

Housing Authority of the City of Milwaukee

2022 Budget Summary

HACM December Board Meeting

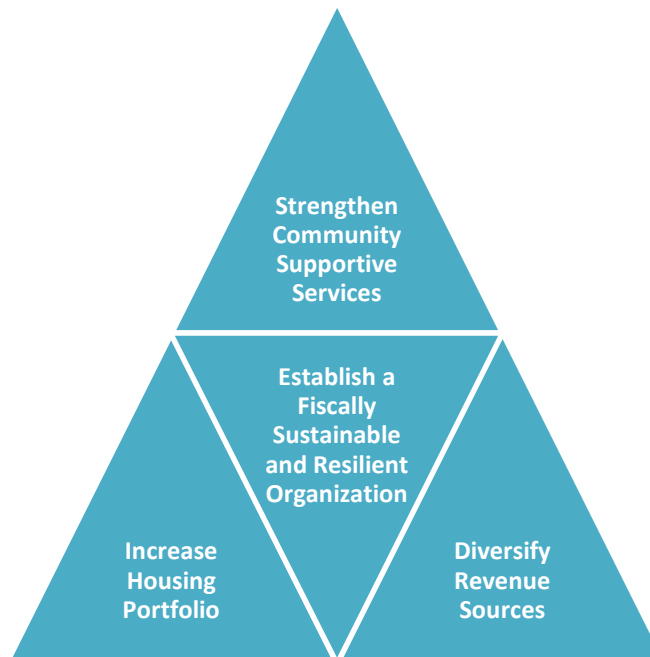
December 9, 2021



Mission Statement

The mission of the Housing Authority of the City of Milwaukee (HACM) is to foster strong, resilient and inclusive communities by providing a continuum of high-quality housing options that support self-sufficiency, good quality of life, and the opportunity to thrive.

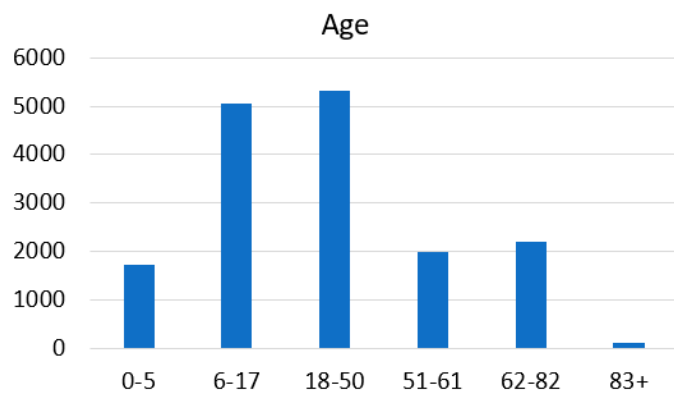
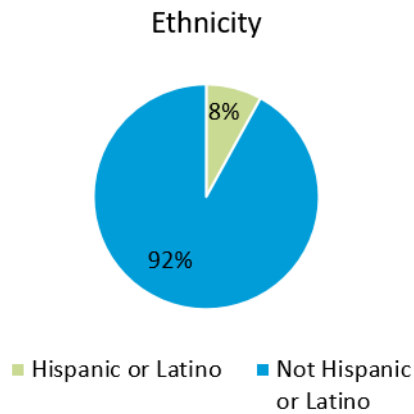
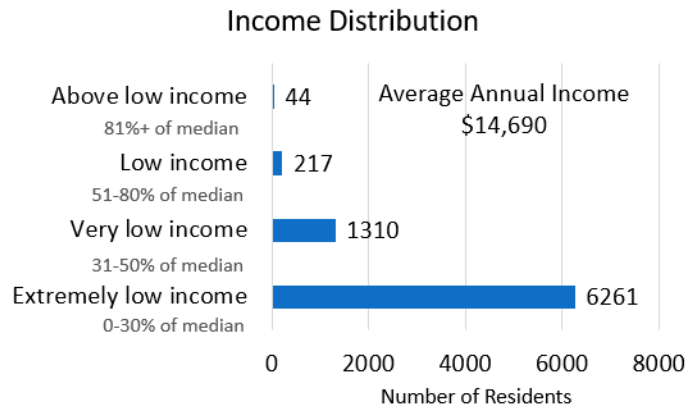
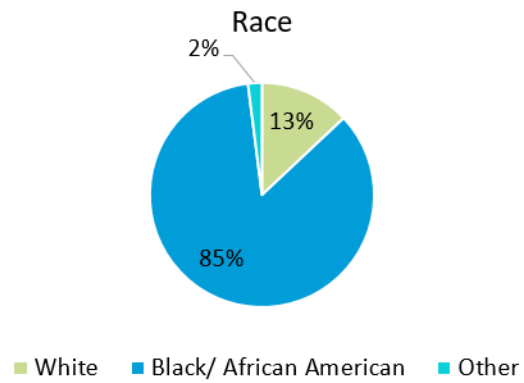
Organizational Strategies



