of Milwaukee has ignored and violated the Comprehensive Plan, Consolidated Plans, and Annual Action Plans in furtherance of its creation and perpetuation of the containment zones.

149. Dieter and Schwenke have observed the City refusing to enforce building codes within the Near West Side for the purpose of perpetuating the containment zone. Building codes are enforced against property owners who are affluent or live outside these containment zones while rooming houses and owners of blighted, unsafe properties within the containment zones are permitted to continue renting the properties to low-income residents who are largely minorities; many of which are disabled.

150. The City has ignored and/or violated its zoning ordinances, licensing regulations, and building codes within the Near West Side for the purpose of perpetuating the containment zone. Examples of this disparate treatment include, but are not limited to, the following:

- a. The Department of Neighborhood Services (DNS) gives no consideration to the community members that live near or inside these blighted buildings when considering the greater good of the community. Despite community members providing compelling testimony at committee meetings regarding the blight, segregation, and safety issues facing the neighborhood, the City has continued to permit the operation of unlicensed rooming house, refused to enforce building codes, and ignored the cries for help from the disabled and vulnerable population.
- b. The DNS is required to universally apply the Milwaukee code of Ordinances within the City of Milwaukee. This fact was confirmed during a May 19, 2020 Zoning, Neighborhoods and Development Committee meeting by DNS Commissioner Erica Roberts (formerly, Erica Lewandowski at the time of the

meeting). (May 19, 2020 Zoning, Neighborhoods and Development Committee meeting at time stamp 2:34:09). However, the DNS does not apply building codes to rooming houses, and other blighted buildings within the Near West side of Milwaukee.

- c. Dieter and Schwenke have made many complaints to the City regarding building code violations within the rooming houses and other structures, and requested that building codes be enforced. The Alderman for District 4 confirmed to the City of Milwaukee that the Clark House rooming houses had numerous building code violations and substandard maintenance. The Alderman also confirmed that the rooming houses created extreme blight within the community.
- d. Several prevalent building code violations are visible from Dieter's home and the street. Those include, but are not limited to, missing and degrading siding, holes in the roof, rotted 2x4's for railings on steps, broken and degrading windows, and blight (September 10, 2019 Licenses Committee Hearing at time stamp 9:21:37). Each of these issues constitutes a building code violation that is supposed to be enforced by the City through the DNS but are not.
- e. On the rare occasion that the City issues a work order for a rooming house, Dieter and Schwenke have observed that the order is not enforced. The code violation is permitted to continue unabated, which causes more blight and safety issues for the residents and public.
- f. Tyrone St. Junior, Assistant City Attorney for Milwaukee, read the law for clarification at the City of Milwaukee Licenses Committee meeting on July 14, 2020. He stated,

“[t]his [rooming house] license functions pretty similarly to every other license that the city issues. Including liquor licenses and tavern licenses Some things the committee needs to consider [when giving the license] are the effect that the [licensed] activity will have on the surrounding neighborhood, whether or not the neighborhood is oversaturated with other types of businesses that are the same types of businesses that are going on here, the health, safety, and welfare of both the people frequenting the business itself, or in this case living at the business itself, and the effect that that has on the surrounding neighborhood. Police resources that are being dedicated to the area, will this [license] put an undue burden on the police department. With regard to this specific license, one thing that probably should be considered by this committee that is not normally considered in other circumstances, is the condition of the building itself.”

(July 14, 2020 Licenses Committee Hearing at time stamp 3:52:00). St. Junior further stated, “[i]f there is mold, if there is water, if the place has a fire hazard, this committee should be considering that type of information also [when granting or renewing a rooming house license].” (*Id.* at 3:53:30). Despite the state of the law and an acknowledgement by the City that it must follow the law, the City continues to disregard the law when it comes to its application in a containment zone such as the Near West Side.

- g. The City has violated various licensing laws and zoning ordinances in its efforts to perpetuate the Near West Side containment zone. Examples of this conduct are as follows:
 - i. Within the Near West Side containment zone there is set of five (5) rooming houses referred to as the “Clark House” rooming houses. The Clark House rooming houses are located on the intersection of 24th St. and W Kilbourn Ave., having the following addresses: 933 N 24th St., 939 N 24th St., 943 N 24th St., 947 N 24th St., and 2424 W Kilbourn Ave.

- ii. The Clark House rooming houses are comprised predominantly of very low-income, disabled, and minority individuals.
- iii. Anthony Katchever (“Katchever”) owned the Clark House rooming houses as a sole proprietor until January 9, 2020, at which time they were sold to ProBuColls Association (“ProBuColls”).
- iv. Katchever and ProBuColls both operate the Clark House rooming houses by accepting federal funding that has been distributed to the City of Milwaukee and Milwaukee County.
- v. The Milwaukee County Housing Division, funded in part by Community Development Block Grants (CDBG), agreed in 2018 to fund 16 rooming house apartments by paying above average market rent for 15 years. (July 14, 2020 Licenses Committee Hearing at time stamp 7:22:10).
- vi. The City of Milwaukee uses other sources to fund the rooming houses such as the Wisconsin Housing and Economic Development Authority (WHEDA), the U.S. Department of Housing and Urban Development (HUD), the Low-Income Housing Tax Credit (LIHTC), and the National Housing Trust Fund.
- vii. Katchever, as a sole proprietor, held the Clark House rooming house licenses in his own name and not in the name of a company. Therefore, the rooming house licenses were not transferrable to a new owner. Accordingly, ProBuColls did not receive rooming house licenses from the City of Milwaukee to operate the five (5) rooming house upon purchasing the Clark House rooming houses.

- viii. DNS sent Dieter a letter confirming that ProBuColls had been actively operating the five rooming houses without a valid license. (Exhibit C) DNS further confirmed that the five rooming houses would continue operating while the new owner applied for a license. Milwaukee Aldermen expressed their frustration with City for permitting the rooming houses to operate without a valid license during a Licenses Committee meeting on July 14, 2020. Regardless, the City permitted the rooming house to continue operating without valid licensure.
- ix. In the same letter from DNS to Dieter reference above, DNS misrepresented facts to Dieter by indicating that the five Clark House rooming houses were “not subject to the zoning code unless an intensification of the premises occurs.” (Exhibit C).
- x. In keeping with the Near West Side Comprehensive Plan, the Clark House rooming house located at 939 N 24th St., 943 N 24th St., 947 N 24th St., and 2424 W Kilbourn Ave. were rezoned by the Milwaukee Common Council from RM6 to RT3. The City’s zoning ordinance indicates that RM6 lots are made “to promote, preserve and protect neighborhoods intended primarily for high-density multi-family residential uses. These districts allow a wide range of lot sizes, smaller setbacks, and a high percentage of lot coverage.” Subchapter 5 Residential Districts, Zoning 295-501(3)(c). This type of zoning is allowed to have rooming houses. (Exhibit D).
- xi. The City’s zoning ordinance indicates that RT3 lots are meant “to promote, preserve and protect neighborhoods intended primarily for two-

family dwellings with a traditional urban character. . . . However, it does not allow the establishment of new, multi-family buildings.” Subchapter 5 Residential Districts, Zoning 295-501(2)(b). This type of zoning is not allowed to have rooming houses. (Exhibit D).

- xii. Katchever was permitted to continue operating the Clark House rooming houses despite the zoning change, as he was “grandfathered” under the ordinance. On information and belief, the new owner was required to abide by the zoning change.
- xiii. ProBuColls attempted to “renew” the rooming house license for 2424 W. Kilbourn Ave. on July 14, 2020. During the hearing, Dieter informed the City that the zoning for this property had been changed in or around 2005 and that ProBuColls could not operate a rooming house on that property any longer. Dieter also informed the City that ProBuColls had been operating the rooming house illegally since the sale of the property because it did not have a valid license. Keith Stanley, Executive Director for Near West Side Partners, testified that the Near West Side was oversaturated with rooming houses and low-income housing. ProBuColls admitted to operating the rooming house without a valid license, and therefore the City denied ProBuColls a rooming house license for 2424 W. Kilbourn Ave.
- xiv. In September 2020, the City “renewed” the licenses for the remaining four (4) Clark House rooming houses despite the fact that (i) they had been operating illegally without a license since the property sale, and (ii) the

properties had been rezoned RT3 since in or around 2005, which precluded the operation of a rooming house. The City had circumvented the standard hearing process as a means to grant these licenses. Prior to the hearing, Dieter, through counsel, contacted the City Attorney to inquire when the license applications were coming on for hearing before the City. The City Attorney informed Dieter's counsel that the licenses were not on the City's agenda. Dieter later became aware that the City had granted rooming house licenses to the four (4) remaining Clark House licenses.

- xv. The following year, 2021, Dieter contacted the City in June 2021 to inquire about the deadline for objecting to rooming house licenses for the Clark House rooming houses. Jim Cooney, License Division Manager, told Dieter that his objections and materials must be submitted by July 13, 2021. Dieter submitted his objections and evidence on that date.
- xvi. Dieter later became aware that the City also intended to hold the hearing (without prior notice) on the rooming house licenses on July 13, 2021. Dieter attended the hearing and objected to the issuance of the rooming house licenses. The City instructed the council members that they could not consider the written information submitted by Dieter in opposition to the licenses because the information allegedly had not been submitted timely. Dieter informed the council that Mr. Cooney had instructed him to submit the information on July 13, 2021. Notwithstanding, the council was told that it could not consider the evidence submitted by Dieter in opposition to the licenses.

