

*** All present are expected to conduct themselves in accordance with our City's Core Values ***



OFFICIAL NOTICE AND AGENDA

of a meeting of a City Board, Commission, Department Committee, Agency, Corporation, Quasi-Municipal Corporation or Sub-unit thereof.

Notice is hereby given that the **Community Development Authority** of the City of Wausau, Wisconsin will hold a regular or special meeting on the date, time and location shown below.

Meeting of the: **COMMUNITY DEVELOPMENT AUTHORITY BOARD OF THE CITY OF WAUSAU**
Date/Time: **Tuesday, April 23, 2024 at 12:00 pm**
Location: **550 E Thomas Street, Wausau, Wisconsin 54403**
Members: **Sarah Napgezok (C), David Welles, John Wagman, Patrick Gosz, Sarah Watson, Chad Henke, Rachael Hass**

AGENDA ITEMS FOR CONSIDERATION (All items listed may be acted upon)

1. Call the Meeting to Order
2. Approval of Minutes from 3/19/24
3. Introduction of New Commissioner
4. Amendment of Minutes from 8/22/23 on Agenda Item #4 - Consideration and Possible Action on Loan Proposal from Gorman & Company for the Redevelopment of the West Side Battery Property, 415 S First Avenue, Wausau - Ted Matkom, Gorman & Company
5. Update on Loan Commitment to Gorman & Company for West Side Battery Property - 415 S 1st Avenue, Wausau - LIHTC Project
6. Operational Issues & Current Activities

Occupancy Overview

Housing Choice Voucher Wait List

QAD VMS Review Update

2023 Audit Update

Adjournment

Sarah Napgezok, Chair

This Notice was posted at City Hall and emailed to the Media on Thursday, April 18, 2024 at 1:30 pm. Questions regarding this agenda may be directed to Liz Brodek, Community Development Director at 715-261-6685

Any person wishing to offer public comment who does not appear in person to do so, may e-mail Juli Birkenmeier at juli.birkenmeier@ci.wausau.wi.us with "Community Development Authority Board Meeting Public Comment" in the subject line a minimum of 2 hours prior to the meeting start. All public comment, either by email or in person, will be limited to items on the agenda at this time. The message related to agenda items received prior to the meeting will be provided to the Chair.

In accordance with the requirements of Title II of the Americans with Disabilities Act of 1990 (ADA), the City of Wausau will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs or activities. If you need assistance or reasonable accommodations in participating in this meeting or event due to a disability as defined under the ADA, please call the ADA Coordinator at (715) 261-6590 or ADAServices@ci.wausau.wi.us to discuss your accessibility needs. We ask your request be provided a minimum of 72 hours before the scheduled event or meeting. If a request is made less than 72 hours before the event the City of Wausau will make a good faith effort to accommodate your request.

It is possible that members of, and possible a quorum of members of other committees of the City of Wausau may be in attendance at the above mentioned meeting to gather information. No action will be taken by any such group at the above mentioned meeting other than the committee specifically referred to in this notice.

Other Distribution: City Website, Alderpersons, Board Members, Mayor

COMMUNITY DEVELOPMENT AUTHORITY
MINUTES

03/19/24

MEMBERS PRESENT: Sarah Napgezok, John Wagman, David Welles, Chad Henke, Patrick Gosz, Rachael Hass

MEMBERS ABSENT: Carol Lukens

OTHERS PRESENT: Juli Birkenmeier, Anne Jacobson, Liz Brodek, Tammy King

(1) Call Meeting to Order

Meeting was called to order at 12:00 pm at 550 E Thomas Street, Wausau, Wisconsin.

(2) Approval of Minutes from 01/23/2024

Wagman made a motion to approve the minutes from 01/23/24. Hass seconded. Motion was approved unanimously.

