

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE
Antonio M. Perez, Secretary-Executive Director

**OFFICIAL NOTICE NUMBER 57731
REQUEST FOR PROPOSAL
Compliance Auditing Services – Section 3 Reporting**

**ADDENDUM #2
April 8, 2016**

THIS ADDENDUM TO THE SPECIFICATIONS IS ISSUED TO MODIFY, CLARIFY OR CORRECT THE ORIGINAL DOCUMENTS AND IS HEREBY MADE A PART OF SAID DOCUMENTS.

QUESTION: Will the audit firm be required to give an opinion on the compliance of the Section 3 reports? On page 2, in II. Scope of Services, it says the goal is to independently audit HACM's Section 3 Reports and provide feedback. In number 6 on page 3, it says we will present an annual report information upon completion of the audit. Is the scope to look at the semi-annual reports and insure that all of the data and documentation is attached or are we giving an opinion on the accuracy of the information and on whether the program is in compliance with Section 3 and the VCA overall. The services requested in the listing on page 2 and 3, seem to sometimes indicate that we will be issuing an opinion but they also seem to be looking for an internal audit function with only findings and recommendations and no opinion. Can you specify what the deliverables will be on this project? That may help us to better cost the project.

ANSWER: HACM would want an opinion on the accuracy of the information presented (review supporting documentation on a sample basis). There will also be recommendations that will come of the review.

QUESTION: Is this the initial engagement for this service? If not, is there a sample report from a prior engagement that we can review?

ANSWER: This is the initial engagement.

QUESTION: Are there any additional points awarded for complying with the DBE requirements?

ANSWER: No.

QUESTION: Can we get a copy of the report that was received from HUD originally that precipitated the need for this RFP? This is not a HUD requirement.

ANSWER: See attached

ALL PROPONENTS SHALL ACKNOWLEDGE RECEIPT AND ACCEPTANCE OF ADDENDUM NUMBER 2 (dated April 8, 2016) FOR DOCUMENT IMAGING AND MANAGEMENT SYSTEM BY SIGNING IN THE SPACE PROVIDED AND SUBMITTING THE SIGNED ADDENDUM WITH PROPOSAL. PROPOSALS SUBMITTED WITHOUT THIS ADDENDUM MAY BE CONSIDERED NON-RESPONSIVE.

_____ DAY OF _____, 2016

SIGNATURE



U.S. Department of Housing and Urban Development

Midwest Regional Office
Office of Fair Housing and Equal Opportunity
Ralph H. Metcalfe Federal Building
77 West Jackson Boulevard, Room 2101
Chicago, IL 60604

September 13, 2013

Willie L. Hines, Jr.
Chairman, Board of Commissioners
Housing Authority of the City of Milwaukee
809 North Broadway
Milwaukee, WI 53202

SUBJECT: Section 3 Compliance Review of the Housing Authority of the City of Milwaukee

Dear Chairman Hines:

The United States Department of Housing and Urban Development (“HUD” or the “Department”), Office of Fair Housing and Equal Opportunity (“FHEO”), has completed a limited on-site compliance review of the Housing Authority of the City of Milwaukee (“HACM”) pursuant to Section 3 of the Housing and Urban Development Act of 1968 (“Section 3”), as amended by the Housing and Community Development Act of 1992 (“1992 Act”).¹ Section 3 requires that training, employment, and contracting opportunities generated by HUD-funded housing and community development programs are, to the greatest extent feasible, directed to low-income and very low-income persons. The 1992 Act specifically established the order of priority in which these individuals and businesses should be recruited and solicited for employment and other economic opportunities generated from HUD-assisted activities. The purpose of the compliance review was to determine whether, and to what extent, HACM is administering its HUD-funded programs in conformity with the requirements of Section 3, as specified in 24 C.F.R. Part 135.

Background

HACM is a recipient of HUD funds used to operate various HUD-funded housing programs and is governed by a seven-member Board of Commissioners who are appointed by the Mayor of Milwaukee and approved by the City of Milwaukee’s Common Council. From 2009 to 2012, HACM received over \$230 million dollars in funding from HUD, including operating subsidies, capital funds, modernization funds, development funds, and special funding provided under the American Recovery and Reinvestment Act of 2009 (“ARRA”). During the same period, HACM awarded over \$60 million in construction and other contracts as part of the Westlawn Redevelopment Project (“Westlawn Project”) in Milwaukee, Wisconsin.

During 2012, HACM and the City of Milwaukee Block Grant Administration met several times with HUD officials from Milwaukee and Washington D.C. regarding the development of a Section 3 business registry that would increase contracting opportunities for businesses eligible for a Section 3 preference. HUD officials also received letters from a community organization expressing

¹ 12 U.S.C. § 170u; 24 C.F.R. Part 135.

concerns about HACM's efforts to comply with the statutory and regulatory requirements of Section 3 with regard to the Westlawn Project.

One of these letters indicated that there was a "lack of observed local residents or people of color" on the Westlawn Project's job-site, despite HACM's representations that it would be targeting "low-income workers from the four-county metro area, pulling first from West lawn and its surrounding neighborhood."²

On January 17, 2013, HUD's FHEO Region V Director, Maurice J. McGough, notified HACM that HUD was commencing a limited Section 3 compliance review ("Review") pursuant to 24 C.F.R. Part 135.74.³ The notification letter also contained a request for specific information, including, but not limited to: copies of contracts and subcontracts for the Westlawn Project; lists of Section 3 businesses and residents maintained by HACM; HACM's Section 3 plan and policy; a list of Section 3 businesses that received contracts and subcontracts on the Westlawn Project; a list of Section 3 residents that were hired for the Westlawn Project; and evidence of outreach efforts.

In order to conduct the Review, HUD assembled a team of five from various HUD offices. The team was headed by Erika Finkler, Acting Director of HUD's Minneapolis FHEO Office.⁴ Prior to the on-site portion of the Review, the HUD team examined numerous documents and other materials provided by HACM in response to the January 17, 2013 request. On March 6, 2013, HUD sent HACM a second request for information. During the week of March 18, 2013, while on-site, the HUD team continued to review the documents provided by HACM in response to the data request letters and interviewed several HACM managers and staff, as well as residents of HACM housing, contractors, and other interested citizens. After the on-site portion of the Review, the HUD team conducted additional interviews, including interviews with a contractor, interested citizens, and a representative of a workforce development group.

Timely completion of the Review was greatly facilitated by the assistance of HACM, which consistently demonstrated its full willingness to work with HUD. HUD appreciates HACM's active cooperation throughout the compliance review process.