- xvii. The City approved rooming house licenses for the four (4) Clark House rooming houses.
- xviii. To date, four (4) of the five (5) Clark House rooming houses continue to operate despite the licenses not being transferrable from the previous owner and the zoning ordinance's prohibition of rooming houses on those lots.
- h. These same 5 Clark House rooming houses were observed by Scott McLean, a Milwaukee building and home inspector with just under 30 years of experience. Mr. McLean testified in a license renewal hearing for the five rooming houses on July 13, 2021, (July 13, 2021 Licenses Committee Hearing at time stamp 8:29:30 – 8:47:00). As part of his testimony, Mr. McLean submitted a 90-page report on the properties and provided the following information:
 - i. Among the building code violations, Mr. McLean noted serious issues with the chimneys of all five of the buildings. None of the chimneys had liners in them, but liners have been required in the city of Milwaukee for decades. Without the liners, chimneys do not draft correctly, which Mr. McLean indicated is a major safety hazard for the residents. Mr. McLean's takeaway from the lack of liners in the chimneys was that no permits were issued for the installation of heating and hot water tanks. He confirmed that this is true because the City would have required, as they do everywhere else, that there be a liner inside the chimney. Mr. McLean also noted that the chimneys appeared as though they were about to fall over, which was another significant safety hazard. Mr. McClean indicated that

he had never seen a property that was allowed to be in such poor condition.

- ii. Mr. McClean confirmed that the electrical meter in the alley had been disconnected from the rooming house on the alley leaving exposed wires. He indicated that there are myriad major electric fire hazards running throughout the building because of all the exposed wires.
- iii. Mr. McLean documented a severe structural issue with the stone wall in the alley that is the base support for the property at 947 N 24th St. He indicated that the 9-foot stone wall was bowing 8 inches outward and that the outward lean created a high probability for a building collapse. The City had been aware of that particular issue for over one year. The issue was brought to light by Kevin Jankowski, another engineer, who submitted the attached report, confirming that the wall was a major safety and structural issue. (Exhibit E, March 3, 2020 Engineering Report of Briohn Design Group, LLC). Jankowski confirmed the following issue at this property:

“tipped outward significantly and there is cracking of old-tuck-pointed repairs that indicate the wall is continuing to move laterally. The wall joints show significant deterioration especially at the base. In my opinion, the wall has functioned properly as a foundation wall for many years, however, the on-going movement and deterioration of the wall brings into question the overall stability of the wall as it exists in place. Typically walls of this construction that are in the process of failing and in the condition of this wall need to be re-built.”

Jankowski indicated that the wall could be a serious danger to the public walking in that alleyway. Dieter submitted the attached report to the City

so the issue would be resolved. To date, the City has done nothing to remedy the safety and structural issue.

- iv. Mr. McClean documented the fiber glass roofing on one of the Clark House properties. This type of roofing material is not permitted in the City of Milwaukee. It is a code violation and has been reported to the City. Despite the report, the City has done nothing to remedy the issue.
- v. Mr. McLean documented code violations related to the steps and handrails entering the building of the Clark House properties. He indicated that the handrails were made using 2x4's, which is not allowed pursuant to the building codes. The railings must be graspable. He further indicated that the railings and their connection to the steps are rusting so much that they move significantly when used.
- vi. During his inspection, Mr. McLean was approached by someone from one of the rooming houses who asked him if he wanted to buy some drugs and told Mr. McLean that that location was his corner for drug dealing. Within the next 10 minutes, Mr. McLean was inspecting the alley on the edge of the Clark House properties where he witnesses a pair of individuals run out of the alley pulling their pants up as they ran.
- vii. Mr. McClean submitted a summary of his observations in an email dated July 13, 2021. (Exhibit F)
- viii. The Clark House rooming houses have been observed to include exposed, and in some cases rotting, plywood for flooring, mold, falling plaster from the ceiling and walls, holes in the ceilings and in the roof, chipped and

peeling paint, leaks, open and exposed electrical wires, and myriad other problems. (September 11, 2018 Licenses Committee Hearing at time stamp 6:36:40 – 6:39:19; and September 10, 2019 Licenses Committee Hearing at time stamp 8:53:21 – 8:56:57 and 9:19:00 – 9:20:00).

- ix. The rooming houses have numerous exterior issues as well such as leaking roofs, siding falling off the houses, missing siding, rotting and damaged windows, unsafe chimneys, etc. (September 10, 2019 Licenses Committee Hearing at time stamp 8:55:15 – 8:56:53; September 11, 2018 Licenses Committee Hearing at time stamp 6:34:09 – 6:38:00).
 - x. Dieter and Schwenke later learned that the City has stopped inspecting the rooming houses for building code violations. Instead, the City only inspects the rooming houses for environmental issues including such things as exit signs and fire extinguishers.
 - xi. Despite the magnitude and seriousness of these verified building code violations, the City renewed the license for all of the Clark House properties at the July 13, 2021 meeting.
- i. Presently, in February, 2022, the Clark House rooming houses located at 943 N. 24th Street has been without operational plumbing or running water for approximately ten (10) days. As of the date of filing this Complaint, the plumbing issue and lack of running water continues. Residents of this rooming house have been required to walk to one of the other Clark House rooming houses to use running water and the bathroom facilities. Sewage has backed up inside the

rooming house. On information and belief, the owner of the rooming house has begun repairs on the plumbing without pulling any permits.

- j. The City has used its authority to deny licenses in non-containment zone areas of the City.
 - i. On July 17, 2018, the City of Milwaukee considered a license for an extended-stay hotel, WoodSpring Suites, which was to be located on the south side of Milwaukee near the airport.
 - ii. Alderman Terry Witkowski and residents of the neighborhood expressed their grave concern that this facility would create crime and blight in the neighborhood.
 - iii. The City of Milwaukee denied a license for the proposed facility based upon these concerns.
- k. The City has used its authority to shut down rooming houses in non-containment zone areas of the City. On August 5, 2020, the City shut down a rooming house located at 2169 South 15th Place following an emergency order issued by the DNS. The DNS had inspected the rooming house and found nine (9) violations. One of the violations was that the rooming house was operating without a valid license.
- l. The City of Milwaukee has been made aware of the extensive, ongoing building code violations at the Clark House rooming houses. The City of Milwaukee also knows that the Clark House rooming houses have been and are operating without valid licenses. The City of Milwaukee has permitted the Clark House rooming houses to operate despite these violations. The only difference between the Clark

House rooming houses and the other rooming houses referenced in paragraphs (i) and (j), is that the Clark House rooming houses are located within the containment zone. Residents living within the containment zones are treated less favorably than all other residents.

- m. Despite the City's affirmative obligation to enforce building codes when considering a license for a rooming house, the City has ignored the codes for the purpose of maintaining a containment zone for the City's low income, minority, and disabled residents.
- n. During a May 19, 2020 Zoning, Neighborhoods & Development Committee meeting, it was announced that in March 2020 DNS suspended monthly reinspection programs for a group of 700 chronically negligent properties in Milwaukee. DNS stopped issuing inspection bills and conducting inspections during this time period. DNS refused to enforce all orders issued from February 2020 to the date of the meeting, May 19, 2020. Those orders included exterior and interior violations on properties previously noted by DNS. Alderman Bauman confirmed that DNS did not have the authority to suspend the bills and inspections on these negligent properties. Many of the properties on the negligent property list were rooming houses used by low income, minority, and disabled individuals.

151. The City of Milwaukee is required to enforce its building codes for the safety and welfare of its residents as well as to affirmatively further the purposes of the FHA.

152. The City of Milwaukee does not enforce building codes within the Near West Side (and other containment zones) because it is a containment zone and the City of Milwaukee

wants to continue housing its low-income, disabled, and minority population within this area while not allocating any resources to the myriad grave housing issues.

153. The City of Milwaukee is required to routinely and consistently issues work orders to homes and buildings that are in noncompliance with applicable building codes.

154. The City of Milwaukee has issued Dieter and Schwenke several thousand dollars' worth of work orders to fix alleged building code issues on their respective properties.

155. The City of Milwaukee does not issue work orders for the majority of homes and buildings within the Near West Side (and other containment zones) because it is a containment zone and the City of Milwaukee wants to continue housing its low-income, disabled, and minority population within this area.

156. Deaths and serious bodily injuries have resulted from the City refusing to enforce building codes and address building code violations. The deaths and injuries are well documented and known to the City.

157. Containment zones within the City of Milwaukee contain substantially more building code violations related to electrical issues than non-containment zone areas. It has been estimated that approximately 80% of single- and two-family rental properties within the 53206 ZIP code (another containment zone) have electrical building code violations. Dieter and Schwenke assert that it is likely the Near West Side posts a similar statistic.

158. Dieter and Schwenke have observed the City providing false and misleading information during City Licenses Committee Hearings for the purpose of perpetuating the containment zone in the Near West Side.

- a. During Milwaukee Licenses Committee hearings, legal counsel for the Clark House rooming houses has maintained that the Clark House rooming houses

provide space for people with disabilities. The City permitted the Clark House rooming houses to continue operating based in part on the representation that the rooming houses provided space for people with disabilities. When challenged on the lack of handicapped accommodations and building code violations, the Clark House attorney indicated that the Clark House rooming houses were not “ADA” housing.