(3) Update on Loan Commitment to Gorman & Company for West Side Battery Property – 415 S 1st Avenue, Wausau, LIHTC Project

Birkemeier provided a brief overview of the \$650,000 loan commitment to Gorman & Co. providing gap financing for the West Side Battery LIHTC project. Birkenmeier noted Gorman is expecting to close on the property in July 2024. Birkenmeier furthered that the repayment of the loan will be based on cash flow similar to The Landmark Wausau, LLC loan. She furthered the term of the loan as mentioned in the August 2023 board meeting was for 15-years at 3%, however the request from Gorman was a note with an 18-year term at 3% which is the structure of The Landmark Wausau, LLC loan. Welles questioned if the note term due to conflicting information. Birkenmeier stated that she would review the minutes from the August 2023 meeting and communicate with Matkom to obtain clarification. She will update the board at the next meeting.

(4) Finance Committee Report

Gosz provided his Chair report from the March 7, 2024, Finance Committee meeting and reviewed the WCDA's investment sheet as of December 31, 2023.

Gosz reviewed the Capital Fund Program (CFP) grant summary reflecting that the 2022 grant was fully disbursed as of July 2023 with the roof replacement at 1901 Bopf Street. Gosz furthered that the 2023 grant has a disbursement balance of \$76,490.06 which was used for the remainder of the Bopf Street roof project as well as tree removal at some of the scattered sites properties. This grant carries an obligation date of 02/16/2025 and it was noted that the grant is expected to be fully utilized for pending projects and day-to-day operations by the end of the obligation date.

Gosz then reviewed the fourth quarter financial statements and summaries for the WCDA's budgeted programs as well as the financial statements and summaries for Riverview Towers, LLC., and further reviewed the items of note contained in his report.

Gosz gave an overview of the 2023 salary allocation and spreadsheet and reviewed the 2024 salary allocations. He noted that Birkenmeier made a year-end allocation adjustment for two employees whose actual time worked exceeded the 1% allocation variance. Gosz furthered that Birkenmeier inquired with the auditors on increasing the variance from 1% to 3% and was informed the budget and actual should be exact or no more than 1% difference.

Lastly, Gosz briefly reviewed the 2023 RVT LLC audit completed by CLA which recorded an unqualified opinion. He said the required 2023 tax return and all necessary NEF reporting were completed.

(5) Operational Issues and Current Activities

Occupancy Overview - Birkenmeier reported 97% occupancy at Riverview Towers, 100% at Riverview Terrace and 100% at the Scattered Sites and said staff is currently administering 312 Housing Choice Vouchers. Birkenmeier mentioned the Housing Choice Voucher waiting list will be opening on March 25, 2024, and will be closing on April 12, 2024.

Scattered Sites Kitchen Countertop Replacement Project – Birkenmeier stated a RFQ for architect services was issued for the 2024 – 2025 kitchen countertop replacement project. She furthered this project is expected to begin summer 2024 with substantial completion by October 31, 2025. Birkenmeier noted this project will be completed on 37 of the scattered sites.

2023 Audit Updates – Birkenmeier reported that Clifton Larson Allen (CLA) has completed the Riverview Towers LLC audit, and the single audit will begin April 10, 2024. She noted that CLA will present both audits to the full board at a future date.

Adjournment

Respectfully Submitted,

Sarah Napgezok
Chairperson

COMMUNITY DEVELOPMENT AUTHORITY
MINUTES

08/22/23

MEMBERS PRESENT: Sarah Napgezok, John Wagman, Patrick Gosz, Rachael Hass

MEMBERS ABSENT: David Welles, Chad Henke, Carol Lukens

OTHERS PRESENT: Liz Brodek, Betty Noel, Juli Birkenmeier, Anne Jacobson, Jon Trautman, CliftonLarsonAllen, Ted Matkom, Gorman & Co.

(1.) Call the Meeting to Order

Meeting was called to order at 12:04 pm at 550 E. Thomas Street, Wausau, Wisconsin.

(2.) Approval of Minutes from 06/27/2023

Wagman made a motion to approve the 06/27/23 minutes. Hass seconded. Motion was approved unanimously.

(3.) Finance Committee Report

Noel reviewed the Chair report from the August 9, 2023, Finance Committee meeting as well as the WCDA's investment balances as of June 30, 2023. She then gave an update on the 2022 and 2023 CFP grants highlighting their obligation and expenditure deadlines, current fund balances and budget detail. Noel concluded by stating the 2022 grant was fully expended in July, following completion of the Bopf Street roof replacement project.

