



OFFICE OF PUBLIC AND INDIAN HOUSING

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Special Applications Center
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March 14, 2024

Mr. Willie Hanes Jr.
Executive Director
Housing Authority of the City of Milwaukee
809 North Broadway
Milwaukee, WI 53202

Subject: Approval of Disposition Application DDA0012602

Dear Mr. Hanes:

The U.S. Department of Housing and Urban Development (HUD) Special Applications Center (SAC) hereby approves the disposition Application, DDA0012602 submitted by the Housing Authority of the City of Milwaukee (HACM). The Application includes a total of 0.18 acres of vacant land at a development known as Highland Homes, WI002000060 (Property), (Legal Description attached as Exhibit A).

SAC has determined that HACM’s proposed Property disposition is consistent with the U.S. Housing Act of 1937 (42 U.S.C. 1437p) (the Act) and 24 CFR 970. The SAC approves the Application as summarized below, subject to the conditions contained in this letter.

Highland Homes, WI002000060	
Approved for Disposition: Acres: 0.18	
Acquiring Entity	City of Milwaukee
Acquiring Method	Negotiated sale at FMV
	\$20,000 at closing
Use of Proceeds	Development/acquisition of affordable housing
Lot Information:	
Legal Description Attached	

Approval Conditions

- WHA must comply with all requirements of the Act, 24 CFR part 970, and this approval letter in carrying out the disposition.
- WHA shall not dispose of the Property until the Public Housing Field Office Field Office) releases the Declaration of Trust (DOT).
- The Field Office is authorized to release the DOT from the Property in accordance with this approval. Prior to DOT release, the Field Office must confirm that the disposition terms conform to this approval’s requirements. HACM must submit a draft DOT release to the Field Office, along with any other documents requested by the Field Office.

- The Field Office is authorized to approve the removal of the Property (units and acreage) from IMS/PIC and HACM’s public housing inventory, in accordance with 24 CFR 970 and HACM’s request.
- If the HACM materially changes the plan for the Property, after receiving this approval (but prior to DOT release), SAC approval of the material change is required. Material changes include a different method of disposition, proposed commensurate public benefit justifying a below FMV disposition. HACM must request SAC approval by emailing SACTA@hud.gov with information about the change. **See “PHA’s Next Steps” enclosure for directions regarding an application with material changes.**

Estimated Timetable (Impact on Operating Funds)

In accordance with 24 CFR 970.7(a)(4) and 24 CFR 970.21(d), PHA submitted an estimated timetable for the proposed disposition as follows:

	Milestone	Number of Days after Approval
A	Begin Relocation (“Days to Relocation” field)	NA
B	Complete Relocation	NA
C	Execute Disposition Document	45
D	Dispose of Property/HUD Releases DOT	45

The Field Office has been informed of this approval and will assist HACM in its implementation. SAC recommends maintaining an open dialogue with your Field Office, residents and local officials. If PHA has any questions about this approval, please contact SACTA@hud.gov.

Sincerely,

Jane B. Hornstein
Director

CC: Milwaukee Field Office

Enclosures:
 Considerations in SAC’s Review
 PHA’s Next Steps
 Exhibit A: Legal Description

Considerations in SAC's Review

On January 23, 2024, HACM submitted this Application via HUD's Inventory Management System/PIH Information Center (IMS/PIC) system via DDA12602. According to HUD's and PHA's records, the Property was developed, acquired, or assisted with funding from the Act. In accordance with 24 CFR 970.7(a)(17).

Previous Removals at the Development

HACM has not received any previous HUD approval for removing property from the development known as Highland Homes, WI002000060.

Description of Proposed Disposition

HACM's Application described the Property based on building, unit, and acreage information in IMS/PIC. Details of the proposed disposition of the Property at the development are as follows:

Highland Homes, WI002000060	
Existing Land	2.50 Acres
Proposed Land	0.18 Acres

PHA Plan Compliance

HACM certified and the Field Office confirmed that HACM submitted a Significant Amendment to a PHA Annual Plan under 24 CFR part 903 that described the disposition, and that the description in the PHA Annual Plan is identical to the Application and otherwise complies with Section 18. The Field Office approved the Amendment on September 13, 2023.

Environmental Review

The Field Office certified on August 8, 2023, that, in accordance with 24 CFR 970.13, an Environmental Review (ER) was performed under 24 CFR part 58 for the disposition action and any known re-use. The Field Office certified that, in accordance with 24 CFR Part 58.5.(a) the removal action is categorically excluded, and Environmental Review (ER) is not required.

