

Statutory

<u>Desired Outcome</u>	<u>PHAS Score as of 12/31/2022</u>	<u>Required Score</u>
By the next PHAS assessment that is at least 12 months after the initial notice of the troubled performer designation, improve performance by at least 50 percent of the difference between the initial PHAS assessment score that led to the troubled performer status and the score necessary to remove the PHA's designation as a troubled performer.	53	56
By the next PHAS assessment that is at least 24 months after the initial notice of the troubled performer designation, improve performance and achieve an overall PHAS score of at least 60.	53	60

Performance Requirements

<u>Targeted Accomplishment Date</u>	<u>Actual Accomplishment Date</u>
<p>HACM shall improve its performance by at least 50 percent of the difference between the initial PHAS assessment score that led the the Troubled designation and the score necessary to remove the PHA's Troubled designation by the first PHAS assessment for fiscal years ending on or after December 31, 2025.</p>	
<p>HACM shall reflect improvement in its performance and achieve an overall PHAS score of at least 60 percent of the total points available by the next sequential fiscal year PHAS assessment.</p>	

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HUD Remedies

Failure to achieve an improvement of at least 50 percent of the difference between the initial PHAS assessment score and the score necessary to remove the PHA's designation as a troubled performer will result in a referral to the Assistant Secretary to determine such remedial actions, consistent with the provisions of the ACC and other HUD regulations, including, but not limited to, remedies available for substantial default.

Failure to achieve an improved score of at least 60 will result in a referral to the Assistant Secretary to determine such remedial actions, consistent with the provisions of the ACC and other HUD regulations, including, but not limited to, remedies available for substantial default.

	<u>Determination from Assessment</u>
<u>Item Number</u>	<u>Root Cause</u>
GOV-01	Board oversight of management is not sufficient to ensure HACM achieves its objectives and mission.
GOV-02	Failure to have a fully constituted Board of Commissioners since at least 2019.

GOV-03	The HACM Board of Commissioners noncompliance with HA1937, Wisconsin State Statutes and HACM Bylaws regarding number of Resident Commissioners on the board.
GOV-04	An overly complex governance structure involving multiple instrumentalities that have limited and/or poorly defined oversight by the HACM Board of Commissioners. Poorly defined or non-existent HACM policy on the authority to appoint and remove members to instrumentalities boards. Poorly defined or non-existent HACM policy regarding instrumentality responsibilities to report or provide information to the HACM Board of Commissioners. Poorly defined or non-existent HACM policy on the scope of authority for instrumentalities and their boards.

GOV-05

An overly complex governance structure involving multiple instrumentalities that have limited and/or poorly defined oversight by the HACM Board of Commissioners. Poorly defined or non-existent HACM policy on the scope of authority for instrumentalities and their boards. Lack of clear organizational structure that outlines lines of authority and responsibility for HACM and Instrumentality staff.

GOV-06

Inaccurate, inadequate and poor quality information and reports provided by HACM leadership to the HACM Board. Reports to the Board that contain misleading information that misrepresents the financial or operational condition of the agency and/or programs being administered.

<p>GOV-07</p>	<p>HACM does not have a comprehensive or adequate asset management policy and strategy. The board does not receive sufficient or adequate information in order to provide governance oversight of the Asset Management of the HACM property portfolio.</p>
<p style="background-color: #ADD8E6;"></p>	
<p style="text-align: center;"><u>Determination from Assessment</u></p>	
<p><u>Item Number</u></p>	<p><u>Root Cause</u></p>
<p>MGMT-01</p>	<p>The 2022 PHAS assessment reflects low occupancy scores at some HACM properties that warrant significant improvement including Locust Court (WI002000015) and Lincoln Court (WI002000019).</p>
<p>MGMT-02</p>	<p>Excessively high TARs balances are reflected at Becher Court (WI00200018), Park Lawn (WI002000007), and Scat Site Hope VI Cherry (WI002000063). TARs is a measure of tenants accounts receivable of a project against tenant charges (rents and other charges to tenants such as court costs, maintenance cost, etc.) for a project's fiscal year. Per FIN-04 HUD has determined that HACM has been under-reporting TARS balances which prevents the agency and HUD from properly evaluating TARS and developing a plan to address the issue.</p>

The HACM Board of Commissioners is unable to exercise effective oversight of the agency's operations, and is unable to manage the agency's financial resources, and making appropriate oversight of the agency's operations.

Desired Outcome and Measures

The HACM Board of Commissioners is ready, willing, and able to exercise effective oversight of HACM, as evidenced by improved overall PHAS scores. Effective oversight includes setting policy, approving budgets, ensuring sound financial management and monitoring the overall performance of the agency. Oversight will also include supervision of and direction to the Executive Director of HACM.

HACM Board of Commissioners is fully constituted and in compliance with the Housing Act of 1937, HUD regulations, applicable Wisconsin State Statutes and the HACM Bylaws.

