

## CONFLICT OF INTEREST POLICY

This policy establishes a standard of conduct to protect the financial well-being, reputation and legal obligations of the Housing Authority of the City of Milwaukee and all of its instrumentalities (collectively referred to herein as “HACM” unless otherwise noted) in order to ensure compliance with Federal, state, and local laws as well as to maintain the public’s confidence and respect. The avoidance of employee misconduct and conflicts of interest, apparent or real, through the use of informed judgment and timely disclosures, is necessary in order to maintain this confidence and respect. This policy also establishes a method to protect HACM from circumstances that might arise that could be considered real or apparent conflicts of interest and how to resolve the same. This policy shall be used as the criteria for determining whether real or apparent conflicts of interest exist and applying standard procedures in the event of the same.

This policy applies to HACM employees and members of the Board of Commissioners of the Housing Authority of the City of Milwaukee as well as all board members of any of its instrumentalities (collectively referred to herein as “Board Members”) and all programs administered by HACM.

This policy should be read in conjunction with the following documents:

- HUD guidance and requirements for prospective and new Board Members;
- Board policies, by-laws or commissioner’s handbook (if applicable);
- HACM contracts;
- HACM’s personnel policy; and
- HACM’s employment forms for new hires.

Notwithstanding any of the documents listed above, this policy replaces the “Nepotism” and “Conflict of Interest” policies that are in the Employee Handbooks for HACM and is expressly incorporated into each of HACM’s Employee Handbooks.

In the event of a violation of this policy, HACM may take whatever steps it deems reasonably necessary to remedy the violation except where such steps are prohibited by law. Because of the importance to HACM of avoiding real or apparent conflicts of interest, any employee who violates this policy, including by failing to fully disclose a situation which presents a significant conflict of interest, shall be subject to disciplinary action, possibly including termination of employment, as further outlined in HACM’s personnel policy.

### **Definitions**

For the purposes of this policy, the following definitions apply:

***Close Personal Relationship*** – Is defined as a consensual dating, romantic, intimate and/or sexual relationship.

***Conflicts of Interest*** – Occurs when a person’s public duties or actions lacks independence or impartiality, either real or apparent, and is unduly influenced by a secondary interest such as financial gain, professional advancement, or a wish to do favors for family and friends.

***Apparent Conflicts of Interest*** – Occurs when there is a reasonable perception of a conflict of interest regardless of whether a person is actually influenced by a secondary interest. If the circumstances are

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reasonably believed by HACM (on the basis of past experience and objective evidence) to create a risk that decisions made may be unduly influenced by other interests, then a conflict exists.

***Nepotism*** -- Is the practice of showing favoritism to immediate family members or close friends through actions related to such individuals' employment (or prospective employment) or otherwise appointing them to or attempting to influence their appointment to a public position.

***Immediate Family Member*** – The following considered immediate family members: father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, grandmother, grandfather, grandson, granddaughter, spouse, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, step-grandfather, step-grandmother, step-grandson, step-granddaughter, half-brother, half-sister, half-grandfather, half-grandmother, half-grandson, and half-granddaughter.

***Properties*** – Any real estate that is owned (directly or indirectly including where HACM is a member of the corporation that owns such real estate) or operated by HACM.

***Waiver*** – A conflict of interest may be waived by HUD for good cause, if permitted under Federal, state, and local law. While the waiver is under consideration by HUD, the person for whom a waiver is requested may not take actions or exercise responsibilities or functions related to the waiver request. A further discussion of the waiver process is outlined below.

### **HUD Requirements**

HACM adopts and incorporates into this policy by reference all HUD present and future rules, regulations, orders, PIH Notices, and any other guidance related to conflicts of interest except where the same is less restrictive than this policy in which case this policy controls, including nepotism for the public housing and HCV programs, and additional conflicts of interest requirements for landlords/owners that participate in the HCV program as summarized below. Please note that while some of the HUD provisions apply strictly to employees whose positions are funded with HUD funds, HACM applies those policies organization-wide to all Board Members and employees.

#### ***1. HUD Requirement - Conflicts of Interest for Public Housing and HCV Programs***

No HACM employee, officer, agent, or Board Member shall participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. A conflict of interest includes when the employee, officer, agent, or Board Member, any member of their immediate family, their partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from an entity being considered by HACM for a contract.

In furtherance of this general prohibition, HACM may not enter into any contract or other arrangement in which any covered individual or immediate family member of a covered individual has a direct or indirect interest while the person is a covered individual and for one year after they cease being a covered individual. Covered individuals include the following:

- Board Members;
- HACM employee who makes policy or has influence on decisions with respect to the Properties.

