

To: HACM Board of Commissioners
From: Brad K. Leak – Director of Finance HACM
Date: 12/20/2024
Re: Resident Advisory Board (RAB) Review – 2025 Annual Agency (HACM) Budget

On December 12, 2024 at 5:00pm, the Finance Team (Pam Watson – Sr Budget Analyst and Myself) met with the RAB Board to give them the exact presentation of the budget to the Board of Directors on December 11, 2024 at the December Board Meeting. The RAB was very passionate and inquisitive about the following topics.

Questions from the RAB:

1. **Unreconciled Items:** We are concerned about news reports that mention \$2.5M of “unaccounted” for funds that was in the news and mentioned by HUD, and this needs to be rectified to gain our (residents’) trust. What happened to it? Was it misappropriated? How does that impact this budget?

HACM Response: In a letter to the HACM Executive Director and the Board of Commissioners regarding HUD’s Public Housing Agency Recovery and Sustainability (PHARS) review of HACM, HUD stated that, “HACM is unable to provide accurate financial reports for the HACM board, senior management, other HACM stakeholders, or HUD. Due to HACM’s inability to provide accurate financial statements, HACM received a disclaimer of opinion on the FY2022 financial statement audit. In addition, material misstatements were discovered as part of the audit process. For example, there was an account reconciliation provided for audit purposes that contained an unreconciled variance of \$2,561,093.”

HACM’s new Finance Director is working to investigate and identify what the reconciling items are that make up this unreconciled variance, and with a goal to have those identified by the end of January 2025. At that time, accounting corrections will be made to the books, if needed. At this time, HACM believes these are the result of poor or incomplete accounting practices, rather than any misappropriation or malfeasance.

In addition, there are different unreconciled differences that were mentioned in HUD’s Quality Assurance Division (QAD) review and corrective action plan regarding the Housing Choice Voucher program. These had to do with unreconciled differences related to the “restricted net position” and “unrestricted net position” for the HUD Section 8 voucher program. This resulted in unexplained differences in these amounts between what was calculated by the Housing Authority vs. the balance that was calculated by HUD. HACM retained an audit firm to review all financial transactions associated with voucher program from 2017 to 2022. To date the review is almost complete and one of the items in the scope of work is to calculate a correct balance for the restricted and unrestricted net positions.

2. **Vacancies:** The RAB Board members have noticed the number of vacancies in some of their buildings. What is management doing to fill with new qualified tenants? Why is the vacant unit turn around team actively making more units available and the previous ones have not been filled?

HACM Response: Ken Barbeau, Chief Operating Officer-Program Services explained to the residents that what they are seeing is true---HACM has not timely filled vacant units, especially in the tax credit/RAD properties that have Project-based vouchers. This is due to a number of reasons, among them: (1) poor response rate from the waiting list, in which we pull hundreds off a wait list and only a small percentage respond; and (2) the turnaround time to paint/repair/make units ready.

HACM has recently done an update (purge) of the waiting list to ask applicants to respond and update to stay on the wait lists. Those that did not respond will be removed from the wait list. This update means that the lists are more up-to-date and, in turn, the response rate will improve. Greg Anderson, Vice President of Operations, explained how the vacant unit turn team is deployed and how more targeted deployment will assist so that we are not spending money on developments with excess vacant units until some of the current units are leased up. Finally, the new contractor over the voucher program (CVR Associates) will work closely with property management to ensure that appropriate number of interested applicants are selected and processed off the wait lists to ensure higher occupancy rates.

3. **Staff salaries:** HACM has had turnover in staff or trouble filling positions. How close to the median salary for a position are people, including Section 3 residents, getting paid? Is it sufficient or close to the median?

HACM Response: Human Resources may be doing a salary compensation update later in 2025 to provide to the Board of Commissioners to review salary ranges for comparability to similar organizations.

4. **Communication:** Residents do not always know what type of housing subsidy they have and often misunderstand public housing vs. project-based vouchers, etc. Can you break down the different types of vouchers or subsidies into a handbook or improve information to tenants when they lease. Also, residents do not understand why a person in a PBV unit cannot get a tenant-based voucher right now—we thought it was available after living there a year.

HACM Response: Residents make a good point that communications from HACM about the type of subsidy and the rules over it can be improved. We will work with CVR to ensure that there are appropriate materials (e.g., briefing materials for vouchers, etc.) that explain the differences and rules.

Regarding “mobility vouchers” (the ability to request a tenant-based voucher), HACM currently is in shortfall and has been required by HUD to stop issuing almost all tenant-based vouchers with few exceptions. Shortfall means that HACM (like many public housing authorities at the moment) is spending too much in subsidies to landlords than they receive in the HUD budget.

Residents who request a tenant-based voucher right now are put on a wait list for them, and once HUD allows HACM to issue HCVs again, those persons will have a priority over others pulled off wait lists.

5. **Maintenance Calls:** During a discussion on maintenance, it was mentioned that Parklawn residents have issues at times from mildew. Also, this resident mentioned that there was an issue with Public Safety dispatch not requesting emergency maintenance when she had called in a “no heat” call

HACM Response: Travaux Modernization Team has had this on their radar for the past 2 months. The current model exhaust fan installed at the development is now older and needs replacing. They are currently planning a retrofit of the current bathroom exhaust fans and the procurement of a model that is readily accessible for installation. HACM will keep residents updated about the timetable for this replacement.

Evidently, there had been a new public safety dispatcher that was not consistently calling the on-call after-hours maintenance staff to inform them of certain emergency work order items. This had been communicated to the Chief of Public Safety and was addressed with that dispatcher.

6. **Grievance Procedures:** There was a concern about the fact that the public housing grievance panel has not been operational now for a couple years.