Guiding values & Principals



Who HACM Serves



2021 Look back on HACM Accomplishments

HACM has many accomplishments to celebrate in 2021. The following are some major milestones that we achieved or move us closer to achieving the five-year strategic initiatives:

- [PNC Foundation commits \\$600,000 to launch Black Business Boost Fund for underinvested neighborhoods of Milwaukee](#)
- [Oak at Westlawn Gardens Named Top Project](#)
- [Soldiers Home Returns to the Service of Veterans](#)
- **Soldiers Home Awards:**
 - Richard H. Driehaus Foundation National Preservation Award
 - Affordable Housing Finance Magazine's Readers Choice award for Best Historic Rehab Development
- **ACTS Housing Partnership**
 - HACM has partnered with ACTS Housing to provide the rehab component of the Section 32 Homeownership Program.
 - As of 11/15/21, HACM has sold four (4) of its vacant Scattered Sites units to first-time and income eligible buyers in partnership with ACTS Housing.
 - HACM has accepted offers on an additional four (4) vacant Scattered Sites units, all of which are expected to close before the end of the year.
 - An additional six (6) units are available for purchase at this time. ACTS is working to identify potential buyers.
 - HACM will continue to evaluate its units for Section 32 suitability as they become vacant.
- **Approval of \$9 Million in American Rescue Plan Funds for Westlawn Gardens**
- **Completion of organizational resilience and business continuity plan**
- **Achieved Occupancy Rate Goal of 97% for Public Housing**
- **Choice Neighborhood Initiative Business/Commercial Support**
 - Small Business Revolving Loan Fund
 - \$1.5 million fund administered by WWBIC
 - \$500,000 disbursed or approved, including a recent \$100,000 loan for TMP Industries, a new aerospace industry supplier
 - Commercial Exterior Revitalization Grants
 - \$190,000 available in partnership with the City of Milwaukee and Havenwoods Neighborhood Partnership
 - \$190,000 disbursed or under review, including a new \$25,000 grant for Combat Corner, a manufacturer of martial arts equipment

2022 Looking Ahead:

2022 goals will be defined by the HACM Board of Commissioners during strategic planning sessions to be held in November-December 2021. Possible focus areas include:

- **Resident Services**
 - Expand services through programs and partnerships with focus on economic mobility, education, independent living and public safety.
 - Create dashboard to measure results.
- **Housing Portfolio**
 - Complete construction at Westlawn Renaissance VI and Westlawn Renaissance IV
 - Start construction for Westlawn Renaissance V and Westlawn Renaissance VII
 - Start rehabilitation at Townhomes at Carver Park
 - Define housing strategy to detail preservation and expansion of affordable housing to support the City of Milwaukee of the next 5-30 years with solutions such as:
 - HUD - Rental Assistance Demonstration (RAD) Program
 - HUD -Section 18 Demolition and Disposition
 - Fully activate 1,000 Faircloth Units
- **Voucher Utilization and Deployment**
 - Expand housing options through landlord recruitment
 - Build team resilience through talent acquisition and retention
 - Optimize Yardi Voyager and Rent Café software systems to ensure data integrity, promote communication and improve process efficiency
 - Partner with participants to improve responsiveness
- **HACM Organizational Structure**
 - Expand Property Management to Affordable Portfolio
- **Key Performance Indicators – Goals**
 - **Housing Management**
 - 98% Occupancy
 - 30 Day Vacant Unit Turnover
 - 97% Rent & Subsidy Collection Rate
 - **Section 8 Voucher Utilization & Deployment**
 - Housing Choice Voucher Utilization = 90%
 - Project-based Voucher Utilization = 98%
 - Veteran Affairs supportive Housing (VASH) Utilization = 82%
 - Rental Assistance Demonstration (RAD) Utilization = 80%
 - Foster Youth to Independence (FYI) Utilization = 95%
 - Emergency Housing Voucher Utilization = 100%

