

Developer faces panel over labor allegation State commission vows to force developers to verify that workers are in the country legally.

St. Louis Post-Dispatch (Missouri)

August 18, 2007 Saturday, THIRD EDITION

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Section: NEWS; Pg. A8

Length: 535 words

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Dateline: JEFFERSON CITY

Body

The **developer** of a St. Charles County housing project **faced** the wrath of a **state commission** Friday for allegedly using illegal immigrants on a project that's subsidized by federal and **state** tax credits.

By the time the grilling was **over**, members of the Missouri Housing Development **Commission** **vowed** to swiftly put in place new rules demanding that **developers** **verify** that **workers** are not in the **country** illegally.

But it's unclear exactly what new regulations the **commission** might enforce. Meanwhile, the **developer** accused of wrongdoing sternly told the **commission** that he has followed all the rules.

On the hot seat was Pete Hennessey, of Hennessey Development Inc. of Clayton. The company's \$20 million Southernside Apartment Complex project in O'Fallon, Mo., has come under fire for allegedly hiring a subcontractor with illegal immigrant laborers.

None of the **allegations** has been proved, and Hennessey has repeatedly insisted he is free of any wrongdoing.

The construction project is partly funded by more than \$13 million in **state** and federal tax credits **over** 10 years, administered by the housing **commission**.

On Friday, Hennessey told the **commission** that he has met all of the tax credit's requirements as it concerns gathering immigration documents. He said when **allegations** surfaced in June, he also supplied information to federal officials.

"I've done everything I can," he said, adding that if he knew illegal immigrants were working on the project "I'd kick them off the site."

But some members of the **commission** challenged Hennessey. At a minimum, they say, he failed to take any steps to **verify** documents. And one official accused the **developer** of knowingly having illegal immigrants on the project.

"Your problem is you know you have illegal **workers** on that site," said Doug Gaston, deputy to Treasurer Sarah Steelman, who sits on the **commission**.

Hennessey said he supplied immigration documents to the **commission** and assumed they were **verifying** their validity.

Gaston said that verification apparently did not take place. But he said in an interview that **developers**, not the **state commission**, have the primary responsibility to ensure **workers** are legal.

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Ed Martin, chief of staff to Gov. Matt Blunt, told the commission that the incident illustrates the need for more rigorous standards for developers who seek state tax credits. If developers fail to take proper steps, sanctions could include a lifetime ban from receiving credits, Martin said.

On Friday, Steelman called on Hennessey not only to get rid of any undocumented workers but to hire only local labor.

Richard Baalman Sr., the commission's chairman, said he does not want the controversy to threaten the completion of the O'Fallon project.

"I don't think any of us want to kill the deal," he said.

But he and other members of the commission agreed to form a task force to develop new rules immediately.

While members of the group have not yet been named, O'Fallon Mayor Donna Morrow told the commission she would like to be included.

The illegal worker allegations aren't new to O'Fallon. Last year, a similar tax-subsidized project came under scrutiny for labor practices.

"I will not tolerate this happening a third time in O'Fallon," Morrow said.

Classification

Language: ENGLISH

Publication-Type: Newspaper

Subject: TAXES & TAXATION (90%); US **STATE** GOVERNMENT (90%); ILLEGAL IMMIGRANTS (89%); IMMIGRATION (89%); PASSPORTS & VISAS (88%); REAL ESTATE DEVELOPMENT (74%); SUBCONTRACTING (74%); HOUSING AUTHORITIES (74%); PUBLIC HOUSING (74%); LOCAL & **STATE** TAXES (74%); FOREIGN **LABOR** (73%); INTERVIEWS (60%)

Industry: CONSTRUCTION (74%); HOUSING AUTHORITIES (74%); MULTIFAMILY REAL ESTATE (74%); REAL ESTATE DEVELOPMENT (74%); RESIDENTIAL PROPERTY (74%)

Person: MATT BLUNT (52%)

Geographic: MISSOURI, USA (92%)

Load-Date: August 18, 2007