The HACM Board of Commissioners consists of at least two resident board member as required by HA1937, HACM bylaws and State PHA governance statutes.

Clear policies are implemented regarding the scope of authority for instrumentalities and their boards. Bylaws for HACM and its Instrumentalities that clearly define the board structure for each instrumentality including details on the authority to appoint and remove board members from each instrumentality.

Clear policies are implemented regarding the scope of authority for instrumentalities, their boards and staff. Clear organizational structures outlining lines of authority are implemented that define the responsibilities and duties of HACM and instrumentality staff.

The Board of Commissioners receives timely and accurate reports that contain sufficient detail to allow the board to provide effective oversight to the agency and HUD programs.

HACM develops and implements a data driven Asset Management policy and process.

The Board receives adequate and timely information in order to provide oversight of the Asset Management of the HACM properties.

Desired Outcome and Measures

The occupancy rate at all properties is increased or maintained at least to 96% MASS occupancy.

HACM maintains an overall 96% MASS occupancy across HACM's portfolio (16 points).

HACM will decrease the outstanding total TARS balance to bring the MASS TARS ratio to at least 2.5% or better at each property receiving a PHAS score. HACM will implement a comprehensive rent collection process across all properties to ensure consistent rent collection and to improve the timeliness of rent collection.

WI002-HACM Sustainability Plan: Governance

to meet its oversight role or responsibilities for a complex, large public housing authority. The HACM Board of Commissioners shall make oversight decisions so that the PHA achieves its objectives and mission. The HACM Board of Commissioners shall also ensure that the HACM Board of Commissioners and the opportunity

Tasks to Accomplish Desired Outcomes

The HACM Board of Commissioners shall procure training that provides an overview of their legal and fiduciary responsibilities for HACM's HUD programs. It should include a section on performance metrics, finances, and controls that can be used to measure HACM and its instrumentalities' performance. HACM's leadership team must also attend this training. A list of attendees and training certifications if applicable must be provided to our office.

- A) Provide a list of HACM Board of Commissioners with contact information including title, address, phone, and email along with terms.
- B) Update IMS-PIC with Commissioner contact information and term expiration dates.
- C) HACM Board of Commissioners will consist of seven (7) members per WI Statutes.
- D) Six months prior to the expiration of a Commissioner's term, the Board chair will instruct the Executive Director to contact the Mayor's Office to inform them of the pending vacancy. A copy of this notice will be provided to the HUD field office.

- A) The Board chair will ensure two resident board members are appointed.
- B) Resident Commissioners will be identified on lists provided to HUD and IMS-PIC contact information

- A) The Bylaws for HACM are amended to include a section that clarifies the responsibilities of the Board of Commissioners over all instrumentalities created by the agency. A copy of the amended Bylaws will be provided to HUD.
- B) HACM provides a list of all instrumentalities created by the agency per Section 3(b)(6) of the 1937 Act, 24 CFR 5.100 and PIH Notice 2007-15.
- C) The Bylaws for each instrumentality created by HACM will be amended to include the following items:
 - 1) The scope of authority or responsibilities for the instrumentality as delegated by the HACM Board of Commissioners
 - 2) Identify how instrumentality board members are appointed, their terms and how members can be removed.
 - 3) Identify the instrumentality's responsibility to report to the HACM Board of Commissioners through written reports including the required reporting timeframes.

A) HACM shall review and analyze the organizational structure of HACM and its instrumentalities to identify overlapping, missing or unclear lines of authority. The review should also analyze the staffing of HACM and its instrumentalities to identify areas of responsibility that are overlapping, missing or unclear. This analysis should also evaluate the role of HACM or instrumentality staff in the oversight of the various HUD programs administered by the agency. It shall consider staffing levels, capabilities, and competencies with a focus on ensuring sufficient staff and resources are properly allocated. The analysis and review shall be submitted to our office and shared with the HACM Board of Commissioners.

B) HACM will develop and implement a plan to clarify lines of authority in the organization, its instrumentalities and the various HUD programs. The plan will include a timeline for implementation any organizational changes identified by the analysis. The plan shall be submitted to our office and shared with the HACM Board of Commissioners.

C) HACM shall submit a cost allocation plan for HACM and Travaux staff. HACM shall develop a system to cost allocate HACM and Travaux payroll by program and property. This is also required by FIN-04.

A) Reports and information provided to the Board of Directors will contain accurate and complete information regarding the management and financial operations of the agency.

B) The HACM board will be provided copies of all reports and information provided to the boards of all instrumentalities. The HACM Board will also be provided the minutes from all instrumentality Board meetings.

C) HACM shall submit to HUD the agenda and supporting materials for the HACM Board of Commissioners and all instrumentality Board of Directors meetings. These materials must be provided to our office for the first 3 months of 2025; and, thereafter on a quarterly basis (Jan 1, Apr 1, July 1, and Oct 1).