Comparative Funding Chart for FY22

October 19, 2021

	FY 2020 Final	FY2021 Final (12-22-20)	FY 2022 CLPHA Request *Joint Industry Request	FY 2022 HUD Request (5-28-21)	FY 2022 HR 4502-House Passed (7-29-21)	FY2022 S. XXXX-Senate Draft (10-19-21)
Public Housing Fund³:		\$7.806 billion ³		\$8.575 billion	\$8.64 billion	\$8.838 billion
Operating Fund	\$4.549 billion	[\$4.839 billion]	\$5.144 billion*	[\$4.887 billion]	[\$4.922 billion]	[\$5.019 billion]
Capital Fund	\$2.869 billion	\$2.765 billion	\$5.0 billion*	\$3.2 billion	\$3.4 billion	\$3.616 billion]
[Emergency Capital Needs]	[\$64.65 million]	[\$75 million]	[\$75 million] *	\$40 billion ² [\$40 million]	[\$65 million]	[\$75 million]
Housing Choice Voucher (HCV)	\$23.874 billion	\$25.78 billion	\$30.442 billion	\$30.442 billion	\$29.214 billion	\$27.719 billion
HCV Renewals	\$21.502 billion	\$23.08 billion	\$25.001 billion*	\$25.001 billion	\$24.950 billion	\$24.527 billion
HCV Administrative Fees	\$1.977 billion	\$2.159 billion	\$2.790 billion*	\$2.790 billion	\$2.469 billion	\$2.474 billion
HUD-VASH Vouchers	\$40 million	\$40 million	\$40 million	\$0	\$20 million	\$50 million
Tenant Protection Vouchers (TPV)	\$75 million	\$116 million	\$150 million	\$100 million	\$100 million	\$100 million
Section 811 Mainstream Vouchers	\$229 million	\$314 million	n/a	\$508 million	\$500 million	\$463.174 million
Incremental Homeless Vouchers	n/a	\$43.439 million	n/a	\$0	\$0	\$0
Incremental Vouchers	n/a	n/a	\$1.552 billion	\$1.552 billion	\$1 billion	\$0
Family Unification Program (FUP)	\$25 million	\$25 million	\$25 million	\$0 ⁵	\$25 million	\$30 million
HCV Mobility Vouchers/Services	\$25 million	\$0	\$491 million*	\$491 million	\$150 million	\$75 million
Self Sufficiency Account⁴:	\$130 million	\$155 million	\$270 million	\$175 million	\$200 million	\$170 million
[Family Self Sufficiency Program (FSS)]	[\$80 million] ⁴	[\$105 million]	[\$200 million]*	[\$120 million]	[\$150 million]	[\$120 million]
[ROSS Grants]	[\$35 million] ⁴	[\$35 million]	[\$50 million]*	[\$35 million]	[\$35 million]	[\$35 million]
[Jobs Plus]	[\$15 million] ⁴	[\$15 million]	[\$20 million]*	[\$20 million]	[\$15 million]	[\$15 million]
Choice Neighborhoods Initiative (CNI)	\$175 million	\$200 million	\$500 million	\$250 million	\$400 million	\$200 million
	[\$87.5 million] ¹	[\$100 million] ¹	[\$200 million] ¹	[\$100 million] ¹	[\$200 million] ¹	[\$100 million] ¹
Project-Based Rental Assistance	\$12.570 billion	\$13.465 billion	\$14.060 billion	\$14.060 billion	\$14.010 billion	\$13.970 billion
[Contract Administration]	[\$345 million]	[\$350 million]		[\$355 million]	[\$355 million]	[\$355 million]
Homeless Assistance Grants	\$2.777 billion	\$3.0 billion	\$3.5 billion	\$3.5 billion	\$3.42 billion	\$3.260 billion
CDBG	\$3.425 billion	\$3.475 billion	\$4.2 billion	\$3.770 billion	\$4.688 billion	\$3.550 billion
HOME	\$1.35 billion	\$1.35 billion	\$1.850 billion	\$1.850 billion	\$1.850 billion	\$1.450 billion

¹ Not less than this amount shall be awarded to public housing authorities.