- b. As noted above in paragraph 99(g)(xiv) and (xv), the City provided false and/or misleading information regarding the deadline for submission of objections and evidence opposing applications for rooming house licenses.
- c. The Clark House has had substantial police contact related to potential criminal activity on its premises. From September 2017 to July 2018, there were 125 calls for service at the Clark House. These calls were for a variety of issues including, but not limited to, shots fired, drug dealing, burglary, subject seen with a gun, etc. Other calls included the following:

- i. The 2424 W Kilbourn property had the following police calls: 9/29/18, officers to battery complaint – assault by a person living in a unit at the Clark House; 3/15/19, officers flagged down at 2424 W Kilbourn. Individuals were not supposed to be at the rooming house but were loitering there. One suspect was arrested on a warrant; 10/8/19, officer called to scene.
- ii. The 933 N 24th St. property had the following police calls: 11/30/18, there was a mental health call, someone from the rooming house was considering suicide; 1/6/19, there was a mental health call, the police

officer had to take the resident to a hospital for mental health treatment; 1/12/19, there was a mental health call, the responding officer took the resident to a veterans hospital; 1/17/19, there was a complaint about a fight on the property from a resident; 1/29/19 there was a mental health call, the officer took the resident to a veterans hospital; 3/13/19, officers went to a subject with weapon call, which turned out to be a mental health complaint as well, the subject was taken to the hospital; 4/9/19, officers responded to a battery complaint, a physical altercation occurred when officers arrived; 4/29/19, there was a troubled subject complaint, the resident was being too loud late for multiple nights in a row; 5/4/19, armed robbery complaint; 5/5/19, there was a call for a mental health observation, caller was taken to hospital for mental health treatment; 5/22/19, there was a theft complaint by a known subject; 6/1/19, there was a check the welfare call, a tenant was calling to say he would turn in a drug dealer and was asking if he should tell the drug dealer first that he was turning him in; 6/2/19 there was a mental health evaluation, caller was taken to veterans hospital for mental health evaluation; 6/11/19 there was a battery complaint, caller was struck in the face by a resident of the Clark House, subject was arrested; 8/2/19, there was a troubled subject complaint; 8/5/19, there was a mental health evaluation call, caller said he saw someone who assaulted him in the area and was worried; 8/12/19, there was a mental health observation, caller was taken to Aurora Hospital for mental health treatment; 8/28/19, there was a mental health

observation complaint, the resident was taken to the hospital for mental health treatment.

iii. The property at 939 N 24th St. had the following police calls: 1/1/19, there was a welfare check, officers took the resident caller to the hospital; 1/4/19, there was a subject with weapon complaint, the officers located the weapon; 4/14/19, there was an entry complaint, someone's storage unit items were missing from the basement of the property.

iv. The property at 947 N 24th St. had the following police calls: 11/30/18, there was a troubled subject call because there was a group of subjects in the property that were not supposed to be there; 1/5/19, there was a battery complaint, resident struck another resident; 7/8/19, there was a mental health observation complaint, the resident was very dehydrated and taken to a hospital for medical treatment; 8/28/19, there was a troubled subject complaint, someone was kicking and pounding on the doors of the rooming house.

d. During a September 10, 2019 Licenses Committee hearing the District 4 Alderman confirmed that over 400 calls to the police department were made to the Clark House rooming houses between January 2015 and August 2019.

Milwaukee Police Captain Jeffrey Norman confirmed that residents living near the Clark House properties have expressed frustration and concern with the amount of crime occurring at the Clark House properties.

e. During the July 14, 2020 hearing on license for Clark House property 2424 W. Kilbourn Ave., the police report inexplicably indicated that there were zero calls

to the police department over the prior 12-months. (July 14, 2020 Licenses Committee Hearing at time stamp 3:26:06). This is the same property that had 117 police calls during the previous 12-month period.

- f. Dieter and Schwenke learned that in 2021 the Clark House owners placed signs within the rooming houses stating that the calls to fire and police departments would result in fines of \$300 and \$275, respectively. The signs further indicated that repeat violations of this rule would result in eviction. (Exhibit G)
- g. Dieter and Schwenke have personally observed police calls being ignored or downgraded within the Near West Side.
- h. Dieter and Schwenke have received confirmation from police officers stationed within the Near West Side that the Near West Side is a containment zone where the police are there to monitor rather than stop crime.
- i. The City of Milwaukee has been disparately applying its licensing rules and guidelines to containment zones like the Near West Side for the sole purposes of perpetuating the containment zones. The City does not apply the same or remotely similar rules to non-containment zone licensing issues.

159. Dieter has asked the City to declare the Clark House rooming houses as nuisances. Despite meeting the statutory definition for being considered a nuisance, the City has refused to declare the properties a nuisance. Dieter provided testimony and evidence at the September 11, 2018 Milwaukee Licenses Committee hearing indicating that he had witnessed drug and alcohol usage outside, prostitution, weapons, rude behavior, public urination, public sex, shooting of firearms, drug overdoses, and people living the rooming houses dying from overheating on the property. Dieter provided similar testimony at the July 14, 2020 Milwaukee

Licenses Committee hearing. Bobby McQuay, Near West Side Partner, testified at the July 14, 2020 Milwaukee Licenses Committee hearing and agreed with the information presented by Dieter. Mr. McQuay further confirmed that the new owners of the Clark House properties had not improved the conditions of the property. (July 14, 2020 Licenses Committee Hearing at time stamp 4:05:45).

160. A number of concerned neighborhood residents provided testimony to the Milwaukee Licenses Committee regarding the horrendous conduct occurring at the Clark House rooming houses. Barb Scotty, resident, reported that she has been solicited for drugs on numerous occasions while walking by the Clark House on her way to work. (September 10, 2019 Licenses Committee Hearing at time stamp 9:02:20). Darren Fields, resident, testified that a resident of the Clark House rooming houses came to his bedroom window at 3:00 a.m. naked and carrying an assault rifle. Mr. Fields also observed residents of the Clark House rooming houses throw old couches and other property onto his property. (July 14, 2020 Licenses Committee Hearing at time stamp 4:12:05). Chuck Schmitt, Near West Side property owner, presented the Milwaukee Licenses Committee with a petition signed by 42 neighborhood residents showing their disagreement with the City's failure to follow the Comprehensive Plan. Many other residents have provided similar testimony to the Milwaukee Licenses Committee regarding the Clark House rooming houses, yet the City still permits the rooming houses to operate illegally.

161. In or around May 2020, Dieter spoke with a member of the City Attorney's Office to discuss having the Clark House rooming houses declared nuisances. The City Attorney's Office told Dieter that "85% of the properties in the Near West Side could be nuisanced."

162. Dieter and Schwenke have observed the City refusing to enforce criminal laws within the Near West Side for the purpose of perpetuating the containment zone.

163. Dieter and Schwenke have addressed some of their concerns with City of Milwaukee police officers who have confirmed that the Near West Side is a containment zone.

164. Dieter and Schwenke have addressed some of their concerns with the District 4 Alderman for the City of Milwaukee who has confirmed that the City has refused to enforce building codes within the Near West Side for many years.

165. Dieter and Schwenke have addressed serious ongoing safety concerns with the City of Milwaukee regarding unsafe structures within the Near West Side, but the City has refused to take any action regarding these structures for the purpose of perpetuating the containment zone.

166. Dieter and Schwenke have affirmatively attempted to bring development into the Near West Side only to have such efforts cut short by the City and/or developers because of the ongoing nature of the containment zone.

167. Dieter and Schwenke have provided the City of Milwaukee with pictures, videos, and reports demonstrating that various rooming houses and other structures within the Near West Side are unsafe for habitation and should be nuisance and/or razed. The City has ignored their complaints and the houses and structures continue to stand and be used to house low-income residents.

168. Dieter and Schwenke have provided the City with information showing that it has knowingly permitted rooming houses within the Near West Side to operate without valid licenses for multiple years. The City continues to allow the rooming houses to operate.

169. The City of Milwaukee has permitted several rooming houses to operate within the Near West Side where the structures are unsafe and create a public nuisance.

170. Dieter and Schwenke have observed serious sex offenders, many of them child sex offenders, being placed at the Clark House within feet of schools and day care facilities. Dieter and Schwenke have raised concerns regarding the placement of sex offenders in these locations but have been ignored by the City and County.

- a. Serious sex offenders are regularly placed in the Clark House rooming houses by and through the State of Wisconsin Department of Corrections (DOC) and various social service organizations. Placement of sex offenders at the Clark House by the DOC is supposed to be for emergency housing only, which is meant to last from 30 days to a maximum of 90 days. Dieter became aware of this fact through communications with Evan Goyke, State of Wisconsin Representative. (Exhibit H, Email from Wisconsin State Representative, Evan Goyke). The Near West Side residents are rarely informed of a sex offender being placed in their neighborhood. On information and belief, many of the sex offenders placed at the Clark House are permitted to reside there longer than the 90-day “emergency” duration.
- b. Serious child sex offenders and persons who have committed serious sex offenses have stringent limitations regarding their residential placement.
- c. In January 2022 alone, there were nineteen (19) individuals listed on the sex offender registry living in Clark House rooming houses. Those individuals were convicted of the following offenses: 1st Degree Sexual Assault of a Child, 2nd Degree Sexual Assault of a Child, Rape, Possession of Child Pornography, Use of a Computer to Facilitate a Child Sex Crime, 1st Degree Sexual Assault, 3rd Degree Sexual Assault, and 4th Degree Sexual Assault.

- d. There is a school of arts 1,000 feet from the Clark House; a Chinese school 1,000 feet from the Clark House; a daycare 500 feet from the Clark House; and City on the Hill after school programs 500 feet from the Clark House. (July 14, 2020 Licenses Committee Hearing at time stamp 3:46:24). On information and belief, placement of these sex offenders in the Clark House violates state and federal laws governing their residential placement. Exhibit I is a map of the Near West Side showing the location of sex offenders (red dots) and the location of schools (blue dots) as of January 2022. (Exhibit I)
- e. Neither the residents nor the schools or day care facilities located within the Near West Side are notified of the placement of child sex offenders within the neighborhood.
- f. The placement of convicted serious child sex offenders within the Clark House rooming houses is another example of the City's use of the Near West Side as a containment zone. The same serious child sex offenders would not be placed in non-containment zone areas within the City.

