

Testimony before the Committee on Oversight and Government Reform
By
Fredrick Newell

First and foremost, I want to thank God for this opportunity... and then as is proper and customary, I want to thank the Congressional Committee for this opportunity to present before you as representatives of our great nation, facts and concerns that has brought **each of us to this appointed occasion.**

In as much as my attorney, Thomas Devincke, has been introduced, I just want to take this opportunity to thank him for his help over the past eight years. This man has been my legal counsel, my shadow, since 2005 and to date, have received no monetary compensation.

I will make constant reference in my testimony to a HUD program called Section 3. Section 3 is a federally mandated HUD program that was created to address the national issues facing this nation in 1968. The issues of that day were highlighted by the Kerner Commission formed by President Lyndon Johnson. The Kerner Report concluded that this nation was moving towards two societies, one black, one white- separate and unequal. Its finding was that the riots of 1968 resulted from the Black community's frustration at a lack of economic opportunities.

The report urged legislation to promote racial integration, and to enrich slums, primarily through the creation of jobs, jobs training programs, and decent housing. To mark the thirtieth anniversary of the Kerner Report, the Eisenhower Foundation sponsored two complementary reports, The Millennium Breach and Locked in the Poorhouse. The Millennium Breach, co-authored by former Senator and Commission member Fred R. Harris, found the racial divide had grown in the subsequent years with inner-city unemployment at crisis levels.[8]

The Millennium Breach found that most of the decade that followed the Kerner Report, America made progress on the principal fronts the report dealt with: race, poverty, and inner cities. Then progress stopped and in some ways reversed by a series of economic shocks and trends and the government's action and inaction.

Harris reported, "Today, thirty years after the Kerner Report, there is more poverty in America, it is deeper, blacker and browner than before, and it is more concentrated in the cities, which have become America's poorhouses." [9]

From the Kerner Report the Section 3 legislation, 24 CFR Part 135, was passed by Congress in 1968.

The resulting Section 3 program was established to ensure that contracting, training and employment opportunities were provided to low and very low-income individuals in communities where HUD funds were expended.

⁸ Harris, Fred R, and Lynn A Curtis, eds. Locked in the Poorhouse: Crisis, Race, and Poverty in the United States. Lanham, MD: Rowman & Littlefield Publishers Inc. 1998.

⁹ Harris

So one of the issues here today is the intended outcome of Section 3. That intended outcome is employment, training and contracting opportunities for the communities in this country where federal funds are being spent. Basically, Section 3 epitomized the essence of fair trade by requiring that the local community benefits from the opportunities in their community.

Let's be clear, Section 3 focused on creating employment, training and contracting for the low-income community.

Section 3 is a race-neutral program that takes into account that the federal government was and is expending federal funds in impoverished areas and seeks to use those funds to create economic opportunities for the residents of those areas. Those areas aren't just the inner cities. HUD funds are also expended in remote areas such as the Appalachian Mountains. HUD funds are expended in Wyoming and Idaho, any State or City where poverty or divestment has occurred.

Section 3 is not a new tool. The same principles can be seen in the Works Project Administration of the 1930's and 40's.

As noted in a 2011 Section 3 Report by the American University, School of Public Affairs, entitled Section 3: Regulation as Policy....."The merits of Section 3 are compelling, as they aim to provide preference to low and very-low income persons and businesses as a means to promote self-sufficiency among this constituency and correct for an "unlevel playing field" in the labor market. However, through its nearly 43-year history, it has encountered a number of barriers to successful implementation, including challenges in collecting accurate and useful data from HUD funding recipients, confusion or lack of awareness on the part of the funding recipients and intended beneficiaries, and a lack of training to qualify low and very low-income people for Section 3 opportunities."

It is from this aim that I have spent over thirteen years of my life pursuing opportunities for the low-income community both of St. Paul, MN and nationally. So as you hear the term Section 3, please think of the true issue....employment...training...and contracting opportunities for people who really want and need them, just like in 1968.

Now I have elected to take the remainder of my time to read into the record one of the documents that I first drafted in January of this year. This is a copy of a letter that I intended to send to Attorney General Holder and Secretary Donovan. Because I have this shadow, Mr. Devincke, and pending legal actions I was advised not to sent the letters at that time but feels that it is important and pertinent to this proceeding. Hopefully, the committee will note and understand the tense of the language used in the letter.