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- Public officials, members of local governing body or State/local legislators or any public official who exercises functions or responsibilities with respect to the Properties and/or HACM programs.
- Member of U.S. Congress (applies to the Housing Choice Voucher program only).

The conflicts of interest prohibition applies to immediate family members of the aforementioned classes of individuals.

A current or prospective real or reasonably apparent conflict of interest must be disclosed to HACM's Secretary-Executive Director and HUD in accordance with this policy.

Any contract entered into by HACM in violation of this Section shall be voidable at the sole discretion of HACM, and HACM may sue to recover any amounts paid on such contract.

### ***2. HUD Requirement – Nepotism***

HACM prohibits all forms of nepotism. This includes HUD's prohibition on HACM hiring an employee in connection with a project under the Annual Contributions Contract if the prospective employee is an immediate family member of:

- A Board Member;
- An employee of HACM who makes policy or influences decisions; or
- A public official, member of local governing body, or state or local legislator who exercises functions or responsibilities with respect to projects or HACM.

The nepotism prohibitions contained herein is in effect during the above covered class's tenure and for one year thereafter.

The nepotism prohibition applies to immediate family members for the aforementioned classes of people.

Note – HUD's General Counsel regards nepotism to be a type of conflict of interest. As such, HACM must seek a waiver request from HUD in accordance with this policy for any real or apparent conflicts of interest related to nepotism in the same manner as for other conflicts of interest as further discussed below.

### ***3. HUD Requirement – Conflicts of Interest for HCV Owners/Landlords***

The following conflicts of interest provisions are applicable to owners and landlords of units under HACM's HCV program.

- Current or former Board Members, public officials, members of U.S. Congress, or HACM employees with policy or decision-making authority, and their immediate family members cannot be an owner or landlord in the HCV program.
- Owners and landlords are prohibited from living in the assisted unit.
- Owners and landlords are prohibited from renting to immediate family members. Exceptions to the policy may be made by HACM for individuals seeking a reasonable accommodation under applicable disability or other related laws.

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The above HUD requirements are codified into HACM's policy below and for ease of understanding, the requirements are further organized into the following two categories: 1) Conflicts of interest requirements that apply to the Board of Commissioners and public officials, and 2) Conflicts of interest requirements that apply to the Executive Director and all other HACM employees. The following HACM policies supplement, not supplant, the foregoing HUD requirements.

### **HACM Policy – Board Members and Public Officials**

The conflicts of interest guidance contained in this Section is applicable to all Board Members and other public officials and is based on the requirements placed on HACM by HUD or state and local law, whichever is more stringent.

During the Board Member or public official's term and for one year thereafter,

- The Board Member or public official may not use their position (either directly or through an agent) or office to obtain financial gain or anything of substantial value (as defined by Wis. Stat. § 19.42(1)) for the private benefit of themselves or their immediate family, or for an organization with which they are associated.
- The Board Member or public official may not (either directly or through an agent) solicit or accept from any person, directly or indirectly, anything of value if it could reasonably be expected to influence the Board Member or public official's vote, official actions or judgment, or could reasonably be considered as a reward for any official action or inaction on the part of the Board Member or public official.
- The Board Member or public official cannot enter into a contract or arrangement with HACM, either as a contractor or a subcontractor (directly or indirectly including through an organization owned, operated, or controlled by the Board Member or public official).
- The **immediate family member** of a Board Member or public official cannot enter into a contract or arrangement with HACM, either as a contractor or a subcontractor (directly or indirectly including through an organization owned, operated, or controlled by the immediate family member of the Board Member or public official).
- An **immediate family member** of a Board Member or public official cannot be an employee of HACM.
- The Board Member or public official must immediately disclose if an immediate family member is or will be a tenant in HACM's public housing or Housing Choice Voucher program to HACM upon learning of the same.
- A Board Member, public official, or member of U.S. Congress cannot serve as an owner or landlord in HACM's HCV program (either directly or indirectly including through an organization owned, operated, or controlled by the Board Member, public official, or member of U.S. Congress).
- The **immediate family member** of a Board Member, public official, or member of U.S. Congress cannot serve as an owner or landlord in HACM's HCV program (either directly or indirectly including through an organization owned, operated, or controlled by the immediate family member of the Board Member, public official, or member of U.S. Congress).