D) It is highly recommended that the Travaux Board of Directors contain at least one member who is also a member of the HACM Board of Commissioners.

A) HACM must develop and implement a comprehensive data-driven asset management policy and strategy which includes: detailed property condition assessments, tenant feedback and analysis, financial data on operating costs, revenue and capital requirements, and regulatory compliance.

B) HACM management will provide reports at least quarterly to the Board for each property on key performance metrics including the physical condition based on NSPIRE standards, revenue and operating expenses, capital requirements and regulatory compliance. For any properties with failing HUD inspections the report will include status of repairs and/or capital improvements necessary to improve the condition of the property.

WI002-HACM Sustainability Plan: Management

HACM management is not providing high-quality public housing, accurate

Tasks to Accomplish Desired Outcomes

A) HACM shall submit to our office Occupancy Action Plans (OAP) for each development below 96% MASS occupancy as of December 2024. The OAP should include the following elements:

- i) Assess the realistic time needed to turn units after a vacancy.
- ii) Evaluate the number of families that need to be pulled from the waiting list to achieve a successful lease-up. This should include an evaluation of the adequacy of the waiting list.
- iii) Evaluate if project-specific waiting list preferences would improve occupancy rates.

B) As part of its CFP Five Year Action Plan, HACM must develop a Vacancy Reduction Program (identify physical improvements to remedy a defined vacancy problem but excluding costs for vacant unit turnaround such as painting, cleaning and minor repairs) for each development below 96% MASS occupancy.

C) HACM must maintain its overall 96% MASS occupancy average including submitting unit modernization requests to our office. Unit modernization requests in addition to identifying work activities and force account or contract labor must accurately reflect the timeline necessary to conduct modernization activities.

Please also see PHYS-08.

1) HACM shall provide an accurate reporting of WI002's tenant accounts receivable balances for the 2022 and 2023 fiscal year ends.

2) HACM shall provide a copy of their standardized rent collection process. This process must include details on how rent is collected, how it is credited to the residents accounts, and what is the process that is followed for failure to pay.

3) HACM must decrease its the tenant accounts receivable (TARs) ratio to 2.5% for each property that is PHAS scored.

ing agency. The HACM board is tasked with oversight of the organization
 CM mission is to provide a continuum of high-quality housing options that
 nity to thrive.

<u>Targeted Accomplishment Date</u>	<u>Person/Entity Responsible for Completion</u>
A) Training procured by April 30, 2025 B) Training completed by December 31, 2025	The HACM Board of Commissioners
A) January 31, 2025 B) January 31, 2025 C) June 30, 2025 D) Beginning with implementation of this plan.	The HACM Board of Commissioners

- A) June 30, 2025
- B) January 31, 2025

The HACM Board of Commissioners

- A) April 30, 2025
- A) April 30, 2025
- C) June 30, 2025

The HACM Board of Commissioners

- A) April 30, 2025
- B) June 30, 2025
- C) See FIN-04

The HACM Board of Commissioners

- A) Ongoing, but no later than January 31, 2025
- B) Ongoing, but no later than January 31, 2025
- C) Ongoing, but no later than January 31, 2025
- D) June 30, 2025

The HACM Board of Commissioners /
Executive Director

<p>A) May 31, 2025 B) June 30, 2025</p>	<p>Executive Director / Maintenance Director</p>
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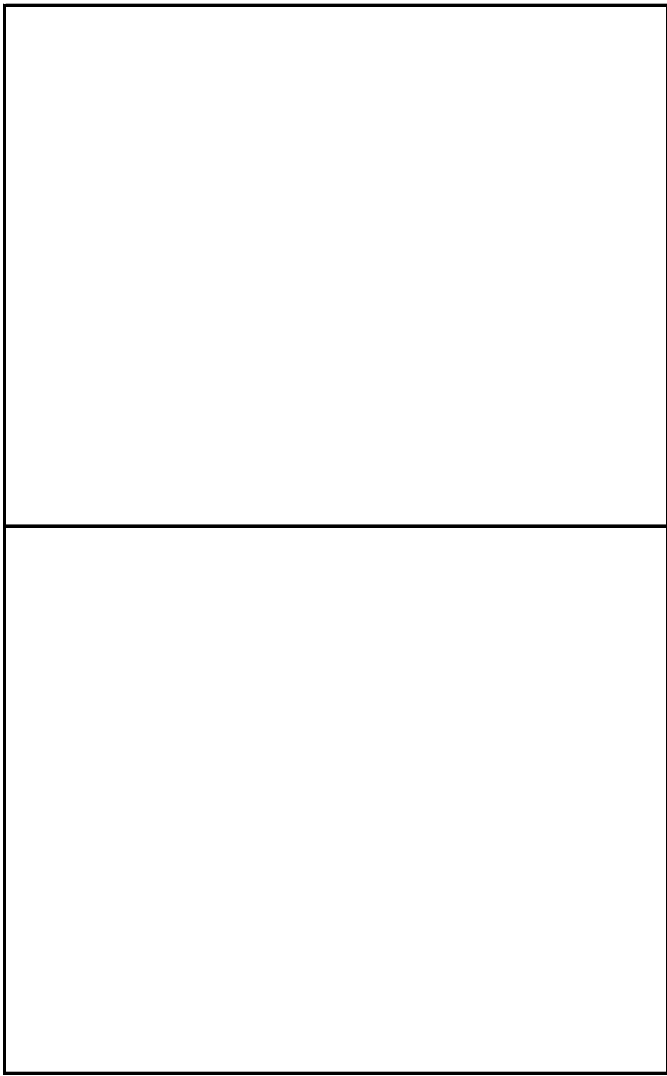