IV. Milwaukee County and HACM Failed and Refused to Provide Suitable, Safe, and Sanitary Housing; Failed and Refused to Adhere to Anti-Discrimination Laws, and Failed and Refused to Affirmatively Further the Purposes of the Fair Housing Act.

171. Milwaukee County provides housing assistance for the elderly, persons with disabilities, and low-income families within the Near West Side and other areas within Milwaukee County. Milwaukee County provides its housing assistance in various ways, one of which is the Housing Voucher Program (also known as "Section 8").

172. HUD describes the Housing Voucher Program as follows:

"The housing choice voucher program is the federal government's major program for assisting very low-income families, the elderly, and the

disabled to afford decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single-family homes, townhouses and apartments.

The participant is free to choose any housing that meets the requirements of the program and is not limited to units located in subsidized housing projects.

Housing choice vouchers are administered locally by public housing agencies (PHAs). The PHAs receive federal funds from the U.S. Department of Housing and Urban Development (HUD) to administer the voucher program.

A family that is issued a housing voucher is responsible for finding a suitable housing unit of the family's choice where the owner agrees to rent under the program. This unit may include the family's present residence. Rental units must meet minimum standards of health and safety, as determined by the PHA.

A housing subsidy is paid to the landlord directly by the PHA on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program. Under certain circumstances, if authorized by the PHA, a family may use its voucher to purchase a modest home.”

See https://www.hud.gov/topics/housing_choice_voucher_program_section_8.

173. The PHAs relevant to this matter include HACM, South Milwaukee Housing Authority, and Milwaukee County Department of Health and Human Services – Housing Division.

174. The Housing Voucher Program is comprised of two components – Housing Choice Voucher program and Project-Based Voucher program. Both programs subsidize the housing costs for low-income families, elderly, and people with disabilities where those individuals rent housing in the private sector.

175. Through the Housing Choice Voucher program, Milwaukee County makes direct payments to private landlords for a percentage of the rent charged to the individual. The

individual typically is responsible for paying 30% of their income toward rent and utilities. Milwaukee County pays the remaining 70%.

176. Through the Project-Based Voucher program, Milwaukee County makes direct payments to landlords and/or developers who dedicate specific multi-family buildings for use as housing for low-income, elderly, and disabled individuals.

177. In 2019, Milwaukee County's Housing Choice Voucher program serviced 1,633 households.

178. In 2019, Milwaukee County's Project-Based Voucher program serviced 270 buildings.

179. Milwaukee County also receives funds from HUD's HOME and CDBG programs to assist low-income, elderly, and disabled individuals find suitable, safe, and sanitary housing.

180. HACM is responsible for administering federally-funded housing programs within the City for the elderly, disabled, and low-income population. HACM administers a large portion of the Housing Voucher Program.

181. HACM owns and manages the City's stock of public housing. In 2019, HACM owned or managed 2,752 units within the City of Milwaukee.

182. HACM currently provides over 5,500 low-income households with rent assistance vouchers in the City of Milwaukee.

183. HACM currently owns nearly 1,000 buildings and/or homes that receive federally funded rent assistance.

184. As recipients of HUD funds, Milwaukee County and HACM are required to certify that the public housing is safe (i.e. compliant with 24 C.F.R. § 982.401 and all applicable

housing codes and ordinances), non-discriminatory, and in furtherance of the policies and purposes of the FHA.

185. As recipients of HUD funds, Milwaukee County and HACM are required to certify that their conduct does not adversely impact individuals based upon disability, race, or age.

186. As recipients of HUD funds, Milwaukee County and HACM are required to certify that their conduct affirmatively furthers the purposes of the Fair Housing Act.

187. Every property receiving financial assistance from HUD through one of the Housing Voucher Programs is required to be inspected by HUD to ensure that the building and/or unit is decent, safe, and sanitary. 20 C.F.R. § 982.401 *et. Sea.*; *See also* https://www.hud.gov/topics/REAC_Inspections/residents#aa.

188. The inspections by HUD in this regard include a thorough and comprehensive review of the property's sanitary facilities, food preparation and disposal areas, space and security, thermal environments, illumination and electricity, structure and materials, interior air quality, water supply, lead-based paint, access, site and neighborhood, sanitary condition, and smoke detectors. 20 C.F.R. § 982.401.

189. With respect to the inspection of Thermal Environment, the dwelling "must have and be capable of maintaining a thermal environment healthy for the human body." 20 C.F.R. § 982.401.

190. With respect to the inspection of Illumination and Electricity, the inspection must confirm that "electrical fixtures and wiring must ensure safety from fire." 20 C.F.R. § 982.401.

191. With respect to the inspection of the Site and Neighborhood, the inspection must confirm that the dwelling area is free from "serious adverse environmental conditions...such as

dangers walks or steps, instability, excessive noise...vermin or rodent infestation.” 20 C.F.R. § 401.

192. HUD promulgated an Inspection Form, HUD-52580, and Inspection Checklist, HUD-52580, for the inspection of dwellings and units being used for the Housing Voucher Program.

193. HUD Inspection Form, HUD-52580-A, instructs that the dwelling unit may not exhibit electrical hazards such as “broken wiring; non-insulated wiring; frayed wiring; improper types of wiring, connections, or insulation; wires lying in or located near standing water or other unsafe places; light fixture hanging from electrical wiring without other firm support or fixture; missing cover plates on switches or outlets; badly cracked outlets; exposed fuse box connections; overloaded circuits evidence by frequently ‘blown’ fuses....”

194. With respect to the inspection for Structure and Materials, the inspection must confirm that the “dwelling unit [] be structurally sound”; that it “not present any threat to the health and safety of the occupants and must protect the occupants from the environment.” Additionally, the “Ceilings, walls, and floors must not have any serious defects such as severe bulging or leaning, large holes, loose surface materials, severe buckling, missing parts or other serious damage.” The “roof must be structurally sound and weathertight.” The exterior walls cannot exhibit any “serious defects such as serious leaning, bulging, sagging, large holes....” The interior and exterior stairs, halls, porches, walkways, etc. must not present a danger of tripping or falling.” 20 C.F.R. § 982.401.

195. HUD Inspection Form, HUD-52580-A, instructs that “Unsound or hazardous” ceiling conditions may include, but are not limited to, “severe buckling; large holes; missing parts; falling or in danger of falling loose surface materials....”

196. HUD Inspection Form, HUD-52580-A, instructs that “Unsound or hazardous” floor conditions may include, but are not limited to, “severe buckling or major movements under walking stress; damaged or missing parts.”

197. HUD Inspection Form, HUD-52580-A, instructs under Building Exterior that a foundation may be “Unsound or hazardous” where it has “severe structural defects indicating the potential for structural collapse; or foundations that allow significant entry of ground water.”

198. HUD Inspection Form, HUD-52580-A, instructs under Building Exterior that a stairway, rail, or porch may be “Unsound or hazardous” where the stair, porch, balcony, or deck has “sever structural defects; broken, rotting, or missing steps; absence of a handrail when there are extended lengths of steps....; absence of or insecure railings around a porch or balcony....”

199. HUD Inspection Form, HUD-52580-A, instructs that windows are in “severe deterioration” where they are “missing or broken-out panes; dangerously loose cracked panes; windows that will not close; windows that, when closed, do not form a reasonably tight seal.”

200. With respect to the Site and Neighborhood, the inspection “must be reasonably free from disturbing noises and reverberations and other dangers to the health, safety, and general welfare of the occupants.” “Dangerous walkways or steps” are not permitted. 20 C.F.R. § 982.401.

201. HUD Inspection Form, HUD-52580-A, instructs under “General Health and Safety” that the Site and Neighborhood conditions may not include “other buildings on, or near the property, that pose serious hazards (e.g. dilapidated shed or garage with potential for structural collapse).”

202. The “dwelling unit and its equipment must be in sanitary condition” and “free of vermin and rodent infestation.” 20 C.F.R. § 982.401.

203. The dwelling unit must comply with all applicable federal lead-based paint requirements and regulations. 20 C.F.R. § 982.401.

204. Unsound and hazardous conditions prevent a dwelling from “passing” that part of the inspection.

205. Dieter and Schwenke have observed numerous properties in the Near West Side that received rental assistance through the Housing Voucher Program as well as properties that were developed through other federally funded programs including Section 42, LIHTC, and Neighborhood Stabilization Program (NSP) that do not comply with the inspection standards set forth in 20 C.F.R. § 982.401.

206. As more fully described herein, Dieter and Schwenke have personally observed buildings receiving rental assistance through the Housing Voucher program or funded through Section 42, LIHTC, and Neighborhood Stabilization Program (NSP) in dilapidated conditions including, but not limited to, the following: sagging walls and roofs, building foundation broken and substantially cracked, building walls shifted nearly off foundation, holes in roof, windows caulked permanently closed, broken windows, missing windows, exposed electrical wires, unsafe steps, no railings on steps, unsafe exterior, unsafe neighborhood conditions, and lack of sidewalk and lack of level driveway for disabled and elderly tenants.

207. On information and belief, a significant number of dwellings within the containment zones receiving rental assistance through the Housing Voucher Program do not comply with the inspection requirements set forth in 20 C.F.R. § 982.401.

208. A resident of a HACM building recently complained of “An influx of prostitution, drug dealers, ... infested with bedbugs, roaches and mice.” *See*

<https://www.commongroundwi.org/news/2023/4/12/residents-speak-up-about-unacceptable-living-conditions-in-milwaukees-public-housing>.