### **HACM Policy – Executive Director and HACM Employees**

The guidance contained in this Section applies to HACM’s Secretary-Executive Director and any HACM employees that have policy or decision-making duties (except where otherwise noted). In general, any HACM employees that have supervisory duties are considered to have policy or decision-making duties and would include, but are not limited to, the following type of positions: Deputy Director, Chief Financial Officer, Chief Operations Officer, Finance Director, Modernization Supervisor, Procurement Director or Manager, HCV Director or Program Manager, Public Housing Director or Program Manager, and Project or Property Managers.

For the duration of the above employee’s employment at HACM and for one year thereafter:

- The Secretary-Executive Director or any other employee with policy/decision-making duties cannot enter into a contract or arrangement with HACM either as a contractor or a subcontractor (directly or indirectly including through an organization owned, operated, or controlled by the Secretary-Executive Director or any other employee).
- The **immediate family member** of the Secretary-Executive Director or any HACM employee with policy/decision-making duties cannot enter into a contract or arrangement with HACM, either as a contractor or subcontractor (directly or indirectly including through an organization owned, operated, or controlled by the immediate family member of the Secretary-Executive Director or any other such employee).
- An **immediate family member** of the Secretary-Executive Director or and HACM employee with policy/decision-making duties cannot be an employee of HACM.
- The Secretary-Executive Director or any HACM employee, even those without policy/decision-making duties, must disclose to HACM if an immediate family member is or will be a tenant in HACM’s public housing or HCV program.
- The Secretary-Executive Director or any HACM employee, even those without policy/decision-making duties, are prohibited from participating in or attempting to influence any employment decisions or actions concerning any immediate family members including but not limited to decisions or actions relating to interviews, hiring, retention promotion, transfer, salary, work assignments, scheduling, leaves of absence, performance evaluations, or discipline.
- The Secretary-Executive Director and any HACM employee, even those without policy/decision-making duties, cannot enter into a HAP contract with HACM (directly or indirectly including through an organization owned, operated, or controlled by the Secretary-Executive Director or any employee).
- The **immediate family member** of the Executive Director or HACM employee, even those without policy/decision-making duties, cannot enter into a HAP contract with HACM (directly or indirectly including through an organization owned, operated, or controlled by the immediate family member of the Secretary-Executive Director or any employee).

### **PHA Policy – Outside Employment**

There are many reasons HACM employees may want to hold a second job or own an outside business enterprise offering goods and/or services. Under certain circumstances, this is acceptable. However, a second job or outside business that negatively affects or appears to affect employee performance at HACM

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may be grounds for disciplinary action, up to and including termination. Additionally, employees may not engage in any outside employment or business enterprise that constitutes a real or apparent conflict of interest related to their employment with HACM.

All employees that have or wish to have a second job (outside employment) or own a business enterprise should report such employment or ownership and receive such permission from the Secretary-Executive Director. This should be updated annually on the Conflict of Interest disclosure form.

### **HACM Policy – Close Personal Relationships**

While HACM does not wish to intrude into the private lives of its employees, we recognize the increased potential for conflicts of interest, appearance of favoritism, and risk of claims of sexual harassment when employees develop close personal relationships with each other. In order to protect HACM and its employees, this policy provides directions on how to manage situations when HACM employees develop close personal relationships with other employees.

If such a relationship exists or develops between any two HACM employees, both employees must immediately disclose the existence of the close personal relationship to HACM's Human Resources department. Disclosure of such relationships creates a transparent environment that ensures HACM's mission is met with mutual professional respect and accountability while also maintaining public trust and avoiding conflicts of interest. A failure to timely disclose such relationships by the parties involved may result in disciplinary action, up to and including termination.

Human Resources will work with the individuals and other appropriate employees to assess potential conflicts of interest, both real and apparent. Consensual close personal relationships between adult employees are not generally prohibited by this policy. However, close personal relationships between a supervisor and a person that reports to them are prohibited because of the potential for conflicts of interest, exploitation, favoritism, and bias. Such relationships undermine the real or apparent integrity of the supervision.

The Human Resources department will also work with others on a "need to know" basis (typically, the supervisors of the individuals involved as well as those higher on the reporting chain for each position). Those that supervise the involved parties will evaluate the positions and related responsibilities, the potential for conflicts of interest, and if there is a need for anyone involved to recuse themselves on certain decisions and/or if a modification of reporting or working relationships will be required. They will also continue to monitor the situation with an awareness of the potential for real or apparent conflicts of interest and other potential issues.

Employees who engage in personal relationships should be aware of their professional responsibilities and are also responsible for assuring that the relationship does not raise concerns of favoritism, bias, ethics, and conflicts of interest. HACM reserves the right to take prompt action if it determines that an actual or potential conflict of interest arises concerning individuals who engage in a close personal relationship that may affect the terms and conditions of their employment or adversely affect HACM.