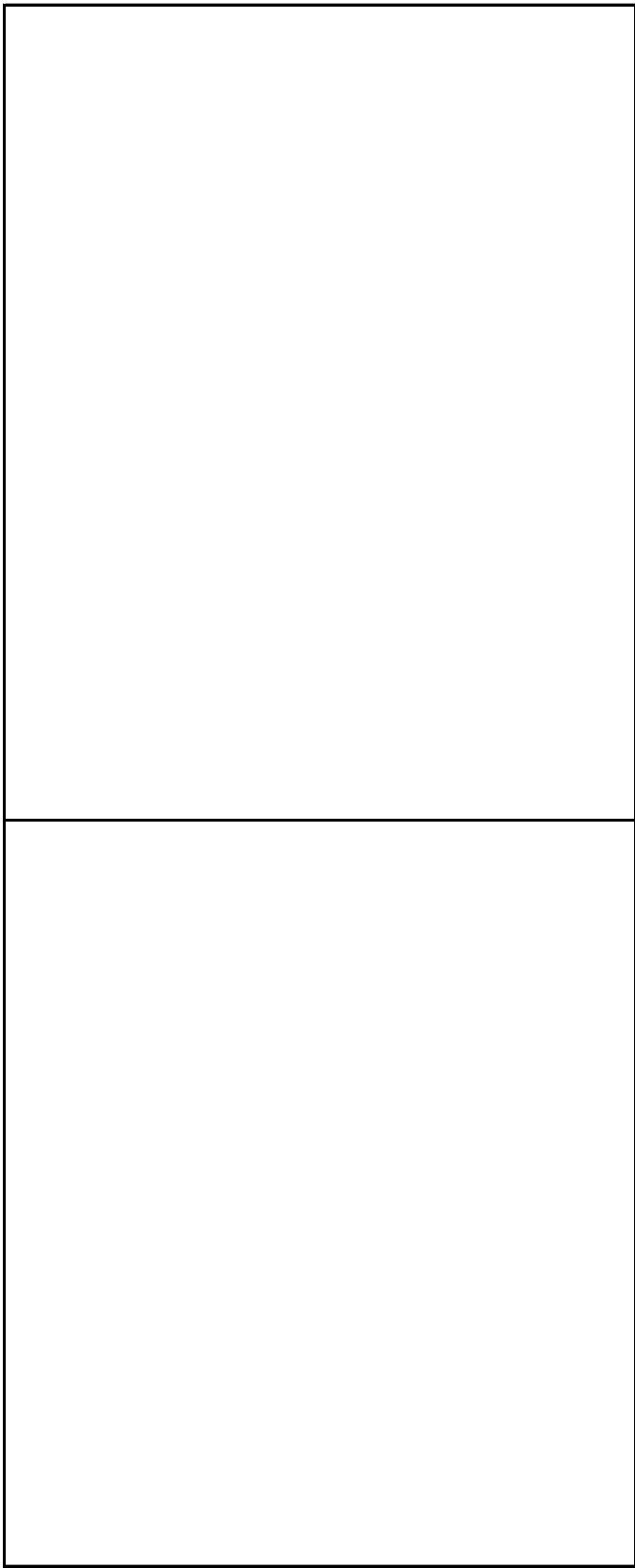
te financial reporting, or compliance with HUD program regulations.

<p><u>Targeted Accomplishment Date</u></p>	<p><u>Person/Entity Responsible for Completion</u></p>
<p>A) March 1, 2025 B) June 30, 2025 C) Ongoing, and through December 31, 2026</p>	<p>Executive Director</p>
<p>1) March 31, 2025 2) March 31, 2025 3) Ongoing, and through December 31, 2026</p>	<p>Executive Director</p>

's operations, providing constructive criticism
t support self-sufficiency, good quality of life,

Comments/Accomplishments





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<u>Comments/Accomplishments</u>
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	<u>Determination from Assessment</u>
	<u>Root cause</u>
FIN-01	HACM does not employ enough individuals with the appropriate skills, knowledge and expertise to prepare its financial statements and related account reconciliations. Key positions in the financial staff have remained unfilled for significant time periods (Chief Financial Officer).

