



To: Ald. Michael J. Murphy
From: Christopher Hillard, Legislative Fiscal Analyst-Lead
Date: 4/20/2023
Subject: Housing Authority of the City of Milwaukee Oversight

This memo is in response to your request for information on how the Housing Authority of the City of Milwaukee is overseen.

Structure of Housing Authority of the City of Milwaukee (HACM)

According to state law, when a city council declares by resolution that there is a need for a housing authority in a city, one is created. HACM was established pursuant to Chapter 525 of the Laws of 1935, as amended. It was chartered by the City of Milwaukee in 1944 in Common Council File Number 78409.

HACM has the authority to transact business and exercise any powers granted to it by the State of Wisconsin (s. 66.1201 to 66.1211, Wis. Stats.). Most housing authorities in Wisconsin have 5 commissioners appointed by the mayor and confirmed by the city council. However, because Milwaukee is a 1st class city, HACM consists of 7 commissioners, 2 of whom must be residents of a housing project. The 5 regular commissioners serve staggered 5-year terms, and the 2 resident commissioners serve 3 and 5-year terms, respectively. Commissioners may hold their positions until successors have been appointed and confirmed.

HACM selects a chairperson and a vice chairperson from among its members. It is allowed to make, amend and repeal bylaws and regulations as long as they are not inconsistent with ss.66.1201 to 66.1211, Wis. Stats.

Commissioners may be paid a per diem, mileage and other necessary expenses incurred in the discharge of their duties at rates established by the Common Council. A housing authority may hire an executive director, technical experts, and other employees to conduct business, and employees may be permanent or temporary. Under state statutes, HACM has the authority to determine qualifications, duties and compensation.

HACM's current leadership team consists of the following positions:

- Secretary-Executive Director
- Assistant Secretary-Deputy Director
- Chief Operating Officer of Program Services

- Chief Operating Officer of Real Estate
- Chief of Human Resources, a Vice President of Asset Management
- Vice President of Construction

The Secretary-Executive Director is required to develop and submit annual property-based operating budgets for various programs. The funding allocations must be consistent with the requirements of the Final Rule 79FR 54983 published in the Federal Register on September 19, 2005, as amended.

Most of HACM's funding comes from the federal government through programs administered by the U.S. Department of Housing and Urban Development. HUD provides an operating subsidy to help offset the difference between the expenses associated with managing public housing and the revenues received from rent payments.

Commissioners are not allowed to acquire any interest in a housing project. In addition, commissioners are not allowed to have an interest in contracts for insurance, materials or services used in connection with housing projects, and any pre-existing interest must be disclosed in writing. The mayor may remove a commissioner for inefficiency, neglect of duty or misconduct in office. However, the commissioner must be given an opportunity to be heard in person or by counsel. A copy of the charges must be provided to the commissioner at least 10 days before a hearing on the charges.

Housing and Urban Development (HUD)

The U.S. Department of Housing and Urban Development is ultimately responsible for the oversight of the Housing Authority of the City of Milwaukee, as it is for all local housing authorities. Oversight is done through the Public Housing Assessment System, or PHAS. The system is used to assess a public housing authority's performance in managing its programs. HUD uses a centralized system to collect individual subsystem scores using various subindicators and produces a composite PHAS score representing a public housing authority's performance management. PHAS uses a 100-point scoring system based on 4 categories of indicators:

- PASS (Physical Assessment Subsystem) – 40 points
- FASS (Financial Assessment Subsystem) – 25 points
- MASS (Management Assessment Subsystem) – 25 points
- CFP (Capital Fund Program) – 10 points

Scores are generated for each development, or Asset Management Project (AMP). AMP scores are weighted by how many units are in the AMP and then combined into the agency-wide score. The total score is used to determine the public housing authority's designation under PHAS. Scores below 60 result in a troubled designation, while scores of 90 points or above result in a high performer designation. Scores below 90 but above 60 are designated as a standard performer.

According to ProPublica, the Housing Authority of the City of Milwaukee's current overall-score is 68, with the following scores in each individual category:

- Physical Condition: 24/40
- Financial Condition: 23/25
- Management Operations: 16/25
- Capital Fund: 5/10

Scores for each of HACM's individual properties can be seen in Table 1.