² American Jobs Plan proposal

³ Consolidates Operating and Capital Fund into a Public Housing Fund

⁴ New Self Sufficiency Program account

⁵ FUP funding under TPV account



Council of Large Public Housing Authorities

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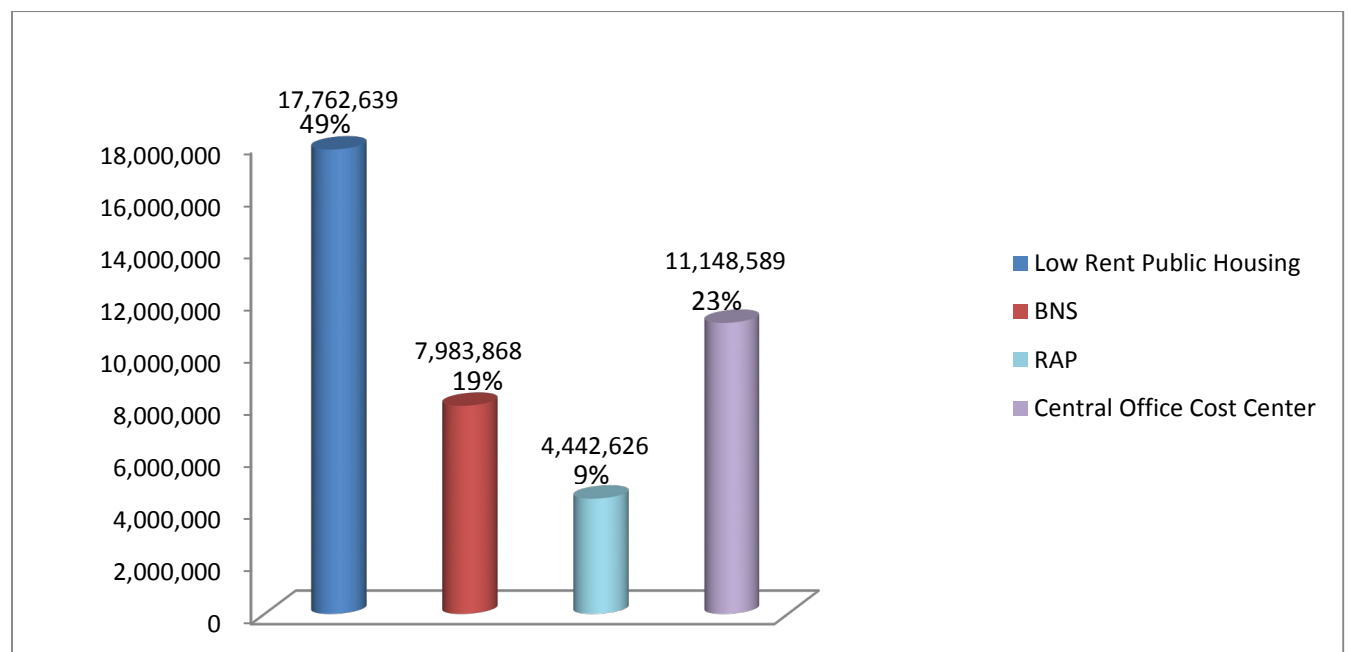
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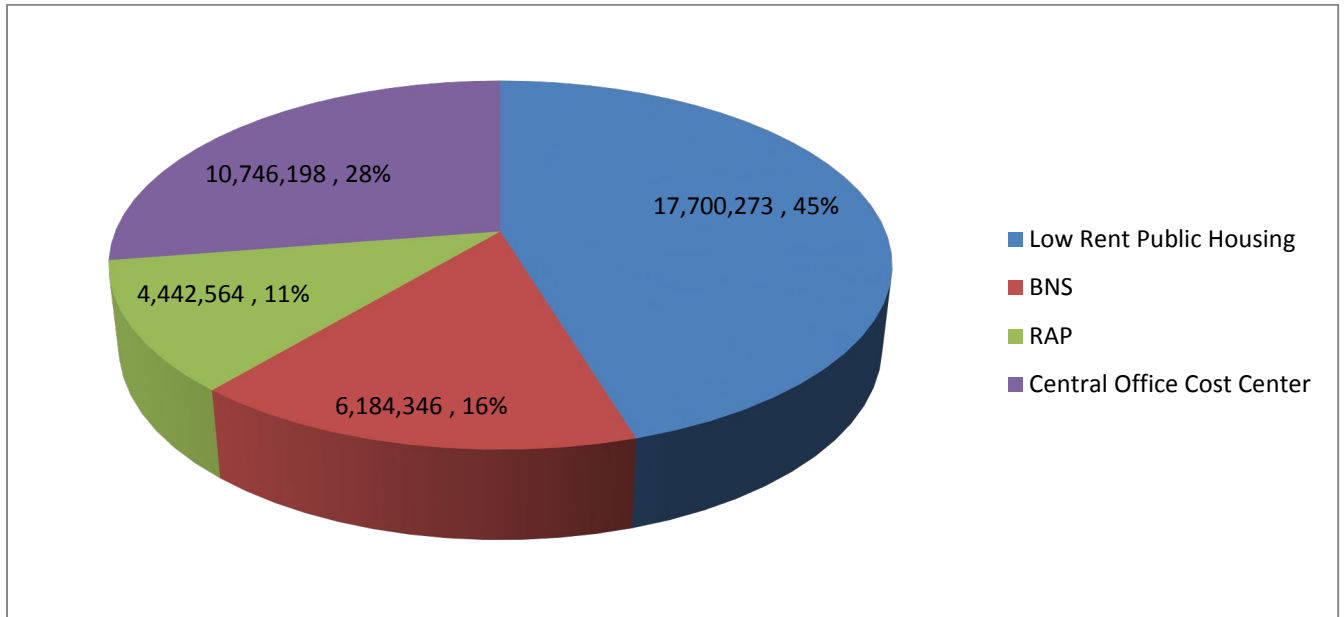
Consolidated Budget (Orange)