FIN-02	Failure to prepare and present accurate financial reports for HACM Board, senior management, HUD and other HACM stakeholders which resulted in a disclaimer of opinion on the audit for 2022. Inaccurate financial reporting for audit and HUD financial submissions including material misstatements on financial reports.
FIN-03	Inaccurate reporting of cash positions in financial reports to the Board, audit and HUD.
FIN-04	Failure to prepare and present accurate financial reports for HACM Board, senior management, HUD and other HACM stakeholders which resulted in a disclaimer of opinion on the audit for 2022. Inaccurate financial reporting for audit and HUD financial submissions including material misstatements on financial reports.
FIN-05	The lack of communication between departments and staff prevents HACM accounting staff from collecting the required data and information to accurately allocate expenses between the public housing program, affordable housing developments, and market rate developments.

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HACM's financial management is not meeting requirements for financial statements, n

Desired Outcome and Measures

HACM has financial staff that have the appropriate skills, knowledge and expertise to prepare timely and accurate financial statements and related account reconciliations. All financial positions are staffed and there are sufficient staff to accomplish financial reporting and oversight of the authority.

HACM implements a policy, procedure and/or system for accurately and timely preparing financial reports for the HACM Board, senior management, HUD and other stakeholders. The financial policy and procedure includes a process to conduct quality control reviews of financial reports and staff.

HACM accurately reports the cash position for all programs administered by the authority.

HACM prepares accurate and timely financial reports for the HACM Board, senior management, HUD and other stakeholders for the 2022 and 2023 HACM Fiscal Years.

HACM determines a reasonable methodology for cost allocating all of its shared costs and incorporates said methodology into a Cost Allocation Plan that HACM follows when charging costs to HUD programs and all other benefitting programs.

002-HACM Sustainability Plan: Financial Indicator (FASS)

...ing requirements under Federal regulations nor the needs of the organization. Root causes
...ot maintaining sufficient financial management or accounting staff, and an inability to maint

<u>Tasks to Accomplish Desired Outcomes</u>	<u>Targeted Accomplishment Date</u>
<p>A) HACM shall analyze financial staffing levels and skills gaps. HACM shall ensure existing accounting staff have sufficient competencies to report in HUD systems, correctly make accounting entries and prepare financial reports. Where staffing levels deficiencies are found, HACM shall conduct a search for additional staff. HACM shall ensure new hires have sufficient competencies and/or provide sufficient training. This analysis must be submitted to our office and shared with the HACM Board of Commissioners.</p> <p>B) HACM shall conduct a search for a Chief Financial Officer, who is of sufficient competence to lead and provide oversight of HACM accounting staff. HACM will ensure amongst other duties that the CFO will report data that is accurate, journal and general ledger entries are correct, and financial reports are timely and accurate.</p> <p>C) HACM shall conduct performance evaluations on all fiscal staff. Evaluations should include measurable metrics regarding financial reporting.</p>	<p>A) April 30, 2025 B) June 30, 2025 C) August 31, 2025 and ongoing at least annually</p>

<p>A) HACM conducts a review of all current financial policies and procedures to determine improvements, changes and missing requirements. This review will be provided to the HUD field office.</p> <p>B) HACM amends or develops financial policies and procedures to implement the changes and improvements identified in step A. The revised or developed financial policies and procedures will be provided to the HUD field office.</p> <p>3) HACM shall develop and implement a quality control process to ensure future financial reporting is accurate. The quality control process will be provided to the HUD field office.</p>	<p>A) March 31, 2025 B) June 30, 2025 C) June 30, 2025</p>
<p>HACM shall provide our office bank statements that tie to the amount of Low Rent Public Housing cash reported on WI002's 2022 and 2023 FDS (aka FASS-PH) submissions.</p>	<p>April 30, 2025</p>
<p>A) HACM shall provide an accurate reporting of WI002's accounts payable balances for the 2022 and 2023 fiscal year ends.</p> <p>B) HACM shall provide an accurate reporting of WI002's tenant accounts receivable balances for the 2022 and 2023 fiscal year ends.</p>	<p>A) April 30, 2025 B) April 30, 2025</p>
<p>Submit a cost allocation plan for HACM, Travaux, and other instrumentalities to our office. HACM shall develop a system to cost allocate HACM and its instrumentalities by program and property. This is also required by GOV-04.</p>	<p>April 30, 2025</p>

s include a lack of control activities that ensure accurate, current, and complete financial
ain data and information to ensure accurate cost allocations.

