

Housing Authority City of Milwaukee
December 31, 2024 – Financial Review
July 9, 2025 – Board of Commissioner Meeting

Revenue:

Reported revenues are in line with the budget in terms of presentation but it does not tell the true cash flow story:

1. Central Maintenance Revenue – This is a journal entry that allocates the salaries and benefits of the Central Maintenance Department to the various housing developments. HACM does not receive cash for 100% of the allocation. Public Housing pays about 60% of the allocation. Vets and the LLCs pay about 75%. All unpaid amounts lead to significant cash losses to the agency. In the next 12 months, Executive Management will have to make a final decision about this model. It is not an easy decision as moving to contractors only has major disadvantages to the service to the residents. We will have to find a hybrid mix.
2. Management budgeted \$3,400,000 in Developer's Fees for 2024. This represented the closing of Westlawn VII which did not materialize. In fact, to date the closing has still not happened and the entire fee has been lost due to our contractual obligation to PNC to cover all lost tax credits to protect their investment.
3. The agency generated \$2,600,000 unbudgeted income on the closing of the land deal for the closing of the Highland Park LLC. Most of these funds are deferred in payment to the agency until the project has excess cash flows. This exceeded the budget by \$2,100,000.

Expenses:

The Administrative Expenses of the Agency are consistent year over year and remain in line with the budget. Executive Management will do an evaluation of the industry standards to ensure our overhead is in line with the amount of housing stock we manage. There was no change in utility base costs and our consumption was in line with previous years.

1. The agency increased its funding to Tenant Related programs in excess of \$220,000 to increase tenant engagement.

2. Maintenance materials increased by \$900,000 in excess of budget. The agency has reduced the number of authorized users of the Home Depot credit card in 2025. The card usage increased by over \$700,000 from 2023 to 2024.
3. Maintenance Contracts were \$4,500,000 in excess of budget. This will be evaluated by Executive Management moving forward as part of our Central Maintenance evaluation.
4. The agency was forced to reduce its staffing levels of Public Safety costs to support the increased maintenance costs.
5. Other General Expenses exceeded budget by \$1,400,000 due to Tenant Account receivable write offs at year end. These receivables were higher than normal due to finally dealing with Pandemic related balances.

In closing, during Fiscal Year 2024 the agency lost \$1,200,000 in cash due to operations. This is supported by the \$1,000,000 in checks that the agency has to stick in the vault and not disburse to vendors due to our shortage of cash.