Budget Summary:	BUDGET		ACTUAL	BUDGET 2022 VARIANCE	
	2022	2021	2020	VS BUD '21	VS. ACT '20
	INCREASE (DECREASE)				
Total Revenues	41,337,722	39,781,535	38,236,351	1,556,187	3,101,371
Operating Expenditures:					
Administration	17,459,467	16,736,470	18,366,240	722,998	(906,773)
Tenant Services	414,951	404,821	248,014	10,129	166,937
Utilities	4,424,755	4,306,063	4,267,128	118,691	157,627
Ordinary Maintenance	12,447,532	11,098,726	10,315,703	1,348,806	2,131,829
Protective Services	920,905	841,242	1,270,488	79,663	(349,583)
General Expenses	3,405,772	3,447,928	2,754,213	(42,156)	651,559
Total	39,073,382	36,835,250	37,221,786	2,238,132	1,851,596
Income(Loss) from Operations	2,264,340	2,946,285	1,014,565	(681,945)	1,249,775
Extraordinary maintenance	2,085,708	1,072,865	364,691	1,012,843	1,721,017
Program Income	(1,499,993)	(210,000)	0	(1,289,993)	(1,499,993)
Debt service	815,000	790,000	765,000	25,000	50,000
Replacement reserves	294,000	294,000	294,000	0	0
Transfer from reserves	0	0	409,126	0	(409,126)
Net Cash Flow	569,625	999,420	0	(429,795)	569,625

