



OFFICE OF PUBLIC AND INDIAN HOUSING

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

October 11, 2024

Mr. Willie Hines Jr.  
Executive Director  
Housing Authority City of Milwaukee  
809 North Broadway  
Milwaukee Wisconsin 53202

Subject: Approval of Disposition Application DDA0013027

Dear Mr. Hines:

The U.S. Department of Housing and Urban Development (HUD) Special Applications Center (SAC) hereby approves the disposition Application, DDA0013027 submitted by the Housing Authority City of Milwaukee (HACM). The Application includes 0.26 acres of vacant land at a development known as Scat Site Hope VI Cherry, WI002000063 (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.

<b>Scat Site Hope VI Cherry, WI002000063</b>	
<b>Approved for Disposition: Acres: 0.26</b>	
Acquiring Method	Public Bid at FMV \$34,000 or Higher
Use of Proceeds	The HACM will use the net proceeds of the sale in financing the construction of future replacement housing units, RAD conversion and for deferred maintenance and Capital Fund eligible expenses on the Authority's Public Housing projects.
<b>Lot Information - See Legal Description: 1510 W. State St. and 1518 W. State St.</b>	

**Approval Conditions**

- HACM must comply with all requirements of the Act, 24 C.F.R. part 970, and this approval letter in carrying out the disposition action.
- HACM shall not dispose of the Property until all previously HUD approved demolition actions at the development are complete, and 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 the approval. Prior to DOT release, the Field Office must confirm that the disposition transaction terms conform to this approval's requirements. The Field Office may request confirmation from HACM that relocation is complete in accordance with applicable

requirements prior to releasing the DOT. 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 (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](mailto:SACTA@hud.gov) with information about the change. **See "PHA's Next Steps" enclosure for directions regarding an application with material changes.**
- HACM must offer the Property for sale on the open and competitive market. HUD generally expects PHAs to accept the highest bid for the Property. However, provided the offer is at least 80 percent of the appraised value, HACM has local discretion to accept a bid other than the highest bid (i.e., for mission-related purposes, for instance selling to a family instead of an investment entity).

#### **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:

	<b>Milestone</b>	<b>Number of Days after Approval</b>
A	Begin Relocation ("Days to Relocation" field)	-
B	Complete Relocation	-
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](mailto:SACTA@hud.gov).

Sincerely,

Jane B. Hornstein  
Director

CC: Milwaukee Field Office

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

### **Considerations in SAC's Review**

On July 22, 2024, HACM submitted this Application HUD's Inventory Management System/PIH Information Center (IMS/PIC) system via DDA0013027. 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 12, 2024.

### **Previous Removals at the Development**

HACM has received the following HUD approval for removing property from the development known as Scat Site Hope VI Cherry, WI002000063:

DDA Number	Application Type	Total Units	Acres	Date of Approval
DDA0003123	Section 32	2	-	August 8, 2008

### **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:

Scat Site Hope VI Cherry, WI002000061	
Existing Land	2.00 Acres
Proposed Land	0.26 Acres

HACM certified and the Field Office confirmed that HACM submitted 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 June 18, 2024, that, in accordance with 24 C.F.R. 970.13, an Environmental Review (ER) was performed under 24 C.F.R. Part 58 for disposition action and any known re-use. The Field Office certified on June 18, 2024, 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 comprises of 0.26 acres of vacant land and 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). The parcels located at 1510 West State Street and 1518 West State Street exceed the needs of the HACM and its residents. These lots were acquired by the Housing Authority as a part of a plan to redevelop family housing from Highland. HACM developed five lots and put houses there but these two were never developed and have been vacant since HACM took ownership. HACM has no plans to develop them.

### **Property Valuation**

In accordance with 24 C.F.R. 970.19, HACM procured an independent appraisal of the Property. The Property's (two lots) FMV was estimated at a combined value of \$34,000, as of April 4, 2024.

### **Method of Disposition**

HACM's proposes the "method of disposition" via public bid sale at fair market value (FMV) by selling the property to the highest bidder.

### **Proceeds**

In accordance with 24 C.F.R. 970.7(a)(10), HACM estimated it would receive \$34,000 of gross proceeds from the disposition. In accordance with the Act, 24 C.F.R. 970.7(a)(10), 24 C.F.R. 970.19, and PIH Notice 2020-23, HACM indicated it plans to use net proceeds to finance the construction of future replacement housing units, RAD conversion and for deferred maintenance and Capital Fund eligible expenses. This is consistent with Section 8(A) ("Modernization and Development of Public Housing") of 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 RAB on June 25, 2024, and June 27, 2024, separate from the public consultation required by PHA Plan requirements. The HACM consulted residents via Zoom meeting and conference call regarding the disposition of both vacant lots.

