



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Special Applications Center
77 W. Jackson Blvd., Room 2401
Chicago, Illinois 60604-3507
Phone: (312) 353-6236 Fax: (312) 913-8892

OFFICE OF PUBLIC AND INDIAN HOUSING

January 13, 2025

Mr. Kenneth Barbeau
Executive Director
Housing Authority of the City of Milwaukee
809 North Broadway
Milwaukee, WI 53202

Dear Mr. Barbeau:

The U.S. Department of Housing and Urban Development (HUD) Special Applications Center (SAC) hereby approves the disposition Application, DDA0013154 submitted by the Housing Authority of the City of Milwaukee (HACM). The Application includes 0.23 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 C.F.R. 970. The SAC approves the Application as summarized below, subject to the conditions contained in this letter.

Table with 2 columns and 4 rows. Header: Highland Homes, WI002000060. Row 1: Acquiring Entity: Guest House, Inc. Row 2: Acquiring Method: Negotiated Sale at FMV. Row 3: Use of Proceeds: Proceeds will be used toward closing costs. Row 4: Approved for Disposition: Acres: 0.23

Approval Conditions

- HACM must comply with all requirements of the Act, 24 C.F.R. part 970, and this approval letter in carrying out this disposition action.
HACM 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 transaction 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 C.F.R. 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 C.F.R. 970.7(a)(4) and 24 C.F.R. 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)	N/A
B	Complete Relocation	N/A
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,

Katherine Stuckemeyer
Acting Director

CC: Field Office

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

Considerations in SAC's Review

On September 26, 2024, HACM submitted this Application through Forms HUD-52860 and HUD-52860-A via HUD's Inventory Management System/PIH Information Center (IMS/PIC) system via DDA00013154. According to HUD's and PHA's records, the Property was developed, acquired, or assisted with funding from the Act. In accordance with 24 C.F.R. 970.7(a)(17), HACM submitted supplemental information about the Application through September 26, 2024.

Previous Removals at the Development

HACM has received the following previous HUD approval for removing property from the development known as Highland Homes, WI002000060:

PIC Application	Removal Type	Units Approved	Acres Approved	Date of Approval
DDA0012602	Disposition	-	0.18	09/08/2023

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	2.60 Acres
Proposed Land	0.23 Acres

Future Use of the Property

HACM proposes that, after the removal, the property will be sold to a private owner, Guest House, Inc. The new owner plans to use the vacant lots as vegetable gardens.

PHA Plan Compliance

HACM certified and the Field Office confirmed that HACM submitted a PHA Annual Plan to a PHA Annual Plan under 24 C.F.R. 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 Plan on December 15, 2023.

Environmental Review

The Field Office certified on January 8, 2025, that, in accordance with 24 C.F.R. Part 58.5(a) the removal action is categorically excluded, and Environmental Review (ER) is not required.

Justification

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) in accordance with 24 C.F.R. 970.17(d). HACM supported its justification as follows:

The property proposed for disposition consists of two vacant lots that are currently being used as a vegetable garden across the street from the Guest House homeless shelter. The lots are not part of HACM's development strategy and the Guest House wishes to purchase the lots to continue to use as a garden.

Property Valuation

In accordance with 24 C.F.R. 970.19, HACM procured an independent appraisal of the Property. The Property's FMV was estimated at \$1000.

Method of Disposition

HACM's proposes the "method of disposition" via negotiated sale at FMV for approximately \$1000 to Guest House, Inc.

Proceeds

In accordance with 24 C.F.R. 970.7(a)(10), HACM estimated it would receive \$1000 of gross proceeds from the disposition. HACM proposed to use approximately \$1000 of gross proceeds for reasonable costs of disposition, including title report and recording fees. HUD concurs these are reasonable costs of disposition in accordance with 24 C.F.R. 970.19 and PIH Notice 2020-23.

Resident Consultation

In accordance with 24 C.F.R. 970.7(a)(7) and 24 C.F.R. 970.9(a), HACM submitted evidence that it consulted with residents on July 25, 2024, separate from the public consultation required by PHA Plan requirements.

The disposition proposal was discussed at the July 25, 2024, RAB meeting. HACM provided the meeting notice and minutes with the application. 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 C.F.R. 970.7(a)(8), HACM submitted evidence that it complied with the requirements of 24 C.F.R. 970.9(b)(3). HUD has determined that the offer of sale requirements do not apply because HACM proposes disposing of vacant land.

Local Government Consultation

As required by 24 C.F.R. 970.7(a)(14), the application package includes a letter of support from the Honorable Cavalier Johnson, Mayor of the City of Milwaukee, dated August 13, 2024.

Board Resolution

In accordance with 24 C.F.R. 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 August 14, 2024, 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 2024-40 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 to more than 20 percent, HACM must request approval from SAC.
- Changes in the future use of the Property. If HACM’s plans for the future use is substantially different from the project scope reflected in Environmental Review (ER) that was done pursuant to 24 C.F.R. 970.13, then a re-evaluation of ER may be required. Since the ER was done under 24 C.F.R. 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 C.F.R. 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 the 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 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).

IMS/PIC Reporting

In accordance with 24 C.F.R. 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

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.

3. In the "Action/Closing Date" box, enter the removal (demolition) date. If the properties in a DDA application were demolished/disposed 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 PHA supervisory staff submits the information to the PHA Executive Director, or the designated final reviewer at PHA, using the Submission sub tab. The status becomes "Submitted for Review".
7. The PHA 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.

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 C.F.R. 905.500(j), which can be used for eligible Capital Fund purposes.

Resources

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

Property Address #1:

1237 N. 13th St. Milwaukee, WI 53205

Tax Key Number #1:

363-3181-000

Legal Description #1:

Parcel 1 of Certified Survey Map No. 7341, recorded in the Office of the Register of Deeds for Milwaukee County, Wisconsin, on December 16, 2003, in Reel 5732, Images 2090-2092 of Certified Survey Maps, as Document No. 8701672, being a redivision of Lot 1 and the North 26 feet of Lot 2, Block 25 in the Subdivision of part of Lot 6 in partition of the Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 19, Township 7 North, Range 22 East, located in the City of Milwaukee, Milwaukee County, Wisconsin.

Property Address #2:

1243 N. 13th St. Milwaukee, WI 53205

Tax Key Number #2:

363-3182-000

Legal Description #2:

Parcel 2 of Certified Survey Map No. 7341, recorded in the Office of the Register of Deeds for Milwaukee County, Wisconsin, on December 16, 2003, in Volume 5732 of Certified Survey Maps, at Pages 2090-2092, as Document No. 8701672, being a redivision of Lot 1 and the North 26 feet of Lot 2, Block 25 in the Subdivision of part of Lot 6 in partition of the Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 19, Town 7 North, Range 22 East, located in the City of Milwaukee, Milwaukee County, Wisconsin.