<u>Person/Entity Responsible for Completion</u>	<u>Comments/Accomplishments</u>
Executive Director	

Executive Director / HACM Financial Staff

Executive Director / HACM Financial Staff

Executive Director / HACM Financial Staff

Executive Director / HACM Financial Staff

	<u>Determination from Assessment</u>
	<u>Root Cause</u>
PHYS-02	HACM's maintenance program does not ensure public housing units meet the physical needs of the property and comply with NSPIRE standards. HACM does not have an accurate system to track the process of work orders or the timeframe for completing work orders. There is not an adequate system to conduct quality control reviews of completed work orders by HACM maintenance staff or an adequate system to provide oversight for contracted repairs and maintenance.
PHYS-03	The maintenance program doesn't have an adequate process for correcting Health and Safety deficiencies within required timeframes. HACM does not have a maintenance system to identify and correct life threatening deficiencies as 223 health and safety deficiencies were observed in the 2024 calendar year physical inspections using NSPIRE standards.

PHYS-04	HACM management and staff were unaware of the preventative maintenance plan and do not implement its use across the organization.
PHYS-05	The maintenance program has a written preventative maintenance plan that covers the annual inspection process for public housing units. HACM could not demonstrate that the inspections were being conducted or that HACM staff implemented the plan.
PHYS-06	HACM does not have a process, system or schedule to track supplies and equipment or to conduct regular inventory of such. 2 CFR 200.302(b)(4) requires that in order to demonstrate effective internal control in managing Federal awards, HACM must have: "Effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes."
PHYS-07	HACM does not have a standardized operating procedure for the unit-turn process that enables public housing units to return to occupancy in a timely fashion after a tenant moves out.

PHYS-08

HACM's 2022 PHAS assessment score reflects failing PASS scores for some individual HACM developments including:
Parklawn (WI002000007): 59c,
Milwaukee (WI002000010): 44c,
Locust Court (WI002000015): 44c,
Scattered Sites North and West (WI002000016): 45c,
Highland Homes (WI002000060): 54c,
Scattered Sites South (WI002000061): 48c,
and Scattered Site Hope VI Cherry (WI002000063): 54c,
based on scores out of 100 points.

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HACM does not have adequate management of physical assets and
understanding of the public housing code.

Desired Outcome and Measures

Work orders, preventative maintenance and repairs are completed in a timely manner to ensure all units meet the NSPIRE standards. HACM implements a system to perform quality control of work orders, preventative maintenance and repairs.

Health and safety or Life Threatening and Severe (LTS) deficiencies identified by HACM or HUD inspections are corrected within the timelines specified in PIH Notice 2023-16. HACM preventative maintenance plan and schedule address LTS deficiencies so that instances of LTS deficiencies from HUD inspections are reduced.

A preventative maintenance plan is in place for all properties. The property management and maintenance staff are aware of and follow the preventative maintenance schedule. HACM conducts quality control reviews to ensure that the preventative maintenance plan is properly followed.

The property management and maintenance staff are aware of and follow the preventative maintenance and inspection schedule. An annual inspection of every unit using the NSPIRE standards is conducted by HACM and the authority maintains a record of completion of the inspection.

HACM has an inventory control system in place and conducts inventories as per requirements under Federal regulations. See 2 CFR 200.302(b)(4); 2 CFR 200.313; 2 CFR 200.314.

HACM develops and implements a unit turn around process that enables public housing units to return to occupancy no later than 45 days of vacancy.

HACM does not have any properties that score less than 60 points on PASS or on inspections from HUD/REAC.

Any properties that do receive a PASS score less than 60 are prioritized for repairs or capital improvements to improve their inspection scores.

VI002-HACM Sustainability Plan: Physical Indicator (PASS)

sets to ensure the provision of safe, decent, and sanitary housing. Addressing property's capital needs, lack of a preventative maintenance

Tasks to Accomplish Desired Outcomes

A) Evaluate the current work order process to ensure it adequately tracks work orders and contracted repairs for both adequacy of the work and timeframes for completion and make changes to current processes based on the evaluation. This process should rely on HACM management oversight and not reporting from tenants. A report of the evaluation is provided to the HUD field office.

B) HACM shall develop a formal quality control procedure for completed work orders with a focus on staff accountability. Quality control procedures should relate specifically to mitigation of inspection deficiencies and completion of preventative maintenance work by HACM and instrumentality staff, vendors and contractors. Key to this procedure is HACM's ability to successfully utilize Yardi's work order tracking and reporting features. As a result, HACM should work closely with its software vendor to procure training and/or technical assistance.

C) HACM must develop a process to randomly sample tenant satisfaction with work order completion and submit this process to the HUD office.

A) Develop a post-inspection procedure to prioritize LTS deficiencies that are cited from NSPIRE inspections or HACM inspections. The procedure must specify a timeframe to correct the deficiencies that meets PIH Notice 2023-16 and a process for quality control of the repairs. This procedure must be submitted to our office.

B) The preventative maintenance plan and schedule developed in PHYS-03 contains specific procedures for addressing LTS deficiencies within required timeframes.

A) The current preventative maintenance plan is evaluated to ensure adequacy and applicability to all HACM properties. A report of the evaluation is provided to the HUD field office.

B) HACM shall develop a schedule of maintenance derived from the preventative maintenance plan for each property. This schedule will direct efforts in maintaining HACM's properties and grounds. This schedule of maintenance items must be submitted to our office.