Justification

HACM has determined the disposition to be appropriate under 24 CFR 970.17 (d) for reasons that are in the best interests of the residents and the HACM; consistent with the HACM goals and plans; and otherwise consistent with the Act. The Property is other than dwelling units and comprised of vacant land. HACM has determined the property exceeds the needs of the project after the date of full availability (DOFA)- HACM supported its justification as follows:

HACM proposes to dispose of the parcel comprised of 0.18 acres of vacant land to the City of Milwaukee for Fair Market Value (FMV). The City plans to combine this parcel with the adjacent lot it owns at 1515 N. 13th St. and sell the combined parcel to Milwaukee County, which plans to construct a surface parking lot for the Mental Health Emergency Center employees.

Property Valuation

In accordance with 24 CFR 970.19, HACM procured an independent appraisal of the Property. The Property's FMV was estimated at \$20,000, as of September 13, 2023.

Method of Disposition

HACM's Application describes the "method of disposition" as negotiated sale at FMV to the City of Milwaukee for \$20,000.

Proceeds

In accordance with 24 CFR 970.7(a)(10), HACM estimated it would receive \$20,000 of gross proceeds and \$19,000 of net proceeds from the disposition.

HACM proposed using approximately \$1,000 of gross proceeds for reasonable costs of disposition. PHA's Application provided an itemized list of costs as follows: closing costs, brokerage fees, appraisal fees, survey costs, tax certificate fees, recording fees, notary fees, title insurance fees, and reasonable attorney fees. HUD concurs these are reasonable costs of disposition in accordance with 24 CFR 970.19 and PIH Notice 2020-23.

In accordance with the Act, 24 CFR 970.7(b)(10), 24 CFR 970.19, and PIH Notice 2020-23, HACM indicated in plans to use net proceeds for the construction of future replacement housing units, RAD conversion consistent with Section 8(D) ("Rental Assistance Demonstration (RAD) Conversions") of PIH Notice 2020-23.

Resident Consultation

In accordance with 24 CFR 970.7(a)(7) and 24 CFR 970.9(a), HACM submitted evidence that it consulted with residents virtually over Zoom. All meetings were held on the fourth Thursday of each month in 2023, separate from the public consultation required by PHA Plan requirements. The HACM consulted residents at the October 26, 2023 RAB meeting. Notices and minutes were provided with the application.

Affected Residents: There are no residents directly affected as the proposed disposition is for vacant land.

Development Specific Resident Organization: None

PHA-wide Resident Organization: Name of PHA-wide resident organization: None

Resident Advisory Board (RAB) in accordance with 24 CFR 903.13: HACM RAB.

HACM's Application indicated it did not receive written comments from the above residents and resident groups.

Offer for Sale to Resident Organizations

In accordance with 24 CFR 970.7(a)(8), HACM submitted evidence that it complied with the requirements of 24 CFR 970.9(b)(3). HUD has determined that the offer of sale requirements do not apply because HACM HA proposes selling vacant land that is less than two acres to a unit of state or local government (so that the government can build or expand its public services).

Local Government Consultation

As part of the consultation process, HACM met with local government official and discussed detailed the plans to sell .18 acres of vacant land at 1519 N. 13th St. to the City of Milwaukee. As required by 24 CFR 970.7(a)(14), the application package includes a letter of support from the Honorable Cavalier Johnson, Mayor of the City of Milwaukee, dated October 31, 2023.

Board Resolution

In accordance with 24 CFR 970.7(a)(13), HACM submitted a copy of a resolution by the PHA's Board of Commissioners approving the submission of the Application to HUD. The resolution is signed and dated on November 8, 2023, after all resident and local government consultation was completed.

PHA's Next Steps

Material Changes to Application

Email SACTA@hud.gov, SAC will advise the HACM of next steps (i.e., technical correction to the approval, or rescind the approval and a new application to be submitted). PIH Notice 2021-07 provides that written SAC approval is required if the changes to the disposition are "material". SAC understands that details of the disposition transaction may change between the time of HACM's Application submission and the time of the disposition transaction.

SAC considers the following material changes to the Application:

- If the sales proceeds change more than 20%, HACM must request approval from the SAC.
- Since the ER was done under 24 CFR part 58, HACM must inform the Responsible Entity (RE) and permit the RE to re-evaluate the ER. It is up to the RE to decide if the ER will need updating or a new ER is required (based on the updated project description, project scope, and environmental conditions) (refer to 24 CFR 58.47 for a complete description of the re-evaluation criteria). If a new ER is required, the RE may choose to use the past ER to guide completion of the new ER. Note: HACM must submit evidence of ER compliance with the new proposed future use as part of the request to the SAC.

SAC does NOT consider the following to be material changes to the terms of the disposition and HACM can proceed with the disposition without receiving further written SAC approval:¹

- Future use remains the same, but there is a change in Acquiring Entity (name or ownership structure).