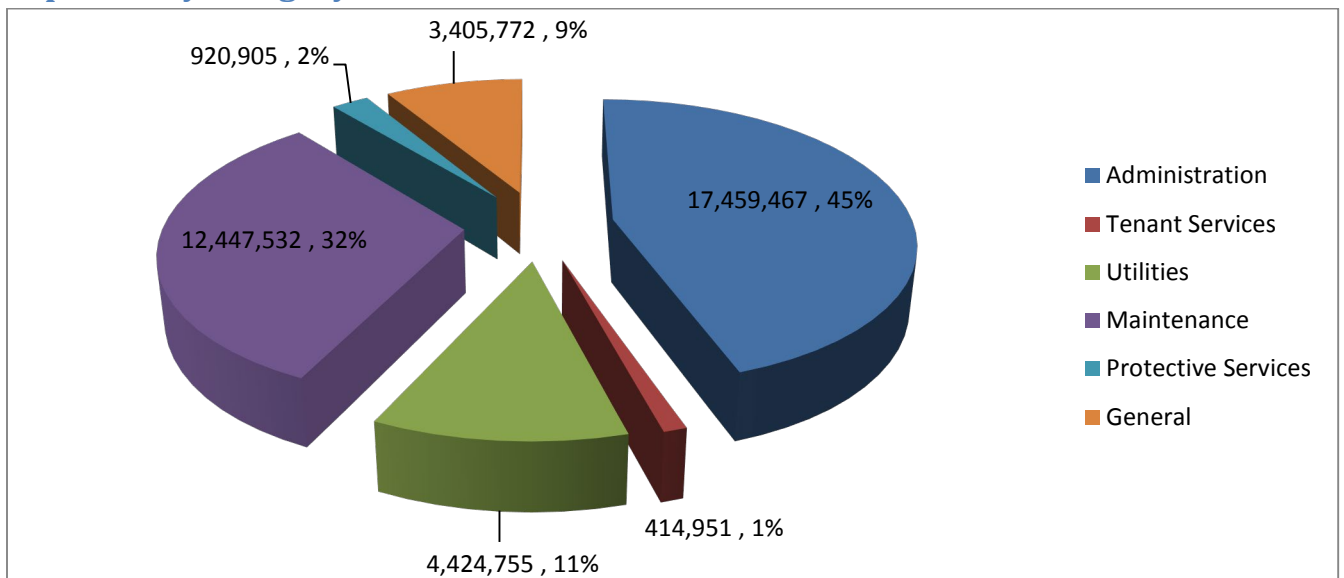
Revenue



Operating Expenses



Expenses by Category



Summary of Major HACM Entity-Wide Assumptions

1. HACM assumes Property Management Operations of all Tax Credit Properties previously managed by Friends of Housing (FOH) effective Jan 1, 2022. Almost all employees of FOH were hired by Travaux. Travaux has been providing Property Management employees to HACM under the existing Cooperation Agreement between the two entities. This Agreement allows for reimbursements of time and material costs related to the direct operations of the properties. A separate Tax Credit Property Budgets have been prepared and approved by respective investors.
2. Overtime is budgeted at 10% of Maintenance Salaries
3. Employee benefit projections are based on actual 2021 choices for health & dental plus statutory rates for FICA, plus other benefits based on 2022 existing rates.
4. Management will implement a performance based salary adjustment effective Pay Period 1 in January 2022. Approximately 3% of total salary is budgeted to cover for the 2022 salary increase. A baseline adjustment has been assumed at 1% for all employees, additional percentage incentive increase will be based on individual performance and the maximum amount budgeted salary increase. The HACM's Performance Management & Appraisal System and the Variable Pay Incentive Plan Policy will govern the implementation.
5. Management will continue implementing an incentive payout. Though no dollar amount is built into the 2022 budget for lump-sum incentive payment, management plans to allocate incentive pay of up to 3% of the total salary budget subject to funding availability to be determined at the end of 2021. The incentive will be awarded based on the achievement of organizational goals and individual performance. The HACM's Performance Management & Appraisal System and the Variable Pay Incentive Plan Policy will govern the implementation of the incentive pay out.

Central Office Cost Center (COCC) (Pink)

1. Housing Portfolio:
 - Total Housing Units Budgeted: 5,109
 - o Public Housing – ACC Units: 2,392
 - o Unsubsidized Housing (BNS): 980
 - o Tax Credit Projects: 1,737
 - Total Section 8 Vouchers: 7,710
2. Total Headcount: 66
 - Executive/Housing Management: 16
 - o Includes 4 Travaux employees paid from the property management fee
 - o Includes 1 employee charged 20% to Housing Management and 80% to grants
 - o Includes 1 employee charged 30% to Housing Management and 70% to Public Housing
 - Accounting: 7
 - Procurement: 5
 - Human Resources: 3
 - Information Technology: 4
 - Modernization & Development: 2
 - Maintenance Operations: 33
 - o Includes 3 contractual employees
 - o 12 Travaux employees
3. Total Headcount for employees budgeted under grants: 12
 - Executive/Housing Management: 3
 - o This includes 1 employee that is charged 20% to Housing Management and 80% to grants
 - Tenant Services: 9
4. Variances
 - Revenue
 - o There is an increase in budgeted revenue in 2022 due an increase in central maintenance revenue. The Tax Credit properties and Unsubsidized Housing will use central maintenance a lot more as Housing Authority managed properties, as in the past, Friends of Housing used outside vendors.
 - Expenses
 - o As employees in the Central Office Cost Center resigned or retired, some of those positions were not replaced. These are factors in 2020 administrative costs being higher than budgeted in 2022. Other factors that contributed to the increase in cost for 2020 are Covid-19 expenses.
 - o With an increase in demand and keeping up with vacancies, central maintenance added over \$1,000,000 to their budget for temporary workers.

Budget Summary:	BUDGET		ACTUAL	BUDGET 2022 VARIANCE	
	2022	2021	2020	VS BUD '21	VS. ACT '20
				INCREASE (DECREASE)	
Total Revenues	11,148,589	9,869,458	9,342,203	1,279,131	1,806,386
				11%	16%
Operating Expenditures:					
Administration	6,224,330	6,001,175	7,237,612	223,155	(1,013,282)
Tenant Services	169,449	169,174	31,329	275	138,120
Utilities	77,765	81,131	110,954	(3,366)	(33,189)
Ordinary maintenance	4,137,742	2,865,298	2,957,956	1,272,443	1,179,786
General expenses	136,913	138,035	119,085	(1,122)	17,828
Total	10,746,198	9,254,813	10,456,935	1,491,385	289,263
				14%	3%
Income(Loss) from Operations	402,391	614,645	(1,114,732)	(212,253)	1,517,123
Transfer from Reserve	0	0	0		
Net Cash Flow	402,391	614,645	(1,114,732)		