C) HACM shall provide training to all executive leadership, asset management staff, and maintenance staff on the preventative maintenance plan. A list of attendees shall be provided to the HUD office.

A) HACM must develop an inspection process or procedure specific to meet the NSPIRE annual inspection requirement. This process will not rely on or be associated with the existing move-in/move-out process or procedure. This process or procedure must be submitted to our office.

B) Develop an inspection checklist that incorporates the NSPIRE standards or use the NSPIRE inspection checklist as provided by HUD. HACM's inspection checklist must be submitted to our office.

C) HACM shall procure pre-REAC inspections by a third party vendor or contractor.

A) HACM develops and implements an inventory control policy and system that includes a schedule for the inventory of supplies and equipment. The policy and system will be provided to the HUD field office.

B) HACM will develop and use an Equipment Roster that records the required data elements for tracking equipment per 2 CFR 200.313(d)(1).

C) HACM will develop and implement a quality control process to ensure accurate and timely inventory of supplies and equipment.

A) The current unit turn process is evaluated to determine deficiencies and improvements that are needed to meet a 45 day turn time. The results of the evaluation will be provided to the HUD field office.

B) HACM develops a unit turn policy and procedure that includes clear objectives, defined steps, and realistic metrics. The process includes tracking units from when they become vacant until they are rent-ready in order to determine if meeting the 45-day turnaround timeframe. (The tracking should provide clear distinction between when the unit is rent-ready and when the unit is re-occupied)

C) HACM will develop and implement a quality control process to ensure rent-ready units meet the NSPIRE standards and turn-around timeframes meet the 45 day goal.

- A) Conduct HUD required annual inspections on all public housing properties to identify all physical deficiencies and develop a plan to cure all deficiencies prior to the next NSPIRE physical inspection of the property by REAC.
- B) HACM will contract with a knowledgeable vendor to conduct a physical needs assessment for all properties.
- C) HACM will ensure a physical needs assessment is completed.
- D) For any development scoring less than 60% on its individual physical inspection included in the next PHAS assessment released for fiscal years ending on or after December 31, 2023, the applicable CFP 5-Year Plan and Annual Budget will be revised to incorporate all eligible activities from the based on capital needs identified in the annual inspections, NSPIRE inspections, Physical Needs Assessment, and HACM's knowledge of current conditions of the property to cure deficiencies.
- E) The physical needs assessment in item C will be incorporated into the Asset Management reports required by GOV-07.

ousing for its public housing residents. Root causes include HACM management lacking a long
nance program to ensure the units meet UPCS /NSPIRE standards, and inadequate property ma

<u>Targeted Accomplishment Date</u>	<u>Person/Entity Responsible for Completion</u>
A) February 28, 2025 B) March 31, 2025 C) April 30, 2025	Executive Director / Maintenance Director
A) March 31, 2025 B) March 31, 2025	Executive Director / Maintenance Director

<p>A) February 28, 2025 B) March 31, 2025 C) April 30, 2025</p>	<p>Executive Director / Maintenance Director</p>
<p>A) March 31, 2025 B) March 31, 2025 C) May 31, 2025</p>	<p>Executive Director / Maintenance Director</p>
<p>A) March 31, 2025 B) April 30, 2025 C) March 31, 2025</p>	<p>Executive Director / Maintenance Director</p>
<p>A) February 28, 2025 B) March 31, 2025 C) April 30, 2025</p>	<p>Executive Director / Maintenance Director</p>

A) Varies based on when last annual inspection was completed and when next NSPIRE inspection is scheduled.

B) March 31, 2025

C) December 31, 2025

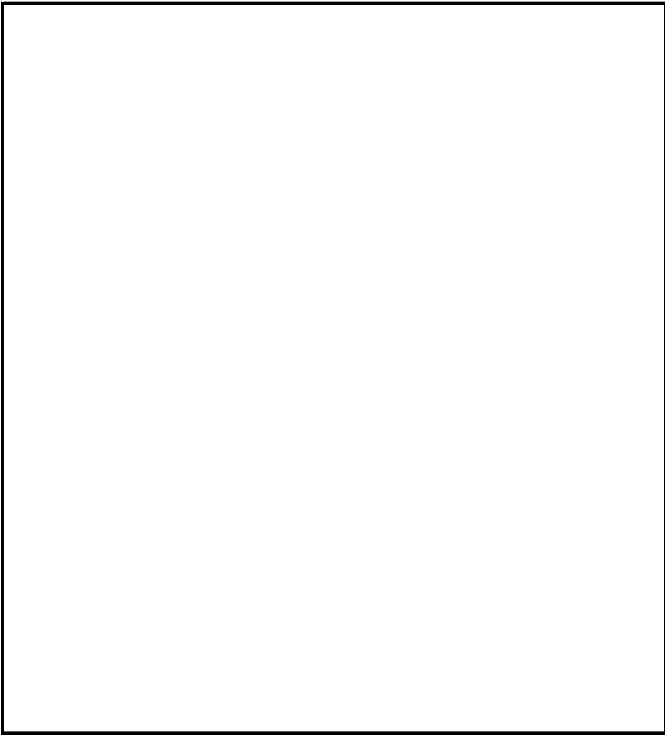
D) March 31, 2026 and on an ongoing basis

E) March 31, 2026 and on an ongoing basis

Executive Director / Maintenance Director

g-term strategic plan, adequate knowledge and management practices.