¹ If these change prior to disposition, provided the Field Office is aware of the changes, provides written approval, and incorporates the changes into any required HUD use restrictions prior to releasing the DOT. Notwithstanding this, SAC will process and provide written technical corrections to update its approval of these changes, if requested by HACM or the Field Office.

IMS/PIC Reporting

In accordance with 24 CFR 970.35, the PHA must ensure the Property is “Removed from Inventory” (“RMI”) status in IMS/PIC within seven (7) days of disposition (i.e., transfer of warranty deed or execution of ground lease).

Specific instructions for completing the removal in IMS/PIC are as follows:

1. Select the "Development Number", then select "Add Transaction"
2. Select the appropriate "Application (DDA) Number" from the drop-down menu
3. In the "Action/Closing Date" box, enter the removal (demolition) date. If the properties in a DDA application were demolished/disclosed of (phased) on multiple dates, a separate transaction is needed for each action date
4. Use “Remove Residential Inventory by Building” section, select the appropriate building(s) available in the "Complete Buildings Available" box and transfer them to the "proposed Buildings" box
5. Save the information using the "Save" button. The status of this information is then displayed as "Draft"
6. The HACM supervisory staff submits the information to the HACM Executive Director, or the designated final reviewer at PHA, using the Submission sub tab. The status becomes "Submitted for Review"
7. The HACM Executive Director or designee uses the Review sub tab to reject the transaction, which places it in a "Rejected" status, or approves, which places it in a "Submitted for Approval" status
8. The Field Office reviews the request, and once the Field Office approves it, the status of the units in IMS/PIC permanently changes to RMI.

Proceeds

HACM must comply with Section 18(a)(5) of the Act, 24 CFR 970.19(e), [PIH Notice 2020-23](#) for holding, expending, and reporting on proceeds. If HACM determines a use for net proceeds different from that proposed in its approved application, the PHA is not required to request or receive HUD (SAC or Field Office) approval for the alternate use. However, HACM must ensure, subject to potential HUD enforcement, that the alternate use fully complies with the requirements of Section 18(a)(5) of the Act, 24 CFR 970.19(e), and [PIH Notice 2020-23](#), and that such alternate use is properly documented compliant with 24 CFR 970.35 and section 11 of that Notice.” See also Memo dated June 7, 2022 from SAC Director to Field Offices at https://www.hud.gov/sites/dfiles/PIH/documents/Memo_FOs_S18_Proceeds.pdf

Note also that if HACM proposes to use proceeds for Capital Fund uses (as part of currently proposed use or alternative use in the future), [PIH Notice 2020-23](#) requires the PHA to “identify proceeds” in its CFP 5-Year Action Plan, through EPIC by moving the funds from its General Depository Agreement (GDA) (HUD-51999) to the Energy Performance Information Center (EPIC). The PHA identifies the “year” in EPIC based on the year it will spend the proceeds on CFP activities. See Section 2.5 of the EPIC Manual "Adding/Creating a Work Activity" at https://www.hud.gov/program_offices/public_indian_housing/programs/ph/capfund/epic. In the title/description, the PHA should state that Section 18 proceeds are being used for the

activity. The Field Office then approves the CFP 5-year Action Plan that includes the proceeds, prior to PHA obligating or expending the money.

Use of Public Housing Funds for Disposition-Related Costs

Section 18 of the Act authorizes HUD to approve unfunded applications. Therefore, HUD's approval of the Application does not approve PHAs to use Public Housing Capital and/or Operating Funds to pay for disposition-related costs (i.e., relocation costs, environmental review costs, consultation costs, appraisals costs). Many of these costs are eligible uses of Public Housing Funds, but HACM must comply with all applicable public housing requirements (including 5-Year CFP Action Plan requirements) regarding the use of Public Housing Funds CFR 905.500(j), which can be used for eligible Capital Fund purposes.

HUD's Public Housing Repositioning website at www.hud.gov/repositioning

SAC's website at www.hud.gov/sac

Section 18 Application Checklist. Includes an Order of Operations that includes post-approval steps (See Exhibit C of Checklist)

<https://www.hud.gov/sites/dfiles/PIH/documents/Section18ApplicationChecklist.pdf>

Post-Closing Asset Repositioning Videos (for operating PBV projects post-closing) [PHA Asset Repositioning Post-Closing How-To Videos - HUD Exchange](#)

PBV FAQs https://www.hud.gov/sites/dfiles/documents/PBV_FAQs.pdf

Exhibit A
Legal Description

Kneeland's Addition in Southeast $\frac{1}{4}$ Section 19-7-22 Block 11 S 25' Lot 12 & N 25' Lot 13.