HACM Response: HACM is also concerned about this and Ken Barbeau did reiterate this is primarily regarding the public housing grievance process. HACM’s Public Housing Grievance Procedures have historically included the requirement that one of the hearing officers be an outside attorney. Even though HACM has tried to promote and obtain services for an attorney to serve as a hearing officer on the grievance panel alongside resident members via a Request for Proposal, there has been no interested parties.

As one RAB member pointed out, why does it have to be an attorney? Why couldn’t it just be an independent hearing officer? Ken Barbeau agreed and said that that is not a HUD requirement. However, he said that HACM would first need to amend the Public Housing Grievance Procedures to change that. He stated he would work with the City Attorney’s office to propose a draft of changes for public comment and for the Board of Commissioners.

7. **Contracted Security:** One member asked what developments have contracted security. Why don’t more housing developments have it specific to them? Why can’t we start a floating team that floats to buildings to cover security? Can we increase the budget for security? In addition, a RAB member stated that we should also not just hire normal security guards, but also have staff with experience in investigations or to work with Milwaukee Police Department (MPD) on investigations.

HACM Response: In HACM Public Housing, currently there are contracted security services at College Court, Locust Court and Riverview. In the RAD/tax credit developments, there are

contracted security services at Becher Court, Lapham Park, and Westlawn. These were identified for additional services based on a review by the Chief of Public Safety for need and based on the ability of the development budget to be able to fund additional security.

Ken Barbeau informed the residents he will be taking these concerns and feedback back to the management team and to Chief of Public Safety Marlon Davis. Chief Davis also has a lot of communication with MPD regarding open investigations. While Chief Davis met with the RAB a few months ago, it is timely to again have him attend one of the upcoming RAB meetings early in the year to answer questions and address public safety concerns.

8. **Property Management:** One resident pointed out that she does not think it is fair for HACM to have management or maintenance split time in more than one building. Another stated their expectation was that the buildings would have full-time managers within the next two years.

HACM Response: Greg Anderson responded that budgets cannot always support a full time manager and assistant manager or office assistant. He pointed out that whenever a housing development cannot afford one full-time manager, that schedules have been arranged between the manager and assistant manager to cover the management office Monday to Friday during the work day. We will re-evaluate this in future years to see if we can assign staff in a different way.

9. **Work Orders/Maintenance:** Residents would like better notification when work orders are planned and completed so they can be prepared for their arrival. (Not all developments were impacted by this an issue).

HACM Response: Work orders are a hot topic at the agency and we are currently updating our agency-wide processes and protocols. Greg Anderson will be ensuring local development managers are properly initiating, documenting, and completing work orders, and on following up with uncompleted work orders.

Part of these new protocols will be to ensure that the work orders are completed with clear, concise language so it is understood what work needs to be completed. Additionally, details must also be provided on the work done and the maintenance staff must leave a note to detail what was done and whether the work order has been completed, partially completed, or what are the next steps (e.g. , parts need to be ordered).

During 2025, HACM will also be reviewing how HACM is delivering maintenance services (onsite maintenance, centralized maintenance, and contracted maintenance) by area to ensure that HACM is using the most effective, efficient, and cost-efficient methods to provide maintenance services.

In addition, the increased use of RentCafe will assist both residents and staff in terms of another option to a resident to report a work order and in having constant update on the current status of the work order.

10. **Packages:** One RAB member asked whose responsibility is it to re-key the USPS package boxes for buildings where those are present?

HACM Response: Greg Anderson responded that the Post Office is responsible for re-keying mailboxes or the USPS package box. He would work with the building manager to contact the Post Office with the request. He also pointed out that HACM has no control on delivery of packages from various sources (USPS, Amazon, etc.). The various delivery companies have their own protocols and they should communicate their wishes with the companies directly.

11. **504 Reasonable Accommodations:** A public housing resident member of the RAB Board asked how reasonable accommodations for physical accessibility can be accomplished in public housing?

HACM Response: As RAB members are aware, there are few if any fully accessible units in our public housing inventory. These units were built in the 1960s and early 1970s and it is not easy or cost-reasonable due to the building designs to create ADA units. When the housing development is repositioned using Rental Assistance Demonstration (RAD) or some other repositioning tool, the conversion will include creation of some fully accessible units in accordance with ADA/HUD guidelines.

In the meantime, two years ago, HACM has created a preference in the Administrative Plan for the Project-based voucher program. The preference is for public housing residents who either cannot obtain a reasonable accommodation in the public housing program or obtain one on a timely basis. This will allow these residents to be admitted if eligible to the PBV program in one of the HACM-owned PBV developments if such an accommodation is available.

12. **LIHTC Budgets and Investors:** How can the LIHTC developments' budgets be increased if they have private owners/investors and HUD does not provide the funding for the development? Could residents meet with investors to advocate for their building?

HACM Response: We informed the residents that we will take this concern back to the Board of Commissioners to assist in determining the feasibility of the suggestion.

13. **RAB Board:** One RAB member pointed out that there is no separate budget item for the RAB Board and that they should be awarded a budget allocation of \$175,000 to allow the RAB do consultations with outside entities, etc.

HACM Response: Ken Barbeau responded that current costs for the RAB board members (staffing, printing, phones, laptops, data/wi-fi, etc.) are paid for with COCC funding. Brad Leak, Finance Director, requested more information on what types of expenses RAB members are requesting and to provide proper documentation for us to be able to evaluate the request. To date, nothing has been received from the RAB Board member(s) relating to the request.

14. **Financial Reporting:** The RAB Board would like to remain updated on the financial health of the agency.

HACM Response: Finance is available quarterly to meet with the RAB Board to discuss our financial results after the Board of Commissioners have approved the results and have had their concerns addressed. We are not at liberty to release results until the Board understands and agrees with such financial documentation.