Noel reviewed the 2023 second quarter financials for the WCDA's budgeted programs summarizing the *Year-To-Date* versus *Budget* line items and explained any budget variances.

Noel then reviewed the 2023 second quarter financials for Riverview Towers LLC, summarizing *Year-To-Date* versus *Budget* line items and further explained any budget variances.

Noel concluded by announcing Patrick Gosz as the newly elected Finance Committee Chairperson.

(6.) Operational Issues & Current Activities

Occupancy Overview – Noel reported 98% occupancy at Riverview Towers, 97% at Riverview Terrace and 97% at the Scattered Sites and said staff is currently administering 307 monthly Housing Choice Vouchers.

Public Housing Assessment System (PHAS) Score – Noel reviewed the WCDA's Public Housing Assessment System (PHAS) score report for FYE 12/31/22, which reflected a score of 95, achieving High Performer status. She explained that the WCDA was scored on indicators relative to physical, financial, management, occupancy, and capital fund administration.

Project Based Voucher (PBV) Request for Proposals Update – Birkenmeier reiterated the project-based voucher RFP was open for a period from July 13 - August 18, 2023. She reported receiving just one proposal from Gorman & Company for The Landmark Apartments. She said the proposal will be reviewed by staff ensuring it meets all requirements reflected in the RFP and the results will be brought back to the board in September.

NEF LIHTC Tenant File Review – Riverview Towers LLC – Noel reviewed the results of National Equity Fund's 2023 LIHTC tenant file review for Riverview Towers. She said the purpose of a tenant file review is to assess current procedures for tenant compliance and income verification documentation to

ensure that qualified occupancy was achieved. Noel congratulated Juli Birkenmeier for her diligence and hard work in achieving another exceptional rating with zero findings.

(5.) Presentation of the 2022 Riverview Towers LLC and the Wausau Community Development Authority Audits – Jon Trautman, CliftonLarsonAllen LLP

Jon Trautman presented the 2022 Wausau Community Development Authority (WCDA) and Riverview Towers audits to the full board and answered any questions arising from his presentation. He furthered that both audits received the issuance of an unmodified opinion. Noel noted the Corrective Action Plan submitted to CLA relative to the financial statement finding for the late unaudited REAC reporting submittal and explained the safeguards management has in place, working closely with the WCDA's outside accountant, to ensure timely REAC reporting going forward.

(4.) Consideration and Possible Action on a Loan Proposal from Gorman & Company for the Redevelopment of the West Side Battery Property, 415 S First Avenue, Wausau – Ted Matkom, Gorman & Company

Noel introduced Ted Matkom, Wisconsin Market President for Gorman & Company, who was present to review details of the initial feasibility model for their proposed 56-unit affordable housing development on the West Side Battery property. Matkom also gave a brief history of the successful partnership Gorman and the WCDA have had over the past 15 years in providing quality affordable housing.

Matkom further detailed the proposed redevelopment of the 415 S First Street property using WHEDA tax credits awarded to them through the Low-Income Housing Tax Credit (LIHTC) program. He explained the function of tax credits, the proposed capital stack for the project and the potential financing gap. Matkom stated he has been working with Tammy Stratz, Community Development Department, on the potential use of federal HOME funds on the project however the environmental test reflected minimally exceeding the train acoustical threshold, therefore jeopardizing the use of those federal funds. He furthered Stratz is currently seeking to obtain a waiver from HUD but her efforts have thus far been unsuccessful. Matkom said while they continue to work through these issues, he sought a board commitment for a \$650,000, 3%, 15-year note from the WCDA which would provide Gorman with the necessary gap financing in the event federal funds cannot be used. Napgezok said she has been very pleased with the ongoing partnership between Gorman and the WCDA. Hass made a motion to commit to lend \$650,000 to Gorman & Company with a preference to use federal funds first. Wagman seconded. Motion was approved unanimously. Noel thanked Matkom for Gorman's continued interest in providing affordable housing in the city of Wausau.