209. The HACM resident confirmed receiving “violations” as retaliation from the landlord after lodging complaints of horrible living conditions including, but not limited to, “assaults, bedbugs and rats, lost rent payments, abusive management, mold and lack of heat.” See *<https://www.commongroundwi.org/news/2023/4/12/residents-speak-up-about-unacceptable-living-conditions-in-milwaukees-public-housing>*.

210. The HACM resident further complained that homeless people are allowed to come in and out of the building as they please. See *<https://www.commongroundwi.org/news/2023/4/12/residents-speak-up-about-unacceptable-living-conditions-in-milwaukees-public-housing>*.

211. At one HACM building alone there were 122 maintenance issues. See *<https://www.commongroundwi.org/news/2023/4/12/residents-speak-up-about-unacceptable-living-conditions-in-milwaukees-public-housing>*.

212. Common Ground, a community organization, interviewed several HACM residents regarding their personal experiences living in HACM units. These residents made the following statements:

- “We got prostitution in here. We got drug dealers. We have parties that go on on the fifth floor and then in the middle of the night they’re kicking your door and people are just running the halls that don’t even belong here, and they’re not doing nothing about it.”
- “The doors don’t lock.”

- “This is one of the things that’s a big problem here, is mice and roaches and bedbugs. Especially the bedbugs and mice.”
- “I’m going to school to get my degree in social work. Why do I have to come home and worry about bedbugs. I’m being ate up by bedbugs.”
- “I’ve been having heat problems ever since I got here. That first year I froze. After I thought ... I was really losing my mind, I talked to my neighbors. ‘Are you cold in your apartment?’ And they were saying, ‘Yes, it’s cold in here.’ And I said, then this is a problem. It’s not just me, it’s everybody. Well, we called the office and they came, but it didn’t change. The thermometer says 74. We each have it in our apartment, but like I’m saying, it’s only probably for decoration because it didn’t do no good.”
- “When I moved in, I broke four of my fingers because my wheelchair could barely go through the door in the bedroom. Oh, God, no. The only thing that’s wheelchair accessible is the elevator and the automatic doors. I don’t fit in the bathroom with my wheelchair either.”
- “I don’t care if it’s low income, we still pay our rent. The rent still – we still pay. We still do what we’re supposed to do, and yet and still we’re basically begging. We’re begging to have a decent life. A better quality of life that you’re telling us we shouldn’t be asking for.”
- “And we had no Christmas. We had no New Year’s. They wouldn’t let us use the kitchen, ... and it wouldn’t do any good anyway, we had no pots and pans. They threw everything away so we had nothing.”

- “The first time I met Alma was during an inspection. She did a building inspection. Went from each apartment to one another. And when she came into my apartment, she noticed that my refrigerator was in my dining room area and she asked me why. And at the time I had just had my leg amputated, and I was in a wheelchair that wasn't made for me yet, it was just a loaner. And I told her, ‘My wheelchair don't fit in the kitchen, I had to bring my refrigerator where I could get to it.’ And she said, ‘Well, you can't have it there, you need to put it back in the kitchen.’ And I said, ‘What am I supposed to do?’”
- “So I had an issue recently with the -- my amount of rent I was paying had went up significantly, so it was just a simple question of why, and I've been reaching out since June of 2021. Here it is, what we in, what? What, is this March of 2023? No one from HACM still has reached out to me to even give me a simple explanation as to why. I reached out to Fox6 to get some help and then that's when I started getting emails, and then I was given a 30-day notice. Naughty girl, shame on me. Shame on me for blowing the whistle, for bringing attention to people who are not doing jobs that they're paid to do.”
- “I kept smelling something in the hallways, because I never smelled that odor before, so I went -- I kept coming down to the office. I said, "Something on the second floor is stinking real bad." She talking about, "Oh, that's probably just garbage." I said, "I don't see no garbage nowhere." So I kept -- I came down here, I kept mentioning it to everybody. I said, "Something smelling real

bad on the second floor." And it was that man. He had been dead in his apartment for 18 days.”

- “I've never been so hurt. This is a different kind of pain when they take away our home, they take away your rights. They just strip you of your dignity. It shouldn't happen. This isn't the way to treat people. Definitely not the way to treat people.”

See <https://www.youtube.com/watch?v=kijQ3bGEYG0&t=28s>.

213. Dieter and Schwenke have observed that the persons most adversely impacted by these practices tend to be disabled, minority, and/or elderly.

214. Dieter and Schwenke have observed that several buildings and units receiving federal rent assistance through HACM do not comply with the quality standards promulgated in 20 C.F.R. § 982.401 *et. seq.*

215. Dieter and Schwenke have observed that many of the buildings and homes receiving rent payments via the voucher programs in the Near West Side are not safe and do not comply with applicable housing codes and ordinances. Dieter and Schwenke also have observed that the persons most adversely impacted by these practices tend to be disabled, minority, and/or elderly. It does not appear that Milwaukee County has complied with HUD's requirement that homes and buildings be safe or that the funds be used to affirmatively further the policies and purposes of the FHA.

216. The City of Milwaukee, HACM, and Milwaukee County have been made aware that buildings receiving federal assistance through the voucher programs were unsafe, unclean, and noncompliant with buildings codes and ordinances.

217. The City of Milwaukee, HACM, and Milwaukee County have completely ignored and refused to affirmatively further the purposes of the FHA to overcome patterns of

segregation, eliminate discrimination in housing, and foster a community that assists individuals of low to moderate income. Instead, the City, HACM, and Milwaukee County have done the opposite. They have perpetuated segregation and discrimination in housing, discouraged economic development, underwritten blight and slums, and taken affirmative steps to ensure that the containment zone continues unabated.

218. The City, HACM, and Milwaukee County have treated the Near West Side and other containment zones within the City much differently than other neighborhoods within the City. The only difference between the neighborhoods is the color, income level, and disability status of its residents.

219. The residents of the Near West Side and similar containment zones are disparately impacted by Defendants' refusal to adhere to the mandates of the FHA and HUD.

220. The City, HACM, and Milwaukee County has violated the Comprehensive Plan, Consolidated Plans, and Annual Action Plans in their perpetuation of containment zones.

221. The City has submitted false and misleading CAPERS to support its perpetuation of containment zones while keeping the line to federal funding open.

222. People of color, those with disabilities, and low-income individuals are disparately impacted as a result of the City's unlawful actions.

223. The City, HACM, and Milwaukee County have certified to the federal government that they are in compliance with federal anti-discrimination laws when receiving federal funds. These certifications are false.

224. The City, HACM, and Milwaukee County have certified to the federal government that they have affirmatively furthered the purposes of the FHA when receiving federal funds. These certifications are false.

LEGAL CLAIM

225. Defendants incorporate paragraphs 1 – 224 as if fully set forth herein.

I. The False Claims Act

226. The False Claims Act prohibits any person from knowingly presenting or causing to be presented a false or fraudulent claim for payment or approval. 31 U.S.C. § 3729(a)(1)(A).

227. The False Claims Act prohibits any person from knowingly making, using, or causing to be made or used, a false record or statement material to a false or fraudulent claim. 31 U.S.C. § 3729(a)(1)(B).

228. The terms “knowing” and “knowingly”, as used in the False Claims Act, mean that a person (i) has actual knowledge of the information, (ii) acts in deliberate ignorance of the truth or falsity of the information; or (iii) acts in reckless disregard of the truth or falsity of the information. 31 U.S.C. § 3729(b)(1). It does not require proof of specific intent to defraud. *Id.*

229. The term “claim”, as used in the False Claims Act, “means any request or demand, whether under a contract or otherwise, for money or property and whether or not the United States has title to the money or property, that (i) is presented to an officer, employee, or agent of the United States; or (ii) is made to a contractor grantee, or other recipient, if the money or property is to be spent or used on the Government’s behalf or to advance a Government program or interest, and if the United States Government: (I) provides or has provided any portion of the money or property requested or demanded; or (II) will reimburse such contractor, grantee, or other recipient for any portion of the money or property which is requested or demanded....” 31 U.S.C. § 3729(b)(2).

230. Any person who violates §§ 3729(a)(1)(A) or (B) is liable for a civil penalty of up to \$10,000 for each violation, plus three times the amount of the damages sustained by the United States. 31 U.S.C. § 3729(a)(1).

231. Any person who violates §§ 3729(a)(1)(A) or (B) is liable for the costs of a civil action including, but not limited to, attorney's fees and expenses. 31 U.S.C. § 3729(a)(3).

II. Defendants' Obligations to Comply with Anti-Discrimination Laws and Affirmatively Further Fair Housing as Recipients of Federal Funds.

232. The Fair Housing Act, 42 U.S.C. § 3601, *et seq.*, specifically prohibits discrimination based upon race, color, religion, sex, familial status, or national origin in the sale, rental, and financing of dwellings. 42 U.S.C. § 3604. The Fair Housing Act also prohibits discrimination based upon race, color, religion, sex, familial status, or national in other housing-related transactions. 42 U.S.C. §§ 3604, 3605.

233. The Fair Housing Act requires HUD to “administer the programs and activities relating to housing and urban development in a manner affirmatively to further the policies of [the Fair Housing Act].” 42 U.S.C. § 3608(e)(5).

234. The affirmative obligation to further the policies of the Fair Housing Act (“AFFH”) extends to HUD program participants such as Defendants. *See* 86 Fed. Reg. 30779 (June 10, 2021) (citations to caselaw omitted).