Please note that this policy is regarding consensual personal relationships. HACM does not tolerate sexual harassment, which can include unwanted sexual advances, requests for sexual favors, or other verbal or physical conduct of a sexual nature. Please see the chapter in your Employee Handbook regarding "Non-

Discrimination and Harassment Policy” for more information on harassment. This Section supplements, rather than supplants, that Section of the Employee Handbook.

### **HACM Policy – Personal Relationships with Beneficiaries of HACM Programs**

HACM also would like to reiterate the existing section of the Employee Handbook regarding “Personal Relationships with Beneficiaries of HACM Programs.” This Section supplements, rather than supplants, that Section of the Employee Handbook.

HACM employees must avoid personal relationships and fraternization that impact the ability of the employee to objectively perform their responsibilities. This includes close personal relationships with any applicant, resident, voucher participant, or other program beneficiary. Personal relationships of this nature are not allowed and may subject an employee to disciplinary action, up to and including termination.

### **HACM Policy – Relationships with Contractors, Vendors, Residents, Participants, and Other Service Providers**

1. **Gifts:** Board Members and employees (and their immediate family members) shall neither solicit nor accept, either directly or indirectly, any form of earned or unearned gift, gratuity, contribution, favor, loan, discount, credit, perk, or any such benefit of monetary value from active or prospective contractors, subcontractors, vendors, tenants, or participants. A non-monetary gift or gifts having a combined value of less than \$50 and which can be reasonably substantiated as not having been offered in any way to influence the Board Member or employee in their official duties, nor intended as a reward for official actions by a Board Member or employee, are excluded from this prohibition.
2. **Sales of Services or Products:** Board Members and employees (and their immediate family members) are prohibited from selling any services or products either directly or indirectly that are not officially sponsored by HACM to active contractors, subcontractors, vendors, residents, or participants. This section is not intended to regulate candy or merchandise of nominal value, which is sometimes displayed and sold in the workplace for a non-profit purpose. Further, notwithstanding anything contained herein, Board Members shall not be prohibited from taking part in arms-length transactions that relate to such Board Member’s employment outside of their role at HACM provided the Board Member does not use their position as a Board Member to obtain financial gain or anything of value for themselves or their employer.

### **HACM Policy – Administrative Requirements**

HACM will take whatever steps it deems reasonably necessary to remedy all conflicts of interest, except where it has obtained a waiver from HUD for the conflict of interest.

All conflicts of interest, apparent conflicts of interest, and potential conflicts of interest will be brought to the attention of the HACM Board as soon as reasonably practicable in light of the circumstances after the discovery is made. To safeguard HACM, in cases where HACM is in the process of determining whether a conflict of interest exists or is requesting a waiver from HUD, HACM will act in a manner that assumes the conflict of interest exists and the waiver will not be granted.

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HACM may only request a waiver from HUD for a conflict of interest when HACM can substantially minimize or remove the risk of the conflict of interest through the implementation of compensating controls and when remedying the conflict of interest itself will not result in undue administrative and financial hardship to HACM or otherwise jeopardize its mission.



## **CONFLICT OF INTEREST PROCEDURES**

A copy of HACM's conflicts of interest policy and procedures shall be provided to each Board Member upon appointment to the Board. This conflict of interest policy and procedures is hereby incorporated into HACM's Personnel Policies. The procedures outlined in this Conflict of Interest Procedures policy relate to HACM's Conflict of Interest Policy and must be complied with by all Board Members and employees (as applicable).

Whenever a HACM employee encounters a situation that involves a conflict of interest, whether real or apparent, that the employee believes or should reasonably believe in light of the circumstances was not previously disclosed to HACM, the employee must submit a written disclosure statement to their immediate supervisor (unless the supervisor is potentially involved in the conflict, in which case the employee shall inform HACM's Secretary- Executive Director and Chairperson of HACM's Board).

### **Conflicts of Interest Notification and Adjudication**

On appointment or employment and on an annual basis thereafter (or for existing Board Members and employees in their roles at the adoption of this policy by the HACM Board, at the adoption), the Board of Commissioners, Secretary-Executive Director and all other HACM employees are required to complete a disclosure form which states whether they have any real or apparent conflicts of interest. Board Members and employees should reach out to HACM's HR Department to receive a copy of the then-current disclosure form to be filed out.