Adjournment

Respectively submitted,



Sarah Napgezok
Vice Chair

PROMISSORY NOTE

(Permanent Loan Proceeds)

Wausau, Wisconsin

\$900,000

July 30, 2021

For value received, THE LANDMARK WAUSAU, LLC, a limited liability company formed under the laws of the State of Wisconsin (the "Borrower"), promises to pay to the order of COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF WAUSAU, a public body corporate and politic organized under the laws of the State of Wisconsin, with offices at 550 E. Thomas Street, Wausau, WI 54403 ("WCDA"), the original principal sum of

NINE HUNDRED THOUSAND AND 00/100 DOLLARS

(\$900,000)

or the amount as shall be advanced to or for the account of the Borrower pursuant to the terms of a certain Project and Loan Agreement (the "Agreement") of even date herewith between the Borrower and WCDA, which Agreement is incorporated herein by reference. The term of this Note shall commence on the date hereof and continue until eighteen (18) years from the date of this Note (the "Payment Date"). Beginning on the date on which the project is placed in service, amounts advanced under this Note shall bear interest at a rate per annum equal to three percent (3%), simple interest, with no compounding. Other than Cash Flow Payments (defined below), no payments of principal or interest shall be due during the term hereof, until the Payment Date whereupon the outstanding principal balance hereof, and all other charges, shall be due and payable.

Borrower shall make payments on this Note commencing on June 1, 2024 and on each June 1 thereafter during the term of this Note. Such payments shall be made from Cash Flow (as defined in the Borrower's Amended and Restated Agreement Operating Agreement, dated as of July 30, 2021 (the "Operating Agreement"), in the amount and in the priority provided in Section 4.1 of the Operating Agreement. A final payment of the entire principal balance of this Note, together with all accrued interest thereon, shall be due and payable on the Payment Date. Borrower will not amend the Operating Agreement in any way that would modify Section 4.1 without the written approval of the Authority.

This Note evidences a loan of funds referred to as the "Authority Loan" in, and pursuant to, the Agreement and is secured by a mortgage of even date herewith from the Borrower to WCDA entitled Mortgage and Security Agreement (the "Mortgage") covering certain premises in the City of Wausau, Marathon County, Wisconsin and more particularly described therein.

All payments shall be applied in the following order: (1) to late payment charges and similar charges, if any, due under this Note, the Agreement, the Mortgage or any document executed in connection therewith (collectively the "Loan Documents"); (2) to accrued but unpaid interest; and (3) to reduce the principal balance of this Note.

The Borrower shall have the right to prepay this Note in whole at any time or in part from time to time during its term. Any such prepayment may be made without premium or penalty.

All payments hereunder shall be made at the office of COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF WAUSAU, 550 E. Thomas Street, Wausau, WI 54403, or elsewhere as shall be directed in writing by any holder hereof.

In the event that Borrower (i) fails to pay any installment of principal and/or interest within 15 days after the same is due, (ii) fails to perform or breaches any of the covenants, conditions or agreements contained in any of the Loan Documents, which failure continues beyond the expiration of any applicable notice and cure period set forth therein, or (iii) defaults under any mortgage superior in lien to the Mortgage, which default continues beyond the expiration of any applicable notice and cure period set forth therein (each an "Event of Default") the entire unpaid balance of the principal debt and all accrued and unpaid interest and all other sums paid by any holder hereof to or on behalf of the Borrower pursuant to the terms of the Loan Documents, together with unpaid interest thereon, shall at the option of WCDA and without further notice become immediately due and payable and no failure on the part of WCDA to exercise any of its rights hereunder shall be deemed a waiver of any such rights or any default hereunder.

Commencing on an Event of Default and continuing until this Note is paid in full or all defaults are cured, whichever first occurs, interest on this Note shall accrue on the outstanding principal balance at a rate per annum equal to the Wall Street Journal Prime Rate plus five (5%) percent.

If this Note is not paid when due and is placed with an attorney for collection, and whether or not suit is entered hereon, the Borrower further agrees to pay WCDA, in addition to the principal and interest then due, the costs of suit and reasonable attorneys' fees and costs.