Overview of Section 3 Requirements

The purpose of Section 3 is to ensure that employment and other economic opportunities generated by Federal financial assistance for housing and community development programs are, to the greatest extent feasible, directed toward low-income and very low-income persons, particularly those who are recipients of government assistance for housing. In furtherance of this goal, HUD's implementing regulations at 24 C.F.R. Part 135 require recipients of Federal financial assistance, including housing authorities, to: 1) provide training, employment, and contracting opportunities to "Section 3 residents" and "Section 3 business concerns;" and 2) ensure that their contractors provide training, employment and contracting opportunities to "Section 3 residents" and "Section 3 business concerns." Housing authorities' obligations to comply with Section 3 requirements apply

² Congregations Protest Hiring at Westlawn Development 8/16/11 – Journal Sentinel.

³ A copy of the notification letter is attached as an exhibit to this Letter of Finding.

⁴ Also on the team were Thomas Nelson, Director of HUD's FHEO Milwaukee Office; Yana Karnaukhov of the Chicago Program Center; Pam Cannon of the Milwaukee Field Office; and Cynthia Goad of the Cleveland Field Office.

notwithstanding the amount of the assistance received from HUD.⁵

“Section 3 residents” are 1) individuals who reside in public housing; or 2) individuals who reside in a metropolitan area or the nonmetropolitan county in which Section 3-covered assistance is expended, and who are “low- or very low-income persons.” A “low-income person” is defined to mean families (including single persons) whose income does not exceed 80% of the area median income. A “very-low income person” is defined to mean families (including single persons) whose income does not exceed 50% of the area median income.⁶

“Section 3 business concerns” are business concerns in which 1) 51% or more of the business concern is owned by Section 3 residents; or 2) 30% of the permanent, full-time employees are currently Section 3 residents or were Section 3 residents within three years of first employment with the business concern; or 3) 25% of the total dollar amount of all subcontracts awarded by the business concern are awarded to Section 3 business concerns.

Recipients, sub-recipients and their contractors and subcontractors can demonstrate compliance with the “greatest extent feasible” requirement of Section 3 by meeting certain, specified numerical goals for providing training, employment, and contracting opportunities to Section 3 residents and Section 3 business concerns. In order to meet these goals, at least 30% of all new hires made by recipients and their contractors and subcontractors must be Section 3 residents and at least 10% of the total dollar amount of all Section 3-covered construction and maintenance contracts and at least 3% of the total dollar amount of all other Section 3-covered contracts⁷ and subcontracts must be awarded to Section 3 business concerns.

Further, within the employment goals, recipients, contractors, and subcontractors shall direct their efforts, in public and Indian housing programs, to Section 3 residents in the following order of priority, to the “greatest extent feasible:” (i) Residents of the housing development or developments for which the Section 3-covered assistance is expended (category 1 residents); (ii) Residents of other housing developments managed by the housing authority that is expending the Section 3-covered housing assistance (category 2 residents); (iii) Participants in HUD Youthbuild programs being carried out in the metropolitan area (or nonmetropolitan county) in which the Section 3-covered assistance is expended (category 3 residents); and (iv) other Section 3 residents (category 4 residents).⁸

Within the contracting goals, recipients, contractors, and subcontractors shall direct their efforts, in public and Indian housing programs, to Section 3 business concerns in the following order of priority, to the “greatest extent feasible:” (i) business concerns that are 51% or more owned by

⁵ See, 24 C.F.R. Part 135(a)(3). “The requirements of this part apply to all contractors and subcontractors performing work in connection with projects and activities funded by public and Indian housing assistance covered by Section 3, regardless of the amount of the contract or subcontract.”

⁶ See, 42 U.S.C. 1437 a(b)(2). The statute also provides that the Secretary of HUD may establish higher or lower income ceilings on the basis of findings that such variations are necessary because of unusually high or low median family incomes in a given area.

⁷ This requirement applies to all contractors and subcontractors performing work in connection with projects and activities.

⁸ 24 C.F.R. § 135.34(a)(1).

residents of the housing development or developments for which the Section 3-covered assistance is expended, or whose full-time, permanent workforce includes 30% of these persons as employees (category 1 businesses); (ii) business concerns that are 51% or more owned by residents of other housing developments managed by the housing authority that is expending the Section 3-covered assistance, or whose full-time, permanent workforce includes 30% of these persons as employees (category 2 businesses); or (iii) HUD Youthbuild programs being carried out in the metropolitan area (or nonmetropolitan county) in which the Section 3-covered assistance is expended (category 3 businesses); or (iv) business concerns that are 51% or more owned by Section 3 residents, or whose permanent, full-time workforce includes no less than 30% Section 3 residents (category 4 businesses), or that subcontract in excess of 25% of the total amount of subcontracts to business concerns.⁹

In the absence of evidence to the contrary, a recipient or contractor that meets the numerical goals is considered to have complied with the “greatest extent feasible” requirement of Section 3. A recipient or contractor that fails to meet these goals has the burden of demonstrating why it was not feasible to do so. Such a justification could include the identification of any impediments encountered by the recipient in attempting to reach the goals and actions taken in an attempt to overcome these impediments. A recipient or contractor can also indicate any additional efforts it has undertaken in areas other than training, employment, and contracting which provided low-income and very low-income individuals with economic opportunities.

In addition, a recipient must ensure compliance with Section 3 in the operations of its sub-recipients, contractors, and subcontractors by: 1) implementing procedures designed to notify Section 3 residents about training and employment opportunities generated by Section 3-covered assistance; 2) implementing procedures designed to notify Section 3 business concerns about contracting opportunities generated by Section 3-covered assistance; 3) notifying potential contractors of the Section 3 requirements and incorporating the “Section 3 clause”¹⁰ into all bid solicitations and contracts; 4) facilitating the training and employment of Section 3 residents; 5) facilitating the award of contracts to Section 3 business concerns; 6) assisting and actively cooperating with the FHEO Assistant Secretary in obtaining the compliance of contractors and subcontractors with Section 3 requirements and refraining from entering into any contract with any contractor where the recipient has notice or knowledge that the contractor has been found to have violated Section 3; and 7) documenting actions taken to comply with Section 3, the results or actions taken and impediments.

Finally, each recipient is required to submit to HUD an annual report in such form and containing such information as the FHEO Assistant Secretary may request for the purposes of evaluating the recipient’s compliance with the requirements of Section 3.

HACM’s Section 3 Program

HUD reviewed HACM’s procedures for implementing its Section 3 Program and its policies

⁹ 24 C.F.R. § 135.36 (a)(1).