- a. From July 16, 2015 through August 6, 2020, a HUD recipient's obligation to AFFH included “taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with racially balanced living patterns, transforming racially or ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws.” 80

Fed. Reg. 42272; 86 Fed. Reg. 30779. The term “meaningful actions” was defined as “significant actions that are designed and can be reasonably expected to achieve a material positive change that affirmatively furthers fair housing by, for example, increasing fair housing choice or decreasing disparities in access to opportunity.” *Id.* The term “fair housing choice” was defined to mean that “individuals and families have the information, opportunity, and options to live where they choose without unlawful discrimination and other barriers related to race, color, religion, sex familial status, national origin, or disability.” *Id.*

- b. From August 7, 2020 through July 30, 2021, the definition of AFFH for the HOME and CDBG programs changed. *See* 85 Fed. Reg. 45899 (August 7, 2020). The new definition of AFFH for HOME and CDBG required recipients to certify that they took action during the relevant period “rationally related to promoting one or more attributes of fair housing” such as eliminating discrimination in housing. *Id.*; 24 C.F.R. § 5.151 (2020). The term “fair housing” was defined as “housing that, among other attributes, is affordable, safe, decent, free of unlawful discrimination, and accessible as required under civil rights laws.” *Id.*; 24 C.F.R. § 5.150 (2020).
- c. From July 31, 2021 through the present, the 2015 definition of AFFA was reinstated. 86 Fed. Reg. 30779 (June 10, 2021). The AFFH once again required program participants to their compliance with the following definition of AFFH:

“Affirmatively furthering fair housing means taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address

significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially or ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws. The duty to affirmatively further fair housing extends to all of a program participant's activities and programs relating to housing and urban development.”

24 C.F.R. § 5.151.

- d. From July 31, 2021 through the present, program recipients, such as Defendants, were required to certify that they have complied with their affirmative obligation to AFFH. 24 C.F.R. § 5.152(a).

235. HUD funds must be denied to any recipient who fails to certify its compliance with AFFH and anti-discrimination laws.

236. Program-specific statutes also require that HUD grants “be conducted and administered in conformity with the Civil Rights Act of 1964 [42 U.S.C. 2000a et seq.] and the Fair Housing Act [42 U.S.C. 3601 et seq.]” and that the recipient certifies that it will “affirmatively further fair housing”. 42 U.S.C. § 5304(b)(2) (HOME program), 42 U.S.C. § 5306(d)(7)(B) (CDBG program); 42 U.S.C. § 12706(b)(15).

237. Recipients of HOME program funds are required to “administer [their] HOME program in a manner that provides housing that is suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d - 2000d-4), the Fair Housing Act (42 U.S.C. 3601 *et seq.*, E.O. 11063 (3 C.F.R. 1959–1963 Comp., p. 652), and HUD regulations issued pursuant thereto; and promotes greater choice of housing opportunities.” 24 C.F.R. § 92.202(a).

238. Section 109 of the Housing and Community Development Act of 1974 (“HCDA”), 42 U.S.C. § 5309, makes it unlawful for any person “on the ground of race, color, national origin,

religion, or sex” to “be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with Federal financial assistance.”

239. Part 6 of Title 24 implements Section 109 of the HCDA.

- a. Section 109 “applies to any program or activity funded in whole or in part with funds under Title I of the Housing and Community Development Act of 1974, including Community Development Block Grants—Entitlement, State and HUD-Administered Small Cities, and Section 108 Loan Guarantees; Urban Development Action Grants; Economic Development Initiative Grants; and Special Purpose Grants.” 24 C.F.R. §6.2(a).
- b. “A Recipient under any program or activity to which [Part 6] applies may not, directly or through contractual, licensing, or other arrangements, take any of the following actions on the grounds of race, color, national origin, religion, or sex:
 - (i) Deny any individual any facilities, services, financial aid, or other benefits provided under the program or activity;
 - (ii) Provide any facilities, services, financial aid, or other benefits that are different, or are provided in a different form, from that provided to others under the program or activity;
 - (iii) Subject an individual to segregated or separate treatment in any facility, or in any matter of process related to the receipt of any service or benefit under the program or activity;
 - (iv) Restrict an individual's access to, or enjoyment of, any advantage or privilege enjoyed by others in connection with facilities, services, financial aid or other benefits under the program or activity;
 - (v) Treat an individual differently from others in determining whether the individual satisfies any admission, enrollment, eligibility, membership, or other requirements or conditions that the individual must meet in order to be provided any facilities, services, or other benefit provided under the program or activity;

(vi) Deny an individual an opportunity to participate in a program or activity as an employee;

(vii) Aid or otherwise perpetuate discrimination against an individual by providing Federal financial assistance to an agency, organization, or person that discriminates in providing any housing, aid, benefit, or service;

(viii) Otherwise limit an individual in the enjoyment of any right, privilege, advantage, or opportunity enjoyed by other individuals receiving the housing, aid, benefit, or service;

(ix) Use criteria or methods of administration that have the effect of subjecting persons to discrimination or have the effect of defeating or substantially impairing accomplishment of the objectives of the program or activity with respect to persons of a particular race, color, national origin, religion, or sex; or

(x) Deny a person the opportunity to participate as a member of planning or advisory boards.”

24 C.F.R. § 6.4(a)(1)(i)-(x).

- c. “In determining the site or location of housing, accommodations, or facilities, a Recipient may not make selections that have the effect of excluding persons from, denying them the benefits of, or subjecting them to discrimination on the ground of race, color, national origin, religion, or sex. The Recipient may not make selections that have the purpose or effect of defeating or substantially impairing the accomplishment of the objectives of section 109 and of [Part 6].” 24 C.F.R. § 6.4(a)(2).
- d. Recipients are required to “take any necessary steps to overcome the effects of prior discrimination” on the “ground of race, color, national origin, religion or sex.” 24 C.F.R. § 6.4(a)(3).
- e. Each recipient of federal funds subject to Section 109 is required to maintain accurate records and submit such records timely, completely, and accurately to the

federal government “to ascertain whether the Recipient has complied or is complying” with these anti-discrimination laws. 24 C.F.R. § 6.10(c).

240. Section 504 of the Rehabilitation Act of 1973 (“Rehabilitation Act”), as amended, 29 U.S.C. § 794, makes it unlawful for any recipient of federal funds to discriminate against any person because of his or her disability or handicaps in such a way that he or she is “excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance from the Department of Housing and Urban Development.”

- a. Part 8 of Title 24 implements Section 504 of the Rehabilitation Act, and applies to “all applicants for, and recipients of, HUD assistance in the operations of programs or activities receiving such assistance.” 24 C.F.R. § 8.2.
- b. Part 8 states that “No qualified individual with handicaps shall, solely on the basis of handicap, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity that receives Federal financial assistance from the Department.” 24 C.F.R. § 8.4(a).
- c. Part 8 also states that “A recipient, in providing any housing, aid, benefit, or service in a program or activity that receives Federal financial assistance from the Department may not, directly or through contractual, licensing, or other arrangements, solely on the basis of handicap:
 - (i) Deny a qualified individual with handicaps the opportunity to participate in, or benefit from, the housing, aid, benefit, or service;
 - (ii) Afford a qualified individual with handicaps an opportunity to participate in, or benefit from, the housing, aid, benefit, or service that is not equal to that afforded to others;

(iii) Provide a qualified individual with handicaps with any housing, aid, benefit, or service that is not as effective in affording the individual an equal opportunity to obtain the same result, to gain the same benefit, or to reach the same level of achievement as that provided to others;

(iv) Provide different or separate housing, aid, benefits, or services to individuals with handicaps or to any class of individuals with handicaps from that provided to others unless such action is necessary to provide qualified individuals with handicaps with housing, aid, benefits, or services that are as effective as those provided to others.

(v) Aid or perpetuate discrimination against a qualified individual with handicaps by providing significant assistance to an agency, organization, or person that discriminates on the basis of handicap in providing any housing, aid, benefit, or service to beneficiaries in the recipient's federally assisted program or activity;

(vi) Deny a qualified individual with handicaps the opportunity to participate as a member of planning or advisory boards;

(vii) Deny a dwelling to an otherwise qualified buyer or renter because of a handicap of that buyer or renter or a person residing in or intending and eligible to reside in that dwelling after it is sold, rented or made available; or

(viii) Otherwise limit a qualified individual with handicaps in the enjoyment of any right, privilege, advantage, or opportunity enjoyed by other qualified individuals receiving the housing, aid, benefit, or service.”

24 C.F.R. § 8.4(b)(1)(i)-(viii).

- d. “A recipient may not deny a qualified individual with handicaps the opportunity to participate in any federally assisted program or activity that is not separate or different despite the existence of permissibly separate or different programs or activities.” 24 C.F.R. § 8.4(b)(3).
- e. “In any program or activity receiving Federal financial assistance from the Department, a recipient may not, directly or through contractual or other arrangements, utilize criteria or methods of administration the purpose or effect of which would:

(i) Subject qualified individuals with handicaps to discrimination solely on the basis of handicap;

(ii) Defeat or substantially impair the accomplishment of the objectives of the recipient's federally assisted program or activity for qualified individuals with a particular handicap involved in the program or activity, unless the recipient can demonstrate that the criteria or methods of administration are manifestly related to the accomplishment of an objective of a program or activity; or

(iii) Perpetuate the discrimination of another recipient if both recipients are subject to common administrative control or are agencies of the same State.”

24 C.F.R. § 8.4(b)(4).

f. “In determining the site or location of a federally assisted facility, an applicant for assistance or a recipient may not make selections the purpose or effect of which would:

(i) Exclude qualified individuals with handicaps from, deny them the benefits of, or otherwise subject them to discrimination under, any program or activity that receives Federal financial assistance from the Department, or

(ii) Defeat or substantially impair the accomplishment of the objectives of the program or activity with respect to qualified individuals with handicaps.”