No failure on the part of WCDA to exercise any of its rights hereunder shall be deemed a waiver of such rights or of any Event of Default. Any notice which WCDA shall elect or be required to give shall be deemed to be given when (a) mailed by Registered or Certified Mail, Return Receipt Requested, or (b) sent for overnight delivery by a nationally recognized delivery service, addressed to the Borrower at the address for notices established pursuant to the Agreement.

Presentment, protest and notice of dishonor are hereby waived, to the extent such may legally be waived.

The liability of Borrower for the payment of any amount payable hereunder or any obligation set forth herein shall be enforceable only out of the property subject to the Mortgage, and the rents and issues therefrom. Neither WCDA nor any subsequent holder of this Note have any right to seek collection of this Note or the performance of any obligation hereunder out of the assets (personal or otherwise) of Borrower, any member of Borrower, or any partner, member, stockholder, officer or director of any member of the Borrower it being understood that WCDA's sole recourse shall be to the property subject to the Mortgage; except as otherwise provided in that certain Completion Guaranty executed simultaneously herewith in conjunction with and as one of the Loan Documents.

This Note shall be governed by and construed in accordance with the laws of the State of Wisconsin, without application of any statute relating to conflicts of law. Each of the parties hereby (a) irrevocably submits to the jurisdiction of the Circuit Court, Marathon County, Wisconsin for purposes of any action or proceeding arising out of or relating to this Agreement or the subject matter hereof and brought by any other party; and (b) waives and agrees not to assert, by way of motion, as a defense or otherwise, in any such action or proceeding, any claim that (i) it is not personally subject to the jurisdiction of the Circuit Court, Marathon County, Wisconsin, (ii) the action or proceeding is brought in an inconvenient forum or (iii) the venue of the action or proceeding is improper.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Borrower has caused this instrument to be executed on the day and year first above written.

THE LANDMARK WAUSAU, LLC

By: The Landmark Wausau MM, LLC, a Wisconsin limited liability company, its managing member

By: GEC The Landmark Wausau, LLC, a Wisconsin limited liability company, its manager

By: Gorman & Company, LLC, a Wisconsin limited liability company, its manager

A handwritten signature in black ink, appearing to read "Michael Redman", written over a horizontal line.

Name: Michael Redman

Title: Secretary

2023 Occupancy Overview

	Riverview Towers (149 Units) Occupancy %	Riverview Terrace (36 Units) Occupancy %	Public Housing (46 Units) Occupancy %	Housing Choice Vouchers Utilized
January	97%	77%	100%	278
February	97%	83%	100%	283
March	97%	94%	100%	288
April	96%	94%	100%	296
May	99%	94%	100%	300
June	98%	97%	97%	303
July	99%	97%	97%	311
August	98%	97%	97%	307
September	99%	100%	97%	306
October	99%	97%	100%	301
November	98%	98%	100%	299
December	99%	98%	100%	298

2024 Occupancy Overview

	Riverview Towers (149 Units) Occupancy %	Riverview Terrace (36 Units) Occupancy %	Public Housing (46 Units) Occupancy %	Housing Choice Vouchers Utilized
January	98%	100%	100%	297
February	98%	100%	100%	296
March	97%	100%	100%	312
April	99%	95%	100%	317
May				
June				
July				
August				
September				
October				
November				
December				



NOTICE TO VERY-LOW INCOME INDIVIDUALS AND FAMILIES

The Wausau Community Development Authority will be accepting applications for the Section 8 Housing Choice Voucher Program (HCVP) for the City of Wausau and the surrounding metropolitan area.

YOU MAY QUALIFY FOR THE PROGRAM IF:

- You are a single person or family, and at least one member is a U.S. citizen or an eligible non-citizen
- The head of household is at least 18 years of age or older
- Your household's gross annual income is less than the income limits

Applications will be available at our office or they can be printed off the City of Wausau website effective:

March 25, 2024 at 8:00 am through April 12, 2024 at 3:00 pm

Completed applications may be mailed, emailed, faxed, or hand delivered to our office, however all applications **MUST** be received by

3:30 pm on Friday, April 12, 2024.

All eligible applications will be placed on the waiting list via lottery system.

If you have any questions regarding the Section 8 HCVP please call our office at 715-261-6687.