Upon a public housing authority's designation as a troubled performer, HUD will notify the public housing authority and refer each troubled performer to the public housing authority's field office, in this case the Milwaukee Field Office, for remedial action, oversight, and monitoring. Within 30 days of notification of a public housing authority's designation as a troubled performer, HUD will initiate activities to negotiate and develop a memorandum of understanding between HUD and the public housing authority. The scope of the memorandum of understanding may vary depending upon the extent of the problems present in the public housing authority. The memorandum will include, but not be limited to:

- Baseline data, which should be data without adjustments or weighting but may be the public housing authority's score in each of the PHAS indicators or sub-indicators identified as a deficiency.
- Performance targets for the periods specified by HUD (e.g., annual, semiannual, quarterly, monthly), which may be:
 - The attainment of a higher score within an indicator or sub-indicator that is a problem, or
 - The description of a goal to be achieved.
- Strategies that will be used by the public housing authority in achieving the performance targets within the time period of the memorandum of understanding, including the identification of the party responsible for the completion of each task and for reporting progress.
- Technical assistance to the public housing authority provided or facilitated by HUD; for example, the training of public housing authority employees in specific management areas or assistance in the resolution of outstanding HUD monitoring findings.
- The public housing authority's commitment to take all actions within its control to achieve the targets.
- Incentives for meeting the agreed upon targets, such as the removal of a troubled performer designation.
- The consequences of failing to meet the targets, which include, but are not limited to, the interventions stated in the Code of Federal Regulations and in section 6(j)(3) of the Act (42 U.S.C. 1437d(j)(3)), which may include taking away ownership from the current housing authority and transferring it to another entity.
- A description of the involvement of local public and private entities, including public housing authority resident leaders, in carrying out the agreement and

rectifying the PHA's problems. The public housing authority shall have primary responsibility for obtaining active local public and private entity participation, including the involvement of public housing resident leaders, in assisting public housing authority improvement efforts. Local public and private entity participation should be premised upon the participant's knowledge of the public housing authority, ability to contribute technical expertise with regard to the public housing authority's specific problem areas, and authority to make preliminary commitments of support, financial or otherwise.

Once the public housing authority and HUD have agreed on the scope of the memorandum, the public housing authority has a minimum of 12 months to improve its performance by at least 50% of the difference between the initial PHAS assessment score that led to the troubled performer status, and the score necessary to remove the public housing authority's designation as a troubled performer. The public housing authority is further required to receive a PHSA score of 60% of the total points available (the minimum for a rating for "standard performer") within 2 years of the original troubled designation.

HACM Public Housing Assessment System Scores

Table 1: Housing Authority of the City of Milwaukee Public Housing Assessment System Most-Recent Scores. Source: ProPublica.

Property	Latest Inspection Year	Latest Inspection Score
<u>Hillside Terrace</u> 1545 N 7th St	2019	42
<u>Parklawn</u> 4612 W Rice St	2019	37
<u>Holton Terrace</u> 2825 N Holton St	2019	89
<u>College Court</u> 3334 W Highland Blvd	2019	55
<u>Arlington Court</u> 1633 N Arlington Pl	2017	90
<u>Locust Court</u> 1350 E Locust St	2019	48
<u>Scattered Site North & West</u> 1915 W Cornell St	2019	35

Property	Latest Inspection Year	Latest Inspection Score
<u>Mitchell Court</u> 2600 W National Ave	2017	95
<u>Becher Court</u> 1802 W Becher St	2019	76
<u>Lincoln Court</u> 2325 S Howell Ave	2019	81
<u>Townhouses at Carver Park</u> 726 Land Pl	2019	52
<u>Highland Gardens</u> 1818 W Juneau Ave	2017	49
<u>Highland Park</u> 1832 N 13th St	2019	35
<u>Scattered Site South</u> 1541 W Plainfield Ave	2019	42
<u>Riverview</u> 1300 E Kane Pl	2019	73

Property	Latest Inspection Year	Latest Inspection Score
<u>Scattered Site Hope VI Cherry</u> 1622 N 30th St	2019	39
<u>Cherry Court Midrise</u> 1525 N 24th St	2015	90
<u>Convent Hill</u> 455 E Ogden Ave	2017	74
<u>Hope VI Scattered Site Tax Credit</u> 2621 N 16th St	2017	39
<u>Scattered Site Tax Credit 2008</u> 3346 N 9th St	2017	57
<u>Olga Village</u> 722 W Washington St	2016	88
<u>Westlawn West</u> 6423 W Silver Spring Dr	2017	25

Property	Latest Inspection Year	Latest Inspection Score
<u>Westlawn Tax Credit</u> 5555 N 62nd St	2016	95
<u>Lapham Park</u> 1901 N 6th St	2017	59
<u>Merrill Park</u> 222 N 33rd St	2017	93

Please let me know if you need any additional information.

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