¹⁰ The regulations at 24 C.F.R. § 135.38 delineate the contractor’s responsibilities under Section 3 and make these responsibilities elements of performance under the contract. A copy of the Section 3 clause is attached as an exhibit to this Letter of Finding.

regarding the Section 3 obligations of its contractors. In response to a request for its Section 3 policy and plan, HACM provided a document detailing its Section 3 participation requirements ("Section 3 Participation Requirements").¹¹ In response to HUD's March 6, 2013 second request for information, HACM also provided its general policy and procedure (not specific to the Westlawn Project) for hiring Section 3 residents and Section 3 businesses concerns ("Section 3 Policy and Procedure").¹² These documents purport to implement the contracting requirements of Section 3 but deviate from them in some material aspects. In direct contradiction to the regulations, the Section 3 Participation Requirements document specifically exempts contracts under \$100,000 from the Section 3 contracting and employment requirements. It states, in pertinent part, "Section 3 business participation does not apply to contracts or subcontracts in the amount of \$100,000 or less."¹³ It also states, "Any contract or subcontract over \$100,000 is required to comply with Section 3, which includes both employment of Section 3 residents AND contracting/subcontracting with Section 3 business concerns."¹⁴ The Section 3 Policy and Procedure document exempts contracts under \$50,000 from the Section 3 contracting and employment requirements. Specifically, it states, "Any contract over \$50,000 is required to comply with Section 3." It further indicates that:

All contractors with contracts greater than \$50,000 must complete a "Section 3 Participation-Estimated Project work Force Breakdown" (Attachment 2) to document the total number of workers for the project, the # of positions filled by current employees, the number of positions not currently occupied, and the number of Section 3 new hires that the company will commit to (see Attachment 3).

Both the Section 3 Participation Requirements document and the Section 3 Policy and Procedure document misconstrue the Section 3 hiring and contracting priorities.

The HUD review team inquired about the extent to which HACM trains its own staff about its Section 3 program and Section 3 requirements. According to HACM staff interviewed, HACM lacks formalized Section 3 training procedures for its staff, especially for newly hired employees.¹⁵ HACM's Human Resources Manager is tasked with overseeing HACM's hiring, and HACM's Resident Employment Coordinator is tasked with connecting residents with jobs. When interviewed during the investigation, both individuals only had a minimal familiarity with HACM's Section 3 Program.¹⁶

According to HACM, as part of its Section 3 Program, it has worked diligently to link public housing residents and other Section 3 Residents with training and employment opportunities. For instance, since 1992, HACM has worked with the Milwaukee Community Services Corps ("MCSC") to provide training and job opportunities for at-risk youth who are interested in construction work. MCSC, which has a HUD Step-Up¹⁷ designation, hires over 40 Section 3

¹¹ The Section 3 Participation Requirements were provided by HACM in response to the January 17, 2013 request for information.

¹² The Section 3 Policy and Procedure was in response to #7 in the March 6 2013 request for additional information.

¹³ Page 3 of the Section 3 Participation Requirements.

¹⁴ Page 1 of the Section 3 Participation Requirements.

¹⁵ Interviews with HACM staff.

¹⁶ Interviews with Maria Rodriguez, Janelle Jones, and Crystal Reed-Hardy.

¹⁷ Step Up is a strategy initiated by HUD in partnership with the U.S. Department of Labor to assist low-income

residents annually, including a number of public housing residents.

Additionally, HACM refers students interested in the building trades to the Milwaukee Job Corps and leverages training through other area organizations to help residents compete for employment in the building trades, healthcare industry, or other skilled trades.

Finally, according to HACM, it refers residents interested in the building trades to the Wisconsin Regional Training Partnership/Big Step ("Big Step"). Big Step offers pre-employment training certificate programs for a growing range of skilled trades and industries.¹⁸

Internally, HACM employs two Resident Employment Coordinators who conduct individualized assessments; develop resident employment plans; and link residents with GED courses, driver's education, resume assistance, job training, and other services that help overall employability.¹⁹ HACM's Resident Services Manager stated that HACM maintains a HACM-wide list of residents which indicates their qualifications, certifications, and experience.

HACM's Reported Section 3 Hiring

According to the 60002 reports that HACM submitted to HUD for the period from 2009 to 2012, HACM reported the following Section 3 hiring:

- 2009 - no hiring;
- 2010 - 37 Section 3 new hires, out of 46 total new hires (80%);
- 2011 - 86 Section 3 new hires, out of 93 total new hires (92%); and
- 2012 - 222 Section 3 new hires, out of 600 total new hires (37%).

All of these numbers are above the 30% specified numerical goal for employment in the Section 3 regulations.

The January 10, 2013 HACM 60002 report that provides the final employment and contracting numbers for the Westlawn project listed a total of 581 new hires, 205 (or 35.5%) of whom were listed as Section 3 new hires. However, during the Review, HUD calculated that HACM's contractors and subcontractors on the Westlawn project actually hired approximately 82 Section 3 residents, out of a total of 305 newly hired employees. Hence, approximately 27% of the new hires were Section 3 preference-eligible. Upon a closer review of HACM's Section 3 new hire figures, HUD determined that several were counted more than once when the numbers were compiled for the 60002 report. A Westlawn Project report dated December 13, 2012 included both the 35.5% and 27% figures.²⁰ However, HACM listed the higher and less accurate figure of the two in its 60002 report submitted to HUD. Moreover, HUD determined that no HACM or Westlawn residents were

persons, particularly public and Indian housing residents, to obtain job training, career employment and economic self-sufficiency.

¹⁸ HACM's March 18, 2013 response refers to the Milwaukee Area Workforce Investment Board, Milwaukee Area Technical College, the Milwaukee Area Workforce Funding Alliance and Milwaukee Area Healthcare Alliance.

¹⁹ Taken from HACM's March 18, 2013 response to the Department's March 6, 2013 request for information.

²⁰ Westlawn Neighborhood Revitalization, Section 3 Business & Worker Participation Report, submitted December 13, 2012, page 2.

among the new hires; all the Section 3 new hires were from the lowest hiring priority category, as it is defined at 24 C.F.R. § 135.34(a)(1).

Section 3 Hiring – Westlawn Project

HUD's review established that HACM, through its contractors and subcontractors, recorded progress and issues relating to meeting the numerical goals of Section 3. However, priorities within the Section 3 hiring goals were neglected by HACM.