Section 8 Rent Assistance Program (RAP) (Blue)

1. Number of Vouchers: 7,710
 - Housing Choice Vouchers – 5,557
 - Project Based Vouchers - 650
 - Veteran Affairs Supportive Housing (VASH) – 273
 - Rental Assistance Demonstration (RAD) Project-based Vouchers – 1,084
 - Foster Youth to Independence (FYI) Voucher – 25
 - Emergency Housing Vouchers – 121
 - Budget vouchers in 2021 budget – 7,407
2. Average Lease up – 93%
 - Housing Choice Vouchers – 85%
 - Project Based Vouchers – 95%
 - Veteran Affairs Supportive Housing (VASH) – 90%
 - Rental Assistance Demonstration (RAD) Project-based Vouchers – 95%
 - Foster Youth to Independence (FYI) Voucher – 90%
 - Emergency Housing Vouchers – 97%
3. Administrative Fee Funding Level – 84%
4. Management Fee paid to COCC - \$800,000
5. Staffing Level:
 - Total Head Count: 37
 - o Direct HACM: 35
 - o City assigned: 2
6. Section 8 received \$1,536,408 in CARES Act funds. \$326,282 was recognized in 2020 and the remaining \$1,210,126 will be recognized by the end of 2021.
7. Variances
 - Expenses
 - o There are five more budgeted positions in 2022 than in 2021.

Budget Summary:	BUDGET		ACTUAL	BUDGET 2022 VARIANCE	
	2022	2021	2020	VS BUD '21	VS. ACT '20
				INCREASE (DECREASE)	
Total Revenues	4,442,626	3,992,816	3,737,004	449,810	705,622
Operating Expenditures:					
Administration	4,247,119	3,771,259	4,242,475	475,859	4,644
Ordinary Maintenance	53,700	8,950	42,656	44,750	11,044
General Expenses	141,746	132,645	108,651	9,100	33,095
Total	4,442,564	3,912,855	4,393,782	529,710	48,782
				11.92%	1.10%
Net Income	61	79,961	(656,778)	(79,900)	656,839
Transfer from Reserve	0	0	656,778	0	(656,778)
Excess Cash	61	79,961	0	(79,900)	61

Unsubsidized Housing - Berryland, Northlawn & Southlawn (Yellow)

1. Number of Rental Units: 980
 - Housing Authority managed
2. Average Lease up: 95%
3. Budgeted dwelling rent is based on current rents. Rental rates will increase by \$20 as tenants renew their lease, but to be conservative, the increase was not built in the 2022 budget.
4. The budget includes a line item for extraordinary maintenance of \$585,715 to continue work on improving units at these developments.
5. Variances
 - Expenses
 - o Expenses were budgeted higher in 2022 so that the Housing Authority can assess how much is needed to operate these developments.

Budget Summary:	BUDGET		ACTUAL	BUDGET 2022 VARIANCE	
	2022	2021	2020	VS BUD '21	VS. ACT '20
				INCREASE	(DECREASE)
Total Revenues	7,983,868	7,952,971	7,783,698	30,898	200,170
Operating Expenditures:					
Administration	1,489,029	1,428,349	1,314,762	60,680	174,267
Utilities	937,356	873,049	902,941	64,307	34,415
Ordinary maintenance	2,101,465	1,753,960	1,250,409	347,505	851,056
Protective services	84,649	91,835	113,121	(7,187)	(28,472)
General expenses	1,571,848	1,574,209	1,378,000	(2,362)	193,848
Total	6,184,346	5,721,403	4,959,233	462,944	1,225,114
Income(Loss) from Operations	1,799,522	2,231,568	2,824,465	(432,046)	(1,024,944)
Extraordinary maintenance	585,715	862,865	364,691	(277,150)	221,024
Debt service	815,000	790,000	765,000	25,000	50,000
Replacement reserves	294,000	294,000	294,000	0	0
Net Cash Flow	104,807	284,703	1,400,774	(179,896)	(1,295,968)

Public Housing (LRPH) (White)