Comments/Accomplishments



	<u>Determination from Assessment</u>
	<u>Root Cause</u>
CFP-01	<p>HACM does not have a comprehensive system to use physical evaluations of properties in the Capital Planning process. HACM is unable to provide a basis for creating a detailed Capital Fund Five-Year Action Plan and its execution. This has contributed to deferred maintenance on HACM properties and made it difficult for HACM to prioritize improvement based upon urgency, safety, regulatory requirements, and long-term impact on housing quality.</p>

CFP-02	HACM does not have sufficient staff and resources dedicated to different activities related to Capital Fund planning, management of Capital funds, management of Capital needs, improvements, and emergency needs.
CFP-03	HACM lacks organizational quality control checks and balances needed to evaluate completed projects to assess their impact on housing quality, safety, and resident satisfaction. It could not be determined if HACM's residents and other stake holders feedback or input was gathered and considered into the Capital Fund planning.

WI002-HACM Sustainability Plan: Capital Fund Ind

HACM has not conducted a Physical Needs Assessment (PNA) or a comprehensive C

<u>Desired Outcome and Measures</u>	<u>Tasks to Accomplish Desired Outcomes</u>
<p>HACM uses property physical evaluations and inspection results in the creation of the 5-Year Action Plan and other capital planning activities and reports.</p>	<p>A) HACM shall conduct a physical evaluation of all properties to identify needed repairs and capital improvements. It is recommended that HACM use an industry accepted method or to conduct a Physical Needs Assessment per industry standards. Any property that is required to have a contracted physical assessment per PHYS-08 will meet this requirement. See comments section for various standards for physical assessments. Physical assessments will be provided to the HUD field office.</p> <p>B) HACM shall conduct Energy Audits for all Public Housing properties. Energy Audits will be provided to the HUD field office.</p> <p>C) Physical Evaluations and Energy Audits will be data sources for the Asset Management tracking and reports required by GOV-07</p> <p>D) The current and future Five-Year Action Plans required by HUD will be updated to incorporate repairs and capital needs identified by the Physical Evaluations and Energy Audits.</p>

<p>HACM has sufficient staff that is knowledgeable and trained in the capital planning and budgeting process. HACM implements a systemic process to base capital planning and budgeting on the physical and capital needs of the properties.</p>	<p>A) HACM will evaluate their current Capital Planning and Budgeting policy and process to identify deficiencies and missing components that allow basing the capital plan and budget on identified needs of the properties including using property evaluations in the planning and budgeting process. In addition the evaluation should focus on impediments to communication and cooperation between asset management, management and finance staff at HACM. This evaluation will be provided to the HUD field office.</p> <p>B) HACM will develop and implement a capital planning policy and process based on the identified needs of the properties using data from physical evaluations and inspections. The process will include input from relevant staff in the asset management, maintenance and finance areas of the authority. The Capital Planning policy and process will be provided to the HUD field office.</p> <p>C) HACM will procure formal training for staff involved in the Capital Planning and Budgeting process. A list of attendees and training certifications if applicable must be provided to our office.</p>
<p>HACM has a quality control policy and process in place for Capital Planning and Budgeting.</p>	<p>A) Establish a post-project process or procedure to incorporate feedback and lessons learned from implementing, executing, and monitoring the capital plan throughout it's lifecycle.</p>

licator (CFP)

Capital Needs Assessment (CNA) to identify the repair, modernization, and maintenance needs of

<u>Targeted Accomplishment Date</u>	<u>Person/Entity Responsible for Completion</u>
A) December 31, 2025 B) December 31, 2025 C) March 31, 2026 and on an ongoing basis D) March 31, 2026 and on an ongoing basis	Executive Director

<p>1) March 31, 2025 2) June 30, 2025 3) June 30, 2025</p>	<p>Executive Director</p>
<p>A) June 30, 2025 and ongoing</p>	<p>Executive Director</p>

of housing developments since 2014.

Comments/Accomplishments

"Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process", (ASTM E2018-24) or similar standard can be used to develop a capital needs assessment (CNA). Other standards to consider are the Fannie Mae Physical Needs Assessment Guidance to the Property Evaluator, USDA Rural Development's Capital Needs Assessment Process, and HUD Multifamily Notice 2023-03: Capital Needs Assessment (CNA) eTool for Asset Management. Our office can provide examples of requests for proposals.

