

May 23, 2023

VIA OVERNIGHT DELIVERY

Ms. Maria Guzman
Program Manager (PBV/RAD)
Rent Assistance Program
Housing Authority of City of Milwaukee
5011 W. Lisbon Avenue
Milwaukee, WI 53210

Mr. Robert Bauman
District 4 Alderman
Milwaukee City Hall
200 E. Wells Street, Room 205
Milwaukee, WI 53202

Michael C. Radavich, Esq.
Assistant City Attorney
City of Milwaukee
Milwaukee City Hall
200 E. Wells Street, Suite 800
Milwaukee, WI 53202

Re: Heartland Housing Portfolio in Milwaukee, WI

Dear Ms. Guzman, Mr. Bauman and Mr. Radavich:

We are writing to advise you of the current status of the Heartland Housing portfolio located in Milwaukee, WI (see attached list of properties of Heartland Housing properties).

As you are aware, The Habitat Company of Wisconsin LLC was engaged by Heartland Housing to act as property manager for these properties, effective as of January 2022. Since that time, Habitat has worked diligently to improve the status of these properties – both on an operational and financial basis and has worked with several municipal officials, including the Milwaukee Police Department, to respond to various issues at the properties. Unfortunately, however, over the last several months Heartland has been unable to support Habitat in these endeavors. Heartland's inability to meet the financial obligations to support the operations of these properties has resulted in a breakdown of these operations and of Habitat's ability to provide effective management services. Heartland Housing has indicated to Habitat that is abandoning the operation of its affordable portfolio in Chicago, IL, Madison, WI and Milwaukee, WI and will no longer engage in the ownership responsibilities for these properties. Thus, it is with great regret that Habitat advises that it will no longer provide property management services for the Heartland properties in Milwaukee, effective as of the end of business on May 31, 2023.

It is important to note that a part of Habitat's decision is based on the fact that Habitat has been made aware that, without notice to Habitat, the current property/general liability insurance coverage for Heartland's master property portfolio was terminated effective as of April 1, 2023, then extended to May 31, 2023. Heartland is currently in discussions to again extend this required coverage, with the outcome unknown as of this juncture. If insurance coverage is renewed for the month of June, Habitat will agree to extend its management services through June 30.

Another factor for this decision was that, without sufficient financial resources for the properties, the operations of the properties are crippled and property vendors will no longer be able to provide services to the properties. In fact, Habitat was recently notified that the security services vendor at St. Anthony Apartments has provided notice of the termination of its services. Thus, without the necessary insurance coverage and property services, Habitat is unwilling to assume any potential legal and financial liabilities regarding these properties. This is an unfortunate situation, as it may result in a property management vacuum at the Milwaukee properties, which may present a health, safety and security risk to the properties and their residents.

In Chicago, the City has stepped in and petitioned the Court for the appointment of a Receiver for the Heartland properties located there. A Receiver has been appointed by the Court to act on behalf of the owner entities and Habitat has agreed to continue as property manager, on an interim basis, to ensure continued operations. With funding from the Receiver, the properties will have funds to timely pay vendors, obtain the necessary insurance coverage and continue with day-to-day operations and property improvements as needed. Perhaps this scenario may be utilized in Milwaukee to continue operations. (Note however that, in the event that insurance coverage is not extended, Habitat will be forced to terminate its management services.)

As stated previously, this is an unfortunate situation. As you know, Heartland's mission encompasses work to provide housing to individuals with chronic social issues to avoid homelessness and encourage recovery and transition. This demographic (and the associated housing) is often challenging to manage due to this targeted mission. We understand the City's ongoing frustrations in this regard. However, we strongly believe that the City of Milwaukee's impression that Habitat is partially to blame for the numerous resident challenges and the current Heartland situation is in error. Despite Habitat's diligent efforts and dedication of enormous time to provide best management practices to these properties, the Heartland Housing ownership deficiencies have just been too insurmountable to overcome.

Habitat, as the property manager for the Milwaukee portfolio, will of course, cooperate with a Receiver or subsequent property manager for a smooth management transition. Please advise us as to how the City of Milwaukee has chosen to move forward with the future handling of these properties.

We look forward to a prompt response.

Sincerely,



Charlton Hamer

SVP Habitat Affordable Group

Cc: Jessica Shriver, Program Manager
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600 W. Walnut, Suite 100
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Heartland Housing
Milwaukee Portfolio
5/19/2023

Property	Entity Name	Address	City	State	ZIP
37th Street	1715 N 37th Street LLC	1715 N. 37th Street	Milwaukee	WI	53208
Capuchin	Fond Du Lac Apartments LLC	2502 W. Tamarack	Milwaukee	WI	53206
Maskani Place	Center Buffam LLC	320 E. Center	Milwaukee	WI	53212
Prairie	1218 West Highland Avenue LLC	1218 W. Highland	Milwaukee	WI	53233
St. Anthony	St Anthony Apartments LLC	1004 N. 10th	Milwaukee	WI	53233