Committee on Oversight and Government Reform
Witness Disclosure Requirement - "Truth in Testimony"
Required by House Rule XI, Clause 2(g)(5)

Name:

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2010. Include the source and amount of each grant or contract.

SEE Truth in Testimony Attachment

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

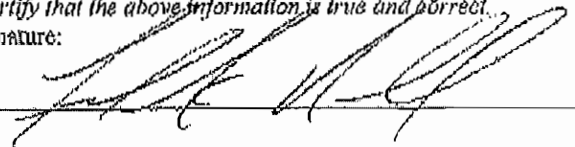
SEE Attachment

3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2010, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

SEE Attachment

I certify that the above information is true and correct.

Signature:



Date:

5-6-13

Committee on Oversight and Government Reform

Witness Disclosure Require-"Truth in Testimony"
(Attachment)

Name: Fredrick Newell

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2010. Include the source and amount of each grant or contract.

- 1). Lead Investigative Services, Inc. (LISI) has received many small contracts from the St. Paul Public Housing Agency. The contracts averaged \$2,500.00 per contract and totalled \$29,160.00. This work was performed between 10-26-11 and 5-5-13.
- 2). LISI has received a contract to perform lead services at 1901 EM Statelty Avenue, Minneapolis MN in the amount of \$4,000.00. The contract used HUD funds and Ice Box Construction was the general contractor. This project was performed in 2011.
- 3). LISI was contracted to perform lead services for a private owner of the property located at 2527 Washington Avenue NE, Minneapolis, MN in the amount of \$6,750.00 (estimated). The project used HUD funds. This project was performed in 2012.
- 4). LISI was contracted to perform lead services for a private owner of the property at 2795 Columbus Avenue, Minneapolis in the amount of \$7,650.00 (estimated). This work was completed in 2011.
- 5). LISI was contracted to perform lead services at the Stradford Flats project located at 15 16th Street, Minneapolis, MN for a general contractor, namely Watson Forsberg Company. The project had HUD funds and the amount of the contract was \$1,253.33. The work was performed in March 2013.
- 6). Nails Construction Company has received many small contracts from the St. Paul Public Housing Agency. The contracts averaged \$3,000.00 per contract and totalled \$14,285.00. The work was performed between 10-27-11 and 5-5-13.
- 7). Nails Construction Company was contracted by Watson Forsberg Company to provide demolition services for the Harmar Rehabilitation in Roseville MN. The rehab project utilized HUD funds, was completed in 2010 and the contract amount was \$116,460.40.
- 8). Nails Construction Company was contracted by Watson Forsberg Company to provide demolition services for the North Gate Rehab Project in Blaine, MN. The rehab project utilized HUD funds, was completed in 2011 and the contract amount was \$97,290.00.
- 9). Nails Construction Company was contracted by Peer Engineering to provide services at the Schmidt Brewery rehab project in 2012. The project used HUD funds and the contracted amount was \$45,795.00.
- 10). The Access Group was a sub-grantee of one grant in the amount of \$4000.00 from the Aurora-St. Anthony Neighborhood Development Center. The grant was part of the Sustainable Communities Regional Planning Grant. The recipient of the grant was the Metropolitan Council in St. Paul. The grant was for community engagement regarding Section 3 and was awarded in 2012.
- 11). The Access Group was a sub-grantee of one grant in the amount of \$2,500.00 from the Metropolitan Council. The grant was part of the Sustainable Communities Regional Planning Grant. The recipient of the grant was the Metropolitan Council in St. Paul. The grant was for community engagement connected to the Fair Housing Equity Assessment and was awarded in 2012.

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

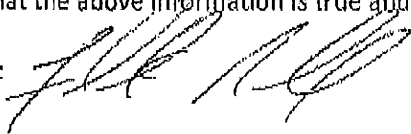
I am the President and part owner of the companies that I listed above in question # 1, namely Lead Investigative Services, Inc., Nails Construction Company.

I am the founder and executive Director of the entity named above, namely The Access Group.

3. Please list any federal grant or contracts (including subgrants or subcontracts) received since October 1, 2010. Include the source and amount of each grant or contract.
The information noted in question #1 is accurate and true.

I certify that the above information is true and correct.

Signature:

A handwritten signature in black ink, appearing to be "J. K. [unclear]".

Date:

5-6-13