At other times during the year, if a potential conflict of interest arises or is discovered that, based on HACM's policy, materially differs from the information on the disclosure form most recently submitted to HACM, the conflict of interest must be immediately disclosed through the filing of a new disclosure form.

The procedures below must be used to provide notification of a current or prospective conflict of interest.

1. Board Members and HACM employees must provide a written disclosure of the conflict of interest. The written disclosure must contain the following information:
  - a. Name and title of person submitting the disclosure.
  - b. A description of the specific conflict of interest provision that is the subject of the disclosure.
  - c. Provide the title, position, or other information of the individual, contract, or arrangement that gives rise to the potential conflict of interest.
2. As a general rule, the Secretary-Executive Director will make the determination on whether there is a conflict of interest for HACM employees. Where the Secretary-Executive Director is an individual involved in the conflict of interest, the determination on whether there is a conflict of interest is made by the Board via a resolution voted on by the HACM Board (excluding the Boards of any instrumentalities). Where any Board Member in attendance while such resolution is being heard is a party involved in the conflict of interest, such Board Member shall recuse themselves and the remaining HACM Board Members will make the determination on whether there is a conflict of interest.
3. For all current or prospective conflicts of interest, the determination of whether a conflict of interest exists will be documented by the individual(s) making the determination. Where a conflict of interest situation is affirmed to exist, HACM shall take appropriate steps in light of the circumstances to

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remove any such conflict of interest, which could include termination of an employee. Where appropriate, HACM should also take proactive steps to remove the conflict of interest, including establishing any safeguards that HACM puts in place to prevent the perception of undue influence or favoritism, all of which shall be documented.

Determinations made by the Secretary-Executive Director will be provided to the Board as part of the monthly Board package where appropriate.

4. For the purposes of determining whether an organization is owned, operated, or controlled by an individual for the purposes of this policy, they will be deemed to own, operate, or control the organization where they are an officer, director or trustee, or own at least 10% of the organization.
5. Where HACM has determined that a current or prospective conflict of interest exists, as required by HUD, HACM will provide all information associated with the conflict of interest to the HUD field office along with HACM's recommendation on whether a conflict of interest exists and how the matter was resolved by HACM.
6. If a conflict of interest was not initially disclosed by the interested party and is later identified by HACM, the interested party may be subject to disciplinary actions up to and including termination of employment or removal from the Board as further outlined in HACM's personnel policy, the Board's by-laws (applies to Board Members), or other penalties including those associated with procurement actions.

### **Requests for HUD Waiver from Conflicts of Interest Requirements**

Note – Notwithstanding anything contained in this policy and regardless of whether a waiver from HUD's policy on conflicts of interests, including nepotism for the public housing and HCV programs as codified in this policy is received, the individual that is subject to the waiver being sought by HACM is ultimately responsible for ensuring that the contract or arrangement is permitted under state and local law. HACM may prohibit or discontinue the contract or arrangement if it determines, in its sole discretion, that the contract or arrangement violates state and/or local law.

Waiver requests from the conflict of interest requirements may only be submitted to HACM's HUD field office by HACM's Secretary-Executive Director. Under no circumstances should any Board Member or employee submit a waiver request directly to HUD if they are a subject of the request.

The following procedure should be used by HACM to submit a HUD waiver request.

1. Complete the HUD waiver request form which requests information on the following:
  - a. The title and position of the individual that is involved in the contract or arrangement that gave rise to the conflict of interest.
  - b. A description of the nature of the conflict of interest.
  - c. Information on the date and manner in which the conflict was disclosed to HACM.
  - d. Provide a justification of the reason that "good cause" is present for HUD to grant a waiver.
  - e. Attach documentation that provides evidence of "good cause".
  - f. Attach supporting documentation, as well as any analysis or other evidence that the contract or arrangement is in compliance with state or local law. In addition, the documentation should include a local attorney's legal opinion that the waiver request is in compliance with state law based on the facts contained in the waiver request.

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2. The completed form must be reviewed and approved by the Secretary-Executive Director and HACM Board prior to submission to HUD.
3. The completed form is submitted to the HUD field office for consideration. Note – Actions that allow, continue, or support the potential conflict of interest must not be taken by HACM or the individual seeking the waiver until HUD provides a decision regarding the waiver request.

### **Conflicts of Interest Record-keeping**

All disclosures must be maintained by HACM in the Board or HACM employee's files (as applicable) for a period of no less than seven years by HACM's Human Resources department. Similarly, all records related to HACM actions regarding conflict of interest disclosures and waiver requests should be maintained by HACM's Human Resources department for a period of no less than seven years.