

MEMORANDUM

From: Ken Barbeau, Acting Secretary-Executive Director

Date: May 12, 2025

Re: Disposition of a Long-term Lease interest in classroom facilities and entry space at 1916 N. Vel Phillips Ave.

In fiscal 2011, the U.S. Department of Housing & Urban Development (HUD) had put out a notice of funding availability for grants through the Capital Fund Education and Training Community Facilities (CFCF) Program. The purpose of the CFCF program at that time was to provide capital funding to PHAs for the construction, rehabilitation, or purchase of facilities to provide early childhood education, adult education, and/or job training programs for public housing residents based on an identified need. Additionally, PHAs could use CFCF program funding to rehabilitate existing community facilities that would offer comprehensive, integrated services.

For this grant application, HACM pulled together a partnership with Employ Milwaukee, MATC and others with the goal to provide a technology training facility. HACM identified the facility at 1916 N. Vel Phillips Ave. owned by the Capuchin Franciscan Province of St. Joseph (the Province) as a potential location for the community training facility.

The first floor of that building already was leased by the Capuchins to the Adult Learning Center (ALC), a nonprofit organization that provided adult basic skills and GED preparation services to the public. The \$1.2 million CFCF grant provided capital improvements to renovate two underutilized space used for storage and an office into two technology classrooms and to build a new entrance to the building.

In exchange for these capital improvements as well as related furniture and equipment purchased under the grant and a one-time payment, the Province agreed to enter into a 40-year long-term lease to lease the renovated section of the property (2nd floor classrooms and new entrance) to HACM. This was to meet HUD's grant requirement to prove site control.

While the ALC was the primary occupant of the first floor space of 1916 N. Vel Phillips, the newly renovated education and training space on the second floor of the facility (the space improved by the grant) was used primarily by Employ Milwaukee and MATC, under a TechHire occupational skills training grant from the U.S. Department of Labor to Employ Milwaukee thru the end of 2020. The grant was not renewed.

Through June 30, 2020, a total of 210 individuals received some training in computer technology skills, including programming. Of that number, 157 were young adults ages 18 to 29 with barriers and an additional 50 were adults over age 29 that were unemployed, dislocated or underemployed. Ninety-two completed the education/training activities, 67 of whom also earned a degree or other credential. As of June 30, 2020, 54 of the 67 had obtained employment.

During COVID, the Adult Learning Center moved out of the first floor space when they had switched to virtual instruction and ended up vacating that space.

In 2021, the Boys & Girls Club of Greater Milwaukee requested and received permission from St Francis and HACM to use the entire facility space (first and second floors) for their College and Career Center for

Teens, which also fit the overall goals of a community education and training facility. That lasted until September 2024.

In June 2024, a few HACM staff including Fernando Aniban, Dena Hunt and Ken Barbeau, met with St. Francis of Assisi Church, who asked if HACM was interested in purchasing the building and informed us of their intention to dispose of the building due to the condition and that to hold the property was an expense they could no longer afford.

In early October 2024, HACM was informed that the Boys & Girls Club vacated the building on 9/30/2024 due to the condition of the roof and water infiltration into the facility. The roof, especially over the 2nd floor gymnasium (not the portion that HACM had renovated) was leaking, leading to warping of the floor and other damage. At that time, HACM was advised to remove any equipment due to the condition of the building and the concern of further damage that might impinge on our space.

In October 2024, HACM's Board of Commissioners approved the Annual PHA Plan (a HUD document) for 2025. Inclusion of any potential dispositions in HACM's Annual PHA Plan is a requirement to later submit a disposition application to HUD's Special Applications Center (SAC). Based on our discussions with St. Francis Church, the section of the PHA Plan regarding "dispositions" included a section that stated the following:

"Disposition of HACM's interest in the building at 1916 N. Vel R. Phillips Ave., which is owned by St. Francis of Assisi Church, a ministry of the Province of St. Joseph of the Capuchin Order, Inc.: HACM currently has a long-term lease on a portion of the property at this address. The facility is currently leased by St. Francis of Assisi Church to the Boys & Girls Club for use as their Ready Center that provides afterschool tutoring and career development for teens. The long-term lease to HACM was due to receipt of funding for capital improvements to renovate several of the educational classrooms and a lobby area through a HUD FY2011 Capital Fund Education and Training Community Facilities. HACM will begin to work with HUD to determine the process of how to dispose of this long-term lease interest.

The next step in the process is to prepare and submit a disposition request to HUD SAC office. This is different than our normal disposition requests to the Board, since this is not the disposition of a facility owned by HACM, but rather is a long-term lease interest in a portion of space in a building owned by another entity.

We believe that this disposition of the property back to the Province is in the best interest of HACM, as we continue to incur some ongoing expenses related to the property as well as the potential for additional liability concerns related to the property.