In July 2011, the City of Milwaukee's Mayor Barrett and HACM officials, including its Executive Director, Section 3 Coordinator and the Chair of the HACM Board, met with representatives of Milwaukee Inner-city Congregations Allied for Hope ("MICAHA") about the upcoming Westlawn redevelopment project. At this meeting, MICAHA urged the others in attendance to use work on Westlawn to deal with broader economic issues in the community and to empower low income individuals, including African American males in Milwaukee, by finding them jobs. According to a representative from MICAHA, during a discussion about race-based preferences, HACM's Board Chair stated that he was not going to go to jail over giving a preference to local people, and that HACM was in compliance with EEOC guidelines. At the time of the meeting, MICAHA was unfamiliar with Section 3 requirements, and Section 3 was not mentioned by HACM at the meeting.²¹

As a part of its planning for the Westlawn project, HACM required contractors to satisfy Section 3 obligations during work on the project. HACM contracted with a construction manager, Hunzinger Construction Company ("Hunzinger"), which committed to HACM that it would, "maximize Section 3 business and resident participation" and would be responsible for "recording the progress and issues confronted in meeting, to the greatest extent feasible, the goal of Section 3."²²

Hunzinger contracted with Prism Technical and Marketing Services, LLC ("Prism"). Prism is a firm that develops procedures to assure diversity of workers and monitors compliance for numerous programs including, but not limited to: disadvantaged businesses, emerging businesses, women/minority owned businesses, Section 3, and the Milwaukee City Resident program.²³ Documentation obtained during the Review showed that Section 3 hiring was discussed at pre-bid meetings and at a general meeting of all contractors on May 25, 2011 at Hunzinger's offices.²⁴

Despite these initial steps to comply with Section 3 requirements, HACM erroneously applied Section 3 obligations only to contracts over \$50,000 or \$100,000. Partially as a result of this, Prism's Chief Operating Officer ("COO"), who had principal responsibility for Prism's Westlawn subcontract, was unaware that public housing projects such as the Westlawn Project are subject to Section 3 requirements, irrespective of the contract amount.²⁵ The COO was also unaware of the Section 3 hiring priorities hierarchy, according to which Westlawn residents were to be afforded the

²¹ Interview with Todd Sprewer, March 20, 2013.

²² Ex. A – 6 of Exhibit A of Contract Number 11-024 between Hunzinger Construction Company and the Westlawn Renaissance, LLC.

²³ HUD interview with LaFayette Crump, COO of Prism, on March 19, 2013.

²⁴ HACM's March 18, 2013 response.

²⁵ Interview with LaFayette Crump, March 19, 2013.

highest hiring priority, followed by other residents of HACM.

According to Prism, it primarily assisted contractors with Section 3 self-certifications and with locating Section 3 residents that could have been hired for the Westlawn Project.²⁶ Prism reviewed these self-certifications and checked their accuracy against W-2s, tax returns, social security statements, payroll registries, and affidavits of the employees and contractors.²⁷ A review of payroll records for the Westlawn Project showed that Section 3 new hires worked similar hours at the same rate of pay as other non-Section 3 workers.²⁸ Even though all HACM residents should have been eligible for a hiring preference, HACM and Prism required interested residents to go to Prism's office to certify that they were eligible.²⁹

Although Prism developed and followed consistent procedures to verify that workers on the Westlawn Project were eligible Section 3 residents or business concerns,³⁰ the addresses of the new hires, as plotted by Prism on a map of Milwaukee County and its surroundings, indicate that the contractors and subcontractors doing the hiring frequently hired individuals eligible for a Section 3 preference simply by relying on their usual informal word-of-mouth networks. This was confirmed by a subcontractor who completed work on several bid packages during the Westlawn project, who indicated, during a HUD interview, that he used word-of-mouth in order to hire Section 3 residents.³¹

Despite its consistent procedures for verification of Section 3 residents, Prism's COO stated that there was not a specific procedure in place for dealing with individuals interested in jobs on the Westlawn Project. However, he indicated that if individuals had no experience, they would not have been passed on to a contractor, but they would have been sent to a training organization (presumably Big Step). Other Prism staff confirmed this procedure.³² Much of the hiring activity by subcontractors on the Westlawn project was for unskilled jobs that did not require any formal training or certifications.³³ Further, Prism did not track the individuals who inquired about work on the Westlawn project or who were referred to contractors.

In the winter of 2011, as work on the Westlawn project was about to begin, HACM distributed a newsletter advising HACM residents of construction job opportunities. The newsletter advised residents to prepare their resumes and contact the HACM Resident Employment Coordinators.³⁴

²⁶ HUD interview with Marthia Bell, Project Coordinator at Prism, on March 19, 2013.

²⁷ Taken from Prism's April 5, 2013 response to a Department data request for the Section 3 certification forms and income verification paperwork for all Section 3 workers for the subcontractor Watry Homes, LLC.

²⁸ Payroll records for Watry Homes were reviewed. The records were provided in response to the January 17, 2013 request from the Department.

²⁹ Interview with Lafayette Crump, March 19, 2013.

³⁰ In response to the January 17, 2013 data request HACM provided documents entitled "Section 3 Verification Procedures" and "Prism Technical Internal Section 3 Certification Process" that outlined the Section 3 resident and business certification process.

³¹ Interview with Scott Watry, May 6, 2013.

³² Interviews with Lafayette Crump, March 19, 2013 and Marthia Bell, March 19, 2013.

³³ Interview with Scott Watry, May 6, 2013.

³⁴ The Winter 2011 "Resident Employment Update" was provided to the Department in response to a request for evidence of outreach to Section 3 residents and business concerns.

Additionally, the Westlawn Project and the construction job opportunities associated with it were discussed by HACM staff at monthly Westlawn Resident Council meetings in 2011 and 2012.³⁵

On June 30, 2011, HACM held an orientation session with Big Step, at a neighborhood center, to promote work opportunities on the Westlawn Project for local low-income individuals.³⁶ Big Step's Director told HUD during the Review that there were approximately 40 people in attendance at this orientation.