- 1) Affected Residents: None
- 2) Resident Advisory Board (RAB) in accordance with 24 C.F.R. 903.13: RAB

PHA'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 Exception (v) disposing of Non-Dwelling Property.

### **Local Government Consultation**

As part of the consultation process, HACM met with the Mayor on July 1, 2024, and discussed the details of selling the vacant properties at 1510 W. State St. and 1518 W. State St. for FMV. 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 July 1, 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 on July 10, 2024, after all resident and local government consultation was completed.

## **PHA's Next Steps**

### **Material Changes to Application**

Email [SACTA@hud.gov](mailto: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 2021-07 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 more than 20%, HACM must request approval from the SAC.
- Changes in the future use of the Property. If the AH’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 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:<sup>1</sup>

- Future use remains the same, but there is a change in Acquiring Entity (name or ownership structure).
- Change of no more than 20% in amount of sales proceeds that HACM will receive (i.e., based on more recent appraisal or changes in negotiated sale terms) as indicated in the Application and SAC Approval. If a below FMV transaction is approved, the future use remains the same. HACM must use and report and use all proceeds in accordance PIH Notice 2020-23.

### **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:

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<sup>1</sup> 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 \_\_HA or the Field Office.

1. Select the "Development Number", then select "Add Transaction"
2. Select the appropriate "Application (DDA) Number" from the drop-down menu
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. Save the information using the "Save" button. The status of this information is then displayed as "Draft"
5. 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"
6. 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
7. 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.

### **Proceeds**

HACM must comply with Section 18(a)(5) of the Act, 24 C.F.R. 970.19(e), [PIH Notice 2020-23](#) for holding, expending, and reporting on proceeds. If HACM determines a use for net proceeds different from that proposed in its approved application, the PHA is not required to request or receive HUD (SAC or Field Office) approval for the alternate use. However, HACM must ensure, subject to potential HUD enforcement, that the alternate use fully complies with the requirements of Section 18(a)(5) of the Act, 24 C.F.R. 970.19(e), and [PIH Notice 2020-23](#), and that such alternate use is properly documented compliant with 24 C.F.R. 970.35 and section 11 of that Notice." See also Memo dated June 7, 2022 from SAC Director to Field Offices at [https://www.hud.gov/sites/dfiles/PIH/documents/Memo\\_FOs\\_S18\\_Proceeds.pdf](https://www.hud.gov/sites/dfiles/PIH/documents/Memo_FOs_S18_Proceeds.pdf)

Note also that if PHA proposes to use proceeds for Capital Fund uses (as part of currently proposed use or alternative use in the future), [PIH Notice 2020-23](#) requires the PHA to "identify proceeds" in its CFP 5-Year Action Plan, through EPIC by moving the funds from its General Depository Agreement (GDA) (HUD-51999) to the Energy Performance Information Center (EPIC). The PHA identifies the "year" in EPIC based on the year it will spend the proceeds on CFP activities. See Section 2.5 of the EPIC Manual "Adding/Creating a Work Activity" at [https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/ph/capfund/epic](https://www.hud.gov/program_offices/public_indian_housing/programs/ph/capfund/epic). In the title/description, the PHA should state that Section 18 proceeds are being used for the activity. The Field Office then approves the CFP 5-year Action Plan that includes the proceeds, prior to PHA obligating or expending the money.

### **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.

HUD's Public Housing Repositioning website at [www.hud.gov/repositioning](http://www.hud.gov/repositioning)

SAC's website at [www.hud.gov/sac](http://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](https://www.hud.gov/sites/dfiles/documents/PBV_FAQs.pdf)



**Exhibit A**  
**Legal Description**

Property Address #1:

1510 W. State St. Milwaukee, WI 53233

Tax Key Number #1:

390-1273-000

Legal Description #1:

Parcel 3 of Certified Survey Map No. 7781, recorded July 6, 2006, as Document No. 9263950, being a division of part of Lots 5, 6 and 7, Block 216, Eldred's Addition in the Northeast 1/4 of the Northeast 1/4 of Section 30, Town 7 North, Range 22 East, in the City of Milwaukee, County of Milwaukee, State of Wisconsin.

Property Address #2:

1518 W. State St. Milwaukee, WI 53233

Tax Key Number #2:

390-1274-000

Legal Description #2:

Parcel 4 of Certified Survey Map No. 7781, recorded July 6, 2006, as Document No. 9263950, being a division of part of Lots 5, 6 and 7, Block 216, Eldred's Addition in the Northeast 1/4 of the Northeast 1/4 of Section 30, Town 7 North, Range 22 East, in the City of Milwaukee, County of Milwaukee, State of Wisconsin.