Wausau Community Development Authority
550 E. Thomas St, Wausau, WI 54403
Phone: 715-261-6687 Fax: 715-843-5167
Monday – Friday 7:00 am – 3:30 pm





U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 20410-5000
OFFICE OF PUBLIC AND INDIAN HOUSING
Quality Assurance Division

March 21, 2024

Elizebath Brodek
Executive Director
Wausau Community Development Authority
550 E. Thomas Street
Wausau, WI 54403

Dear Elizabeth Brodek:

Recently, Quality Assurance Division (QAD) Staff conducted a remote validation review of the Housing Choice Voucher Program (HCV) Voucher Management System (VMS) for the Wausau Community Development Authority (WI031). The purpose of our review was to identify any VMS reporting discrepancies, and to provide guidance and technical assistance related to improving the HCV data reported in the VMS.

The review conducted focused on the VMS reporting period December 1, 2022 through November 30, 2023. During the review, Quality Assurance Division (QAD) Staff identified areas where the Wausau Community Development Authority can improve the accuracy of its VMS reporting. These areas and any technical assistance provided are detailed in the enclosed report. The report contains No Finding and five (5) Concerns.

Since needed corrections to VMS data were identified by the QAD Staff, it is important that these corrections be made as directed in the enclosed report as soon as possible, but not later than 30 days from the date of this report. Notification of informal corrective action(s) as a result of review Concerns must be sent via e-mail to Rudy.Rodriguez@hud.gov.

We appreciate the cooperation extended to QAD Staff during review, and your assistance in helping us ensure the best possible VMS data integrity. Should you have any questions or concerns, please contact me or Rudy Rodriguez at Rudy.Rodriguez@hud.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Ray Phung".

Ray Phung
Supervisory Program Analyst
Quality Assurance Division

Enclosure: VMS Validation Review Report – WI031

cc: Shirley Wong, Director, Office of Public & Indian Housing, Milwaukee
June Burnes, Division Director, Financial Management Center
Sarah Napgezek, Board Chairperson, Wausau Community Development Authority

VMS Validation Review Report – WI031

Background: The Voucher Management System (VMS) collects data on monthly leasing activities and costs for the Housing Choice Voucher (HCV) program via mandatory Public Housing Authority (PHA) reporting. The Department reviews VMS data to identify issues of concern to PHAs and/or the Department. The system is periodically enhanced to provide new flexibilities or features for improved ease and accuracy of reporting and use of data. VMS is a critical data system that is used for a variety of major functions, including budget formulation, utilization analysis, and funding allocations.

The purpose of this review was to validate the Unit Months Leased (UML) and related Housing Assistance Payment (HAP) expenses certified as accurate by the Wausau Community Development Authority for the period December 1, 2022 through November 30, 2023. For the period covered by our review, we validated the PHAs source documents against their VMS data entries, which are used by the OHVP Financial Management Division (FMD) to calculate renewal funding. Our review discovered reporting discrepancies as noted in the body of this report.

Concerns

Concern No. 1: Housing Assistance Payments (HAP) expenses were incorrectly reported.

Condition: The Total HAP expenses over the twelve-month review period were underreported in VMS by \$3,378. (see Table 1). Table 2 and 3 show the categories which contain the HAP variances found in VMS.

Total HAP			
Table 1	Reported	Validated	Difference
Dec-22	134,493	134,474	19
Jan-23	130,293	130,274	19
Feb-23	136,089	136,089	0
Mar-23	136,751	136,768	-17
Apr-23	141,025	141,265	-240
May-23	143,709	143,592	117
Jun-23	153,960	154,752	-792
Jul-23	157,267	158,243	-976
Aug-23	158,731	158,448	283
Sep-23	158,986	161,511	-2,525
Oct-23	158,166	157,799	367
Nov-23	159,670	159,303	367
12 Month Total	1,769,140	1,772,518	-3,378

All Other Vouchers HAP			
Table 2	Reported	Validated	Difference
Dec-22	102,015	101,996	19
Jan-23	101,778	101,759	19
Feb-23	107,177	107,177	0
Mar-23	107,574	107,