During the HUD review, a HACM representative stated that Big Step was a training resource for HACM residents interested in construction jobs on the Westlawn project.³⁷ This was not confirmed during an interview with the CEO of Big Step. He described his organization as an employment clearinghouse for major projects. He stated that Big Step works with the developers and contractors to find workers for projects. Big Step functions as a bridge between contractors, developers, and the local community. HACM did not enter into a contract with Big Step for the Westlawn Project; if HACM had entered into said contract, Big Step would have developed a job readiness certification specific to Westlawn and would have referred qualified and interested individuals, including HACM and Westlawn residents, to contractors with vacancies to fill on the project. As HACM did not have an agreement with Big Step, any contact or calls from HACM residents were not tracked and were likely referred to Big Step's other services.³⁸ Based on HUD's request, Big Step's CEO also reviewed the organization's database and stated that nothing in the system indicated that anyone from Westlawn contacted Big Step regarding employment.³⁹

HACM's Resident Services Manager/Section 3 Coordinator directs HACM Resident Coordinators to a HACM-wide list of residents, to determine if there are any HACM residents who may meet the qualifications that contractors are looking for. The Resident Services Manager /Section 3 Coordinator stated that the list is maintained by HACM and contains the qualifications, certifications, and experience of the residents. Nevertheless, Prism and the Resident Employment Coordinators did not work together to identify HACM residents suitable for employment on the Westlawn Project. HACM personnel met with the head of every household in Westlawn to develop their relocation plans, but the Resident Employment Coordinators were not included in these meetings and Westlawn resident interest in employment opportunities on the project was not discussed.⁴⁰ Generally, HACM instructed staff to refer those looking for construction work on the Westlawn Project to Big Step, or directly to the contractors, if they believed the residents were qualified for the work.⁴¹

When asked for more information about Big Step's role in the Westlawn Project, HACM's Resident Services Manager/Section 3 Coordinator had very little detail to share. For instance, she did not know how many HACM residents contacted Big Step; how many HACM residents took a job skills

³⁵ This is according to HACM staff and several Westlawn residents who attended Resident Council meetings.

³⁶ This information was taken from HACM's website and interviews with Maria Rodriguez (HACM) and Earl Buford (Big Step).

³⁷ Interview with Maria Rodriguez, March 21, 2013.

³⁸ Interview with Earl Buford, April 17, 2013.

³⁹ Interview with Earl Buford, April 17, 2013 and May 2, 2013.

⁴⁰ Interview with Jim Eigenberger, March 19, 2013.

⁴¹ Interview with Maria Rodriguez, March 21, 2013.

exam; how many HACM residents were determined to need more training before being referred to a contractor; or how many HACM residents were directly referred to a contractor. HUD's investigation determined that no HACM residents were directly referred to contractors. The Resident Services Manager/Section 3 Coordinator further stated that after the list of potentially interested residents was compiled during the orientation session, it was handed over to Big Step, and HACM did not do any further monitoring. HACM only tracked whether a HACM resident got a job. The investigation showed that no HACM residents were hired on the Westlawn Project.⁴²

Further, HACM, Hunzinger, and Prism did not require contractors and subcontractors to post signs with information about vacancies and the application process on the Westlawn construction site, as HUD's regulations require.⁴³ None of those interviewed during this Review recalled seeing any signs regarding vacancies or hiring for the Westlawn Project on the construction site.

HACM and the Westlawn Project contractors and subcontractors failed to establish links between the organization that HACM identified to HUD as the provider of job-readiness training (Big Step), Prism, and the businesses that hired workers to do the demolition, site preparation, and construction work on the Westlawn project.

As a result of the failure to formally connect contractors and subcontractors to a job-readiness program for the Westlawn Project, no Westlawn residents and no HACM residents from any other HACM developments were hired to work on the Westlawn project. Although this was known to some HACM officials during work on the Westlawn Project, it was not known to the Executive Director or to the Board of Commissioners.⁴⁴

To explain the lack of HACM or Westlawn residents on the Westlawn Project, HACM provided demographic information from 2009 (which did not cite to any source) for the Westlawn East housing project ("Westlawn East"). It showed that approximately 66% of the heads of household at Westlawn East were single females with children; it also showed that only 4% of households were headed by single men with children.⁴⁵ Based upon this information, HACM repeatedly stated that there was very little interest by HACM and Westlawn East residents in the construction trades, implying that women were not interested in these types of jobs. However, the same demographic information showed that 85 (or 26.5%) of the households at Westlawn East contain single individuals, 30 of which are under 50 years old. The demographic information provided did not indicate the gender of these single individuals.

⁴² Interview with Maria Rodriguez, March 21, 2013.

⁴³ Based on interviews with Maria Rodriguez and Scott Watry; Hunzinger's May 10, 2013 Letter; Horizon Construction Group, Inc.'s June 4, 2013 Letter and Altius Building Company's emails dated May 16, 2013.

⁴⁴ Interview with Tony Perez, March 18, 2013 (unaware that no HACM residents were employed on the Westlawn project until after its completion); interview with Bobbi Marsells, March 18, 2013 (aware from Prism's quarterly reports on Section 3 performance during work on the Westlawn project that HACM residents were not getting hired); interview with Maria Rodriguez, March 21, 2013 (learned early in the Westlawn project that HACM residents were not being hired and believed that Westlawn residents were not interested in construction work).

⁴⁵ This demographic information was provided by HACM on March 18, 2013.

Section 3 Hiring – Other Construction Projects and HACM

HUD's review included a limited evaluation of HACM's hiring of contractors and subcontractors on other construction projects and of HACM's internal hiring. Based upon this review, HUD determined that there is a marked difference in how HACM handled its Section 3 hiring on Westlawn and how it handled it internally and on other construction projects.

For instance, for construction projects other than Westlawn, HACM did very little beyond requiring contractors and subcontractors to fill out forms regarding their Section 3 hiring. HACM's Contract Compliance Officer collected Section 3 business certification forms and forms reflecting how many Section 3 residents the contractors or subcontractors would be hiring for a given project. These forms are part of the bid documents and are required by HACM. The Contract Compliance Officer stated that she has experienced difficulties with getting these forms back from contractors and subcontractors. If the contractors or subcontractors indicated that they would be hiring Section 3 residents, the forms were sent to HACM's Section 3 Coordinator. She further stated that she did not check whether the certification forms were accurate or whether the Section 3 residents were actually hired as indicated; the Contract Compliance Officer did not know if anyone else verified them. Other than Prism's work on the Westlawn Project, HACM did not routinely verify the Section 3 business self-certification forms submitted by businesses for its other construction contracting.⁴⁶ Similarly, the information obtained in the Review indicated that Section 3 resident self-certification forms and Section 3 hiring numbers received from contractors and subcontractors on other projects were also not verified.