24 C.F.R. § 8.4(b)(5).

g. “[T]he housing, aid, benefit, or service provided under a program or activity receiving Federal financial assistance includes any housing, aid, benefit, or service provided in or through a facility that has been constructed, altered, leased or rented, or otherwise acquired, in whole or in part, with Federal financial assistance.”

24 C.F.R. § 8.4(b)(6).

h. “Recipients shall administer programs and activities receiving Federal financial assistance in the most integrated setting appropriate to the needs of qualified individuals with handicaps.”

24 C.F.R. §8.4(d).

241. Recipients of federal funds or other federal assistance, such as Defendants, are required to comply with Title VI of the Civil Rights Act of 1964 (“Title VI”), 42 U.S.C. § 2000d *et seq.*, and its implementing regulations, 24 C.F.R. § 1.4.

- a. Title VI states that: “No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity receiving Federal financial assistance.” 42 U.S.C. § 2000d; *see also* 24 C.F.R. § 1.4(a).
- b. Section 1.4(b)(1) of Title VI’s implementing regulations identifies several specific types of discriminatory actions that are prohibited. That section states that “A recipient under any program or activity to which [Title VI] applies may not ... on the ground of race, color, or national origin:
 - (i) Deny a person any housing, accommodations, facilities, services, financial aid, or other benefits provided under the program or activity;
 - (ii) Provide any housing, accommodations, facilities, services, financial aid, or other benefits to a person which are different, or are provided in a different manner, from those provided to others under the program or activity;
 - (iii) Subject a person to segregation or separate treatment in any matter related to his receipt of housing, accommodations, facilities, services, financial aid, or other benefits under the program or activity;
 - (iv) Restrict a person in any way in access to such housing, accommodations, facilities, services, financial aid, or other benefits, or in the enjoyment of any advantage or privilege enjoyed by others in connection with such housing, accommodations, facilities, services, financial aid, or other benefits under the program or activity;
 - (v) Treat a person differently from others in determining whether he satisfies any occupancy, admission, enrollment, eligibility,

membership, or other requirement or condition which persons must meet in order to be provided any housing, accommodations, facilities, services, financial aid, or other benefits provided under the program or activity;

(vi) Deny a person opportunity to participate in the program or activity through the provision of services or otherwise, or afford him an opportunity to do so which is different from that afforded others under the program or activity (including the opportunity to participate in the program or activity as an employee but only to the extent set forth in [paragraph \(c\)](#) of this section).

(vii) Deny a person the opportunity to participate as a member of a planning or advisory body which is an integral part of the program.

24 C.F.R. § 1.4(b)(1)(i)-(vii).

- c. Section 1.4(b)(2)(i) of Title VI's implementing regulations states that it is unlawful for a recipient of federal funds:

“in determining the types of housing, accommodations, facilities, services, financial aid or other benefits...or the class of persons to whom, or the situations in which, such housing, accommodations, facilities, services, financial aid, or other benefits will be provided ... or the class of persons to be afforded an opportunity to participate in any such program or activity...directly or through contractual or other arrangements” to “utilize criteria or methods of administration which have the effect of subjecting persons to discrimination because of their race, color, or national origin, or have the effect of defeating or substantially impairing accomplishment of the objectives of the program or activity as respect to persons of a particular race, color, or national origin.”

24 C.F.R. § 1.4(b)(2)(i).

- d. It also is unlawful for the applicant or recipient of federal funds:

“[i]n determining the site or location of housing, accommodations, or facilities” to “make selections with the purpose or effect of excluding individuals from, denying them the benefits of, or subjecting them to discrimination under any program to which [§ 1.4 of Title VI] applies, on the ground of race, color, or national origin; or with the purpose or effect of defeating or substantially impairing the accomplishment of the objectives of the Act or [Title VI].”

24 C.F.R. § 1.4(b)(3).

- e. Title VI includes a requirement that a “recipient must take affirmative action to overcome the effects of prior discrimination.” 24 C.F.R. § 1.4(b)(6)(i).
- f. Where no prior discrimination occurred, Title VI places an obligation on recipients to “take affirmative action to overcome the effects of conditions which resulted in limiting participation by persons of a particular race, color, or national origin.” 24 C.F.R. § 1.4(b)(6)(ii).
- g. Finally, Title VI states that:

“Where previous discriminatory practice or usage tends, on the ground of race, color, or national origin, to exclude individuals from participation in, to deny them the benefits of, or to subject them to discrimination under any program or activity to which [§1.4 of Title VI] applies, the applicant or recipient has an obligation to take reasonable action to remove or overcome the consequences of the prior discriminatory practice or usage, and to accomplish the purpose of the Act.”

24 C.F.R. § 1.4(b)(6).

III. Defendants Violated the False Claims Act

242. The City violated the False Claims Act by presenting claims for payment to the United States that the City knew were false or fraudulent, and by knowingly making and using a false record or statement that was material to a false claim.

- a. During the relevant statutory period – from February 25, 2016 through February 25, 2022 – the City failed and refused to AFFH¹. The City instead perpetuated containment zones within the Near West Side and other areas within the City. The City did not address disparities in housing needs or access to opportunities. The City did not replace segregated

¹ Relators recognize that AFFH was defined differently from August 7, 2020 through July 30, 2021 for HOME and CDBG funds. Relators assert that the City failed and refused to AFFH for all HUD funds during the relevant period regardless of which definition applied to the HOME and CDBG funds.

living patterns with racially balanced living patterns. Instead, the City further densified the already blighted neighborhoods consisting almost exclusively of the very low-income minority, disabled, and elderly population. The City did not transform racially or ethnically concentrated areas of poverty into areas of opportunity. Instead, the City violated zoning laws, building codes, Housing Quality Standards, and licensing regulations for the purpose of maintaining the impoverished communities and bright lines between minority/disabled/elderly and non-minority/disabled/elderly neighborhoods. The City did not foster or maintain compliance with civil rights and fair housing laws. Instead, the City preserved segregation while completely ignoring anti-discrimination obligations of the FHA, Title VI, Title VII, Rehabilitation Act, and HCDA and their respective implementing regulations. The City took no “meaningful actions” to decrease segregation, blight, slums, or discrimination. Instead, then City simply maintained the status quo of a century’s worth of explicit and implicit discrimination. During the relevant statutory period, from August 7, 2020 through July 30, 2021, the City failed and refused to AFFH with respect to the CDBG and HOME funds. The City did not engage in conduct rationally related to promoting fair housing. Instead, the City perpetuated blight, slums, and the already-established bright lines of segregation. The housing opportunities presented within the containment zones were not safe, decent, or free from discrimination. Containment zone housing was, in fact, the opposite. Such

housing was in grave disrepair and wholly unsafe and indecent. Reports of bedbugs, mice, rats, no heat, electrical issues, and various building code violations were rampant. Notwithstanding the City's failure to AFFH between February 25, 2016 and February 25, 2022, the City presented requests for payment to the United States including certifications that it affirmatively furthered fair housing. Each and every certification in this regard was and is false and fraudulent. The City knew that these certifications were false and presented these statements or records to the United States for the purpose of obtaining payment. The City received several hundred million dollars from HUD pursuant to false or fraudulent statements or records it submitted in support of its claim for such funds.

- b. During the relevant statutory period, from February 25, 2016 through February 25, 2022, the City violated the anti-discrimination laws contained in the FHA, Title VI, Title VII, Rehabilitation Act, and HCDA. The City created containment zones wherein upwards of 82% of the neighborhood consisted of minorities. Many residents also were elderly and/or disabled. The City was required to take appropriate actions to de-densify and de-segregate. Instead, the City did the opposite. The City continued to place very low-income housing in the same neighborhoods; continued to violate or ignore local zoning laws for the purpose of densifying low-income housing in the same neighborhoods; and continued to violate or ignore federal regulations related to safe, decent dwellings for the purpose of maintaining the containment zones. The impact of the

City's actions has been to adversely affect minorities, the elderly, and disabled persons. The City has engaged in a pattern and practice of discrimination. Notwithstanding the City's failure to comply with civil rights and anti-discrimination laws, the City has presented requests for payment to the United States including certifications that it complied with said laws. Each and every certification in this regard was and is false and fraudulent. The City knew that these certifications were false and presented these statements or records to the United States for the purpose of obtaining payment. The City received several hundred million dollars from HUD pursuant to false or fraudulent statements or records it submitted in support of its claim for such funds.

243. HACM and Milwaukee County violated the False Claims Act by presenting claims for payment to the United States that HACM and Milwaukee County knew were false or fraudulent, and by knowingly making and using false records or statements that were material to a false claim.

- a. HACM and Milwaukee County were subject to the same AFFH obligations as the City with respect to HUD funds they received from February 25, 2016 through February 25, 2022. HACM and Milwaukee County also were subject to the same civil rights and anti-discrimination laws as the City with respect to HUD funds they received during the relevant period. HACM and Milwaukee County failed to AFFH as demonstrated by their participation in the densification of the containment zones, perpetuation of segregation, and maintenance and preservation of blighted neighborhoods and slums.

HACM and Milwaukee County took no action, let alone positive action, to stop or decrease discrimination and segregation in and around the City of Milwaukee. Instead, HACM and Milwaukee County maintained the status quo by placing all very low-income minority, disabled, and elderly persons within the containment zones in dwellings that were and are unsafe, unsanitary, indecent, and unsuitable. The impact of their actions has been to adversely affect minorities, the elderly, and disabled persons. HACM and Milwaukee County have engaged in a pattern and practice of discrimination. Notwithstanding their failure to comply with civil rights and anti-discrimination laws, HACM and Milwaukee County have presented requests for payment to the United States including certifications that it complied with said laws. Each and every certification in this regard was and is false and fraudulent. HACM and Milwaukee County knew that these certifications were false and presented these statements or records to the United States for the purpose of obtaining payment. HACM and Milwaukee County have received millions of dollars from HUD pursuant to false or fraudulent statements or records it submitted in support of its claim for such funds.