1. Number of ACC Units in the 2022 budget – 2,392
 - Housing Authority managed – 2,392
2. Average Lease up – 98%
3. Funding Level – 95%
4. Operating Subsidy is calculated based on funding for 2021
5. Staffing Level
 - Total Head Count: 71
 - o Direct Public Housing Employees: 51
 - HACM: 29
 - City: 7
 - Travaux: 15
 - o Allocated Staff: 20
 - Housing Intake: 4
 - Public Safety: 12
 - Legal Pool: 1
 - Rent Collection: 2
 - Mail Delivery: 1
 - 70% of this employee's salary and benefits are charged to Public Housing and 30% is charged to COCC
6. \$1,500,000 of capital funds will be allocated for Public Housing extraordinary maintenance costs.
7. Variances
 - Revenue
 - o When comparing the 2022 budget with the 2021 budget, there is a loss of income. The Housing Authority is expecting to get less capital funds due to RAD conversion.
 - o When comparing to 2020 actuals, rent is budgeted at 98% occupancy and the occupancy for 2020 was 91%.
 - Expenses
 - o There is a decrease in maintenance expenses in the 2022 budget when being compared to the 2021 budget because some of the costs will be funded using capital funds.
 - o Protective services costs were higher in 2020 when being compared to the 2022 budget because some of the public safety personnel were temporary employees, which are not in the budget for 2022.

Budget Summary:	BUDGET		ACTUAL	BUDGET 2022 VARIANCE	
	2022	2021	2020	VS BUD '21	VS. ACT '20
	INCREASE (DECREASE)				
Total Revenues	17,762,639	17,966,291	17,373,446	(203,651)	389,193
				-1.15%	2.19%
Operating Expenditures:					
Administration	5,498,990	5,535,687	5,571,391	(36,697)	(72,401)
Tenant Services	245,502	235,648	216,685	9,854	28,817
Utilities	3,409,634	3,351,883	3,253,233	57,751	156,401
Ordinary maintenance	6,154,625	6,470,517	6,064,682	(315,892)	89,944
Protective services	836,256	749,406	1,157,367	86,850	(321,111)
General expenses	1,555,266	1,603,039	1,148,477	(47,773)	406,789
Total	17,700,273	17,946,179	17,411,834	(245,906)	288,439
				-1.39%	1.63%
Income(Loss) from operations	62,366	20,111	(38,388)	42,255	100,754
Transfer from Reserve	0	0	38,388	0	(38,388)
Excess Cash	62,366	20,111	(0)	42,255	62,366
Extraordinary Maintenance*	1,499,993	210,000	0	1,289,993	1,499,993

* Paid through Capital Fund Grant

Affordable (Mixed Finance) (Green)

1. Number of Units in the 2022 budget –1,737
 - Housing Authority Managed: 1,700
 - Capri Senior Community Managed: 37
2. Budgeted Occupancy – 98%
3. Staffing Level
 - Total Head Count: 29
 - o Portfolio Managers: 2
 - o Housing Managers: 1
 - o Assistant Housing Managers: 7
 - o Administrative Senior Specialist: 2
 - o Lead Maintenance Specialist: 2
 - o Maintenance Specialist: 5
 - o Maintenance Assistant: 3
 - o Leasing & Compliance Manager: 5
 - o Compliance Specialists: 2
4. Budgeted dwelling rent assumes an average 2% increase. HUD published the 2022 Operating Cost Adjustment Factor for the state of Wisconsin at 3.3% for RAD PBV contract increases.
5. The budget includes a line item for extraordinary maintenance of \$127,990 which will be funded through withdraws from replacement reserve for capital improvement projects.
6. Under the latest HUD RAD Notice Revision 4 (H 2019-09 PIH 2019-23) Section 1.6(D)(2) requires the Project Owner to submit to the administering Public Housing Authority's Board the operating budget for the covered project annually to confirm the Project Owner is making deposits into the Reserve for Replacement account in accordance with the RAD Conversion Commitment (RCC) as well as assess the financial health of the Covered Project.

Below is the list of all the RAD Project-based Voucher projects and their annual deposit to replacement reserve (ADRR).

Development	2022 ADRR Budget
Becher Court	\$68,280
Cherry Court	\$ 34,779
Convent Hill	\$ 23,185
Highland Gardens	\$ 33,040
Holton Terrace	\$65,564
Lapham Park	\$ 77,724

Merrill Park	\$ 39,338
Olga Village	\$10,503
Scattered Sites Tax Credit I	\$ 10,267
Scattered Sites Tax Credit II	\$ 10,573
Victory Manor	\$ 20,867
Westlawn Gardens Scattered Sites	\$10,433
Westlawn Renaissance (East)	\$ 207,615
Westlawn Renaissance III	\$ 30,815
Westlawn Renaissance IV	\$18,000
Westlawn Renaissance VI	\$42,645