As for internal hiring, HACM advertises job opportunities on its website, on general job websites such as www.milwaukeejobs.com or in the Milwaukee Journal Sentinel. HACM hires a number of "Youth Workers" on an annual basis. Specifically, these workers are 14 to 17 year old HACM residents. However, they are not involved in the construction trades.⁴⁷ Additionally, HACM job announcements are sent out to many organizations that work with job seekers, including those who may qualify as Section 3 hires.⁴⁸ Job vacancies are promoted by the Resident Employment Coordinators to HACM residents. HACM uses an electronically submitted online application form to identify candidates for vacant positions. The form does not capture information about eligibility for a Section 3 hiring preference, such as being a HACM resident. Further, when interviewed, HACM's Human Resources Manager was unaware of the Section 3 mandated hiring preferences for HACM residents.⁴⁹ When determining which applications to select to forward to the hiring managers for interviews, HACM staff do not take into account whether applicants should receive a Section 3 hiring preference.⁵⁰ The Review revealed that HACM's internal hiring process does not track whether potential new hires and new hires are Section 3 residents until this information is captured for its 60002 report at the end of the year.⁵¹

⁴⁶ Interview with Maria Rodriguez, March 21, 2013.

⁴⁷ HACM's March 18, 2013 response; March 21, 2013 Interview with Crystal Reed Hardy.

⁴⁸ A list of the email contacts with these organizations was provided by the Human Resources Manager Crystal Reed-Hardy.

⁴⁹ HACM's March 18, 2013 response.

⁵⁰ March 21, 2013 Interview with Crystal Reed-Hardy.

⁵¹ Interview with Crystal Reed-Hardy, March 21, 2013.

Although HACM reported that it had created a list of HACM residents interested in finding employment, HUD's review established that the list is not regularly updated or consulted by HACM staff in the process of its internal hiring.⁵²

HACM's Reported Section 3 Contracting History

In 2009, HACM reported approximately \$5.8 million in construction contracts and \$1 million in non-construction contracts, none of which were awarded to Section 3 business concerns.

In 2010, HACM reported approximately \$13 million in construction contracts, of which \$122,622, or 1%, were awarded to Section 3 business concerns. Additionally, HACM reported approximately \$1.7 million in non-construction contracts, of which approximately \$1.2 million, or 68%, were awarded to Section 3 business concerns.

In 2011, HACM reported approximately \$3.6 million in construction contracts, of which \$240,393, or 6.6%, were awarded to Section 3 business concerns. Additionally, in 2011, HACM reported \$713,550 in non-construction contracts, of which \$622,100, or 87%, was awarded to Section 3 business concerns.

In 2012, HACM reported approximately \$9.6 million in construction contracts, of which approximately \$2.3 million, or 24%, were awarded to Section 3 business concerns. Additionally, HACM reported \$795,642 in non-construction contracts, of which \$656,342, or 82.5%, was awarded to Section 3 business concerns.⁵³

In addition, HACM reported its contracting numbers for the Westlawn Project in the narrative section of one of its 60002 reports stating, "[o]verall for the entire project, total construction contracts of \$55,186,736 have been awarded and \$9,734,161 of them was to Section 3 businesses, or 17.6%."⁵⁴

Section 3 Contracting – Westlawn Project

The Review established that HACM's compliance with Section 3 contracting goals on the Westlawn project was partial. Based on the information provided by HACM in response to the Department's data requests,⁵⁵ the Department calculated that HACM reported approximately \$57 million in construction contracts and \$3.9 million in professional services contracts (accounting, architecture, and legal services), for a total of \$60.9 million in contracting for the Westlawn Project. The Department's calculations show that \$10.6 million, or 18.6%, of the construction contracts

⁵² Interview with Crystal Reed-Hardy, March 21, 2013.

⁵³ These numbers were taken from the 60002 reports submitted by HACM during the years 2009, 2010, 2011 and 2012. Each year, HACM submitted multiple 60002 reports, likely for each grant of money that it received from HUD.

⁵⁴ This narrative was included in the 60002 report submitted to HUD on January 10, 2013, with Agency ID: W1002 and with total amount of award listed as \$45,209,139.

⁵⁵ The materials relied on for this calculation included the list of all contracts for the Westlawn Project, the list of Section 3 businesses that received contracts, copies of the contracts and subcontracts awarded for the project and copies of the Section 3 business certification forms from the responses to data requests dated January 17, 2013 and March 6, 2013.

were awarded to Section 3 business concerns.⁵⁶ However, none of the professional services contracts were awarded to Section 3 business concerns.

HACM staff mistakenly believed that they were not allowed to give a preference to Section 3 businesses in their construction contracting.⁵⁷ According to HACM staff, including staff responsible for Section 3 compliance and HACM procurement, when HACM awards contracts, no preference is given to Section 3 business concerns. Instead, contracts are awarded to the lowest bidder. The only exception to this is made in cases where the contract is not put out for bid. HACM staff indicated that they do not know how to give preferences to Section 3 businesses. Also, HACM staff noted that when a Request For Proposal (“RFP”) is advertised, Section 3 businesses may be awarded additional points based upon their status as Section 3 business concerns. However, there is no written policy regarding these additional points, and it is unclear how many points could be awarded and when they could be awarded.⁵⁸ The practice of awarding additional points to Section 3 businesses was not used when awarding contracts for the Westlawn Project.⁵⁹

The evidence did not show that any of the Section 3 businesses that received contracts on the Westlawn Project were other than category 4 businesses, as defined in the Section 3 regulations. Except for HACM’s procurement staff, HACM did little, if any, outreach to Section 3 business concerns.⁶⁰ Generally, HACM advised contractors of contracting opportunities via an email notification system, which is available to any contractor upon request.⁶¹ Although HACM’s Procurement Manager maintains a list of Section 3 business concerns, it is almost exclusively used for outreach to Section 3 business concerns on the non-construction or procurement side of HACM’s contracting. Further, the list of Section 3 business concerns is not advertised to those outside of HACM, and it is compiled from Section 3 certification forms that are submitted by contractors in conjunction with their contracts with HACM; additions to the list are not proactively sought after.⁶²

During the investigation, HUD also determined that Prism was not effectively used to facilitate and encourage contracting with Section 3 business concerns.⁶³ Instead, Prism was primarily tasked with verifying whether the contractors or subcontractors, already under contract for work on the Westlawn Project, would qualify as Section 3 businesses.

Further, the investigation showed that HACM did not routinely include the Section 3 clause in its contracts and subcontracts. Instead HACM included the Section 3 clause in its bid solicitations for the Westlawn Project.⁶⁴ The clause was then incorporated into the Westlawn Project contracts by

⁵⁶ The amount \$10.6 million includes those contracts provided where both the contract and the businesses’ Section 3 certifications were found among the materials provided by HACM in response to the data requests.