- b. HACM and Milwaukee County received HUD funds related to Section 8 housing. As recipients of these funds, HACM and Milwaukee County were required to certify that all dwellings receiving Section 8 assistance were decent, safe, and sanitary. HACM and Milwaukee County failed to provide dwellings that were decent, safe, and sanitary during the relevant statutory

period. HACM and Milwaukee County provided dwellings that were infested with mice, roaches, and bedbugs; failed to accommodate persons with disabilities; had doors that did not lock; permitted extreme noise and partying throughout the night; permitted homeless persons to enter and exit as they please; permitted drug use and prostitution; failed to provide adequate heating/cooling and were retaliated against for complaining of such violations. The impact of their actions has been to adversely affect minorities, the elderly, and disabled persons. HACM and Milwaukee County have engaged in a pattern and practice of discrimination. Notwithstanding their failure to comply with applicable regulations requiring the provision of decent, safe, and sanitary housing, HACM and Milwaukee County have presented requests for payment to the United States including certifications that it complied with said regulations. Each and every certification in this regard was and is false and fraudulent. HACM and Milwaukee County knew that these certifications were false and presented these statements or records to the United States for the purpose of obtaining payment. HACM and Milwaukee County have received millions of dollars from HUD pursuant to false or fraudulent statements or records it submitted in support of its claim for such funds.

244. Defendants have created and maintained a containment zone in the City's Near West Side.

245. Defendants have created and maintained containment zones in other areas of the City of Milwaukee for the purpose of housing its low-income, disabled, elderly, and minority population.

246. On information and belief, the Defendants have created and maintained containment zones within the City of Milwaukee in areas heavily concentrated by slums, blight, individuals of low economic means, and disabled individuals.

247. Each and every containment zone within the City of Milwaukee is comprised of slums, blight, individuals of low economic means, and disabled individuals.

248. The City, HACM, and Milwaukee County place the low-income, minority, disabled, and elderly population predominantly in areas such as the Near West Side. Defendants have not sought to place this population of individuals in areas other than the Near West Side and similar areas. As more fully described here, the Near West Side and similar areas can be described as follows are overpopulated and have an extremely disproportionate share of homeless beds, rooming houses, and sex offenders (within near proximity to schools). The City does not enforce buildings codes or zoning ordinances in these areas as a means to perpetuate the current living conditions. Buildings and units are unsafe and unsanitary as demonstrated by leaking roofs, windows that won't open, unstable foundations, doors that won't lock, bedbugs, mice, etc. The poor minority, disabled, and elderly population is expected to live in these conditions despite hundreds of millions of dollars flowing into the City and County to ensure that they have decent, safe, and suitable housing.

249. Within these containment zones, the City of Milwaukee, HACM, and Milwaukee County refuse to enforce the anti-discrimination laws set forth in the FHA, Title VI of the Civil

Rights Act of 1964, Section 504 of the Rehabilitation Act, and Title II of the ADA for the purpose of maintaining and perpetuating the containment zones.

250. Within these containment zones, the City of Milwaukee, HACM, and Milwaukee County refuse affirmatively further the policies and purposes of the FHA.

251. Within these containment zones, the City of Milwaukee refuses to enforce state and local building codes and ordinances for the purpose of maintaining and perpetuating the containment zones.

252. Within these containment zones, the City of Milwaukee ignores and/or refuses to enforce state and local laws and regulations pertaining to the licensure of rooming houses for the purpose of maintaining and perpetuating the containment zones.

253. Within these containment zones, the City of Milwaukee refuses to enforce criminal laws and ordinances for the purpose of maintaining and perpetuating the containment zones.

254. Within these containment zones, the City of Milwaukee refuses to enforce federal and state laws regulating the geographic restrictions in which convicted sex offenders may be placed for the purpose of maintaining and perpetuating the containment zones.

255. Defendants have certified compliance with anti-discrimination statutes to obtain federal funds with full knowledge that their conduct and activities have disparately impacted the minority and disabled populations.

256. Defendants have certified that they have affirmatively furthered the policies and purposes of the FHA with full knowledge that their conduct and activities have not furthered the polices and purposes of the FHA.

257. Defendants have certified that they have affirmatively furthered the policies and purposes of the FHA with full knowledge that their conduct and activities have created more blight, slums, densification, and segregation within the containment zones.

258. Each and every one of the aforementioned violations by the City of Milwaukee, HACM, and Milwaukee County constitutes a violation of the FHA.

259. Many, if not all, of the aforementioned violations by the City, HACM, and Milwaukee County adversely impacts disabled individuals.

260. Many, if not all, of the aforementioned violations by the City, HACM, and Milwaukee County adversely impacts people of color.

261. Many, if not all, of the aforementioned violations by the City, HACM, and Milwaukee County adversely impacts the low-income population housed in these areas.

262. The City of Milwaukee, City of Milwaukee Community Grants Administration, Housing Authority of the City of Milwaukee, and Milwaukee County certified to the federal government that they were in full compliance with the FHA, Rehabilitation Act, Title VIII of the Civil Rights Act of 1964, Title VI of the Civil Rights Act of 1964, the ADA, HUD regulations and all applicable implementing regulations at all times during which it received federal funding. These certifications are false.

263. As demonstrated in ¶¶ 242-243, *supra*, the City of Milwaukee, HACM, and Milwaukee County violated the Fair Housing Act and its implementing regulations by discriminating against persons based upon color, race, and national origin with respect to the sale, rental, and financing of dwellings and other housing-related transactions. *See* 42 U.S.C. §§ 3604, 3605.

264. As demonstrated in ¶¶ 242-243, *supra*, the City of Milwaukee, HACM, and Milwaukee County violated the Fair Housing Act and its implementing regulations by failing or refusing to administer its programs and activities in a manner to affirmatively further fair housing. *See* 42 U.S.C. § 3608(e)(5); *see also* 86 Fed. Reg. 30779 (June 10, 2021); 24 C.F.R. § 5.152(a); 42 U.S.C. § 5304(b)(2) (HOME program), 42 U.S.C. § 5306(d)(7)(B) (CDBG program); 42 U.S.C. § 12706(b)(15); 24 C.F.R. § 92.202(a).

265. As demonstrated in ¶¶ 242-243, *supra*, the City of Milwaukee, HACM, and Milwaukee County violated Section 504 of the Rehabilitation Act of 1973 and its implementing regulations by discriminating against disabled persons. *See* 29 U.S.C. § 794; 24 C.F.R. §§ 8.2, 8.4(a), 8.4(b), 8.4(d).

266. As demonstrated in ¶¶ 242-243, *supra*, the City of Milwaukee, HACM, and Milwaukee County violated Title VI of the Civil Rights Act of 1964 and its implementing regulations by discriminating against persons based upon race, color, and national origin. *See* 42 U.S.C. § 2000d *et seq.*; 24 C.F.R. § 1.4.

267. As demonstrated in ¶¶ 242-243, *supra*, the City of Milwaukee, HACM, and Milwaukee County violated Section 109 of the HCDA and its implementing regulations by discriminating against persons based upon color, race, and national origin with respect to the sale, rental, and financing of dwellings and other housing-related transactions. *See* 42 U.S.C. § 5309; 24 C.F.R. §§ 6.2(a), 6.4(a)(1)(i)-(x), 6.10(c).

268. The unlawful discrimination based upon race, color, national origin, and disability has been consistent throughout the relevant statutory period. The City, HACM, and Milwaukee County each, and together, subjected low-income minority, disabled, and elderly persons to horrific living conditions in violation of the FHA, Title VI, Rehabilitation Act, and ADA.

269. Low-income minority, disabled, and elderly persons were adversely impacted as a direct result of discriminatory actions by the City, HACM, and Milwaukee County.

270. On each occasion that the City of Milwaukee, City of Milwaukee Community Grants Administration, Housing Authority of the City of Milwaukee, and Milwaukee County made an express certification of the type described herein, the total number of which during the False Claims Period being not currently known to Relators, and on each occasion that the Defendants otherwise requested or demanded payment from the federal government based on the Defendants having supposedly complied with their certification-based obligations outlined above, they committed a separate violation of the False Claims Act, 31 U.S.C. § 379 et seq.

PRAYER FOR RELIEF

WHEREFORE, Relators pray for and judgment against the Defendants as follows:

1. That the City of Milwaukee, City of Milwaukee Community Grants Administration, Housing Authority of the City of Milwaukee, and Milwaukee County cease and desist from violating 31 U.S.C. § 3729 et seq.;
2. That the City of Milwaukee, City of Milwaukee Community Grants Administration, Housing Authority of the City of Milwaukee, and Milwaukee County be required to pay the United States damages in the amount of three times the damages sustained by the United States because of the false claims alleged within the Complaint, as provided by the False Claims Act, 31 U.S.C. § 3729 et seq.;
3. That civil penalties of \$11,000 be imposed for each and every false claim that the City of Milwaukee, City of Milwaukee Community Grants Administration, Housing Authority of the City of Milwaukee, and Milwaukee County presented to the United States;

4. That Relators be awarded the maximum share of the proceeds of the action or settlement of the claim, pursuant to 31 U.S.C. § 3730(d);
5. That Relators be awarded all costs of this action, including attorney's fees and expenses;
6. That pre and post judgment interest be awarded; and
7. That Relators be granted such other relief as the Court deems just and proper.

DEMAND FOR JURY TRIAL

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, RELATORS HEREBY DEMAND A TRIAL BY JURY.

DATED: May 24, 2023.

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