⁵⁷ Interview with Maria Rodriguez, March 21, 2013

⁵⁸ Taken from interviews with Maria Rodriguez on March 21, 2013 and Melissa Krotts on April 11, 2013.

⁵⁹ Interview with Maria Rodriguez, March 21, 2013.

⁶⁰ Interview with Maria Rodriguez, March 21, 2013.

⁶¹ Interview with Melissa Krotts, April 11, 2013.

⁶² Interviews with Maria Rodriguez and Melissa Krotts.

⁶³ Interview with Maria Rodriguez, March 21, 2013.

⁶⁴ The Section 3 Clause was routinely found on page 14 of HUD form 5359, Instructions to Bidders for Contracts Public and Indian Housing Programs, part of the bid solicitation packages for Westlawn.

reference to the bid solicitation. Most subcontracts reviewed during the investigation make reference to and incorporate the contract between HACM and the prime contractor.⁶⁵ However, the seven-paragraph Section 3 clause itself was not found in the Westlawn Project contracts and subcontracts.

Section 3 Contracting – HACM and Other Projects

HUD's review also involved a limited evaluation of HACM's internal non-construction contracting and of its other construction contracting. HUD identified several differences between how HACM handled its Section 3 contracting on the Westlawn Project and how it handled its internal non-construction contracting and other construction projects. These differences explain HACM's more robust compliance with Section 3 regulations on the non-constructing contracting.

HACM maintained a list of Section 3 business concerns that was used almost exclusively for outreach to Section 3 businesses on the procurement end of HACM's operations. The list is maintained by HACM's Procurement Manager. She stated that other HACM staff asks about the list approximately once a year. Businesses that enter into a contract with HACM are added to the list when they submit their Section 3 business self-certification forms. The Procurement Manager stated that she has not been contacted by contractors looking for Section 3 businesses, nor has she been asked by businesses to be added to the list. Nevertheless, she has utilized the list to do outreach to Section 3 businesses for HACM's procurement contracting.⁶⁶ HACM did not maintain a list of Section 3 business concerns that could be accessed by contractors or subcontractors interested in bidding on a HACM project. Further, HACM did not routinely verify the Section 3 business self-certification forms submitted by businesses for its other construction contracting.⁶⁷

HACM's Procurement department performed adequate Section 3 business outreach as it utilized the list maintained by the Procurement Manager. Pursuant to its previously discussed policy, HACM also awarded Section 3 businesses additional preference points since the procurement contracts were typically advertised as RFPs. This explains the fact that HACM's compliance with Section 3 on non-construction contracts has been consistent for a longer period of time than its compliance on construction contracts.

Finally, with regard to the Section 3 clause, the investigation did not include a review of any internal contracts, except for one contract that was referenced in interviews and was provided to the HUD team. This contract did not contain a Section 3 clause.⁶⁸

⁶⁵ The Department reviewed the following contracts: Vanguard Subcontract #V11-1024, with Chenery Bros., Inc., dated April 6, 2011; Horizon Subcontract #1101005120, with 4 City Steel Fab, Inc., dated July 18, 2011; Rawson Subcontract #S1122, with Ace Electric, dated July 19, 2011; Stark Asphalt Subcontract with Northwest Asphalt Products, Inc., dated April 30, 2012; Rams Subcontract with Flores Contractors, Inc., dated July 26, 2011; and Altius Subcontract with Adair Sewer & Water, dated July 14, 2011.

⁶⁶ Interview with Melissa Krotts, April 11, 2013.

⁶⁷ Interview with Maria Rodriguez, March 21, 2013

⁶⁸ Contract between HACM and Friends of Housing Corp., #08-036, dated May 8, 2008.

Findings

1. Numerical Goals, 24 C.F.R. Part 135.30.

a. Greatest Extent Feasible Requirement – Employment: Noncompliant

A recipient may demonstrate compliance with the “greatest extent feasible” requirement of Section 3 as related to employment by meeting the numerical goals set forth in 24 C.F.R. Part 135.30(b)(1). The regulation establishes the goal that 30% of the aggregate number of all new hires be Section 3 residents. The numerical goals apply both to the recipient itself and to the recipient’s Section 3-covered contractors. Further, a recipient shall, to the “greatest extent feasible,” direct the employment opportunities in an order of priority wherein public housing residents are given the highest priority.

In direct contradiction to the regulations, HACM’s Section 3 written policies exempt contracts under \$50,000 or \$100,000 from the Section 3 contracting and employment requirements.

With regard to the Westlawn Project, HACM took steps to encourage compliance with the Section 3 hiring goals, including hiring a contractor to ensure Section 3 compliance. Yet, the contractor was unaware of the Section 3 hiring priorities according to which public housing residents are given the highest priority. Further, the hiring performance for the Westlawn project fell short of the Section 3 employment goals, coming within a few percentage points of the 30% goal. Moreover, no HACM residents were hired to work on the project. To account for the lack of HACM residents hired, HACM pointed to low interest, lack of skills, and the demographics of the Westlawn East residents. However, many jobs created by the Westlawn project did not require any formal training or certifications. HACM failed to coordinate job readiness screening for HACM residents who expressed an interest in working on the Westlawn project or to post information about how to apply for jobs at the worksite. HACM did not to the “greatest extent feasible” direct employment to Westlawn residents and other HACM residents, who should have received the highest priority for new hiring. Therefore, HACM is not in compliance with its Section 3 obligations related to the hiring practices of its contractors.

According to HACM’s 60002 reports, its employment goals were met for the years 2009-2012. However, upon closer inspection of the employment numbers, HACM’s count of Section 3 new hires is skewed as it included the part-time Section 3 “Youth Workers” in its total. It is uncertain whether HACM included its internal hiring numbers in all of its 60002 reports for this period of time, as it reported no new hires in its 60002 report for 2009, while documentation provided by HACM, clearly shows internal Section 3 new hires for 2009.

Moreover, with regard to its internal hiring, HACM did not, to the “greatest extent feasible,” direct its internal employment opportunities in the order of priority specified in the Section 3 regulations. HACM did not capture information about eligibility of candidates for a Section 3 hiring preference during its hiring process. Hence, when determining which candidates to forward to the hiring managers for interviews, HACM staff did not award preference points according to the Section 3 hiring priorities. HUD determined that HACM’s Human Resources Manager was unaware of the Section 3 hiring preferences that should be awarded to HACM residents. Further, the internal hiring

process failed to track whether potential new hires were Section 3 hires until the 60002 report was compiled. Therefore, HACM is not in compliance with its Section 3 obligations related to its internal hiring practices.

b. Greatest Extent Feasible Requirement – Contracting: Noncompliant.

A recipient may demonstrate compliance with the “greatest extent feasible” requirement of Section 3 as related to contracting by meeting the numerical goals set forth in 24 C.F.R. Part 135.30(c)(1) and (2). The regulations establish the goal that at least 10% of the total dollar amount of all Section 3-covered contracts for construction and 3% of the total dollar amount of all other Section 3-covered contracts be awarded to Section 3 business concerns. Further, a recipient shall, to the “greatest extent feasible,” direct the contracting opportunities in an order of priority wherein public housing resident-owned Section 3 businesses are given the highest priority.

HACM’s 60002 reports show that HACM improved its compliance with the Section 3 contracting requirements over the time period of the Review. Notably, HACM’s Section 3 non-construction (non-Westlawn) contracting has been consistent since 2010. This is due in part to the Procurement Manager’s use of a Section 3 business list and her ability to award preference points to Section 3 businesses when contracting. Additionally, according to the 60002 reports, both construction and non-construction contracting met the numerical goals in 2012. However, no Section 3 preference points were awarded to Section 3 businesses that bid for construction contracts.

With regard to the Westlawn Project, HACM exceeded the construction contracting goal, by awarding 18.6% of the contracting opportunities on the project to Section 3 business concerns. However, HACM did not reach the 3% contracting goal for all other contracts on the Westlawn Project.

Also, in direct contradiction to the regulations, HACM’s Section 3 written policies exempt contracts under \$50,000 or \$100,000 from the Section 3 contracting and employment requirements. HACM did not direct contracting opportunities in the order of priority specified in the Section 3 regulations which would have given Westlawn resident and HACM resident owned businesses a priority over other Section 3 business concerns.

Therefore, HACM did not satisfy the “greatest extent feasible” requirement, and it is not in compliance with its Section 3 obligations related to its contracting activity.

2. Other Section 3 Responsibilities, 24 C.F.R. Part 135.32

In addition to meeting the required numerical goals for employment and contracting, a recipient has the responsibility to carry out specific program activities to further the purposes of Section 3. The following identifies these required activities and indicates whether or not HACM implemented them.

a. Notification Procedures: Noncompliant**i. Training and Employment: Noncompliant.**

HACM performed outreach regarding job opportunities on the Westlawn Project through newsletters to residents, an orientation meeting in June 2011, and monthly Resident Council meetings. However, the relationship that HACM had with Big Step was overstated and ineffective, as there was no contractual relationship between the two. Information about how to seek employment was not posted at the Westlawn job-site, as required. HACM failed to notify Section 3 residents of training and employment opportunities. On the Westlawn project, it incorrectly inserted a threshold for compliance with Section 3 requirements (for contracts over \$50,000 or \$100,000) into its policies and procedures, leading other contractors and subcontractors to follow suit. Therefore, the Department finds HACM noncompliant with this part.

ii. Contracting: Noncompliant.

The Review revealed that HACM maintains a Section 3 business list in its Procurement department. However, this list is rarely utilized by the other departments at HACM, including the department responsible for construction contracting. Although, HACM offers the use of an email notification to contractors/businesses, this notification is not specific to Section 3 business concerns. Additionally, as noted above, HACM failed to properly notify Section 3 business concerns of contracting opportunities by incorrectly inserting a threshold of \$50,000 or \$100,000 into its Section 3 policies and procedures. For these reasons, the Department finds HACM noncompliant with this part.

b. Section 3 Clause: Noncompliant.

HACM staff consistently included the Section 3 clause in bid solicitations. The clause was then incorporated by reference into HACM contracts. Subcontracts reviewed showed that the bid and prime contract were incorporated by reference into the subcontract in most instances. However, the seven-paragraph Section 3 clause was not directly included within the contracts or subcontracts. When the Section 3 clause is not readily apparent upon review of a contract, contractors are not effectively notified of their Section 3 obligations. For the aforementioned reasons, the Department finds HACM noncompliant with this requirement.

c. Facilitation of Training and Employment Opportunities: Noncompliant.

See the discussion in Finding 1. Numerical Goals, 24 C.F.R. Part 135.30, above.

d. Contracting Exclusively with Section 3-Compliant Entities: Compliant.

HACM is compliant to the extent that the contractors provide employment opportunities to Section 3 residents. There is no evidence to suggest that any of the contractors involved with the Westlawn Project previously had been found to be in violation of the Section 3 regulations.

3. Submission of Annual Section 3 Report to HUD pursuant to 24 C.F.R. Part 135.90: Compliant.

HACM has submitted the required HUD Form 60002 for each of the four years covered by this review.

Conclusion


Despite the findings above, HUD recognizes that HACM was, in fact, attempting in good faith to meet the requirements of Section 3 and made significant efforts in that regard. During the investigation, HACM staff also demonstrated sincere willingness to improve HACM's compliance with Section 3 regulations.

Nevertheless, in light of the findings of noncompliance described in this letter, the Assistant Secretary of Fair Housing and Equal Opportunity will take informal steps to bring this matter to a voluntary and just resolution in accordance with 24 C.F.R. § 135.76(f)(2). Where attempts to informally resolve these issues fail, the Assistant Secretary will impose a resolution. Any resolution imposed by the Assistant Secretary will be in accordance with regulations governing Public and Indian Housing funding and may include administrative sanctions. Please be advised that you have the right to appeal this decision within fifteen (15) days of the receipt of this notification by requesting reconsideration. Any request for reconsideration should specify the reasons why this decision should be reconsidered. Your request should be mailed directly to the Assistant Secretary for Fair Housing and Equal Opportunity, at:

The Assistant Secretary of the Office of Fair Housing and Equal Opportunity
United States Department of Housing and Urban Development
451 Seventh Street, SW, Suite 5100
Washington, D.C. 20410

If an appeal is not submitted during the time period indicated above, you will be contacted by a staff person to begin the voluntary resolution process. If you have any questions regarding any aspect of this review, please contact Erika Finkler, of the Minneapolis HUD Office, FHEO Division, at (612)370-3000, ext. 2131, or via email at Erika.S.Finkler@hud.gov. Thank you for your cooperation.

Sincerely,


Maurice J. McGough, Director
Office of Fair Housing and Equal Opportunity
Region V

cc: Erika Finkler, FHEO Minneapolis
John Finger, PIH Milwaukee

Thomas Nelson, FHEO Milwaukee
Antonio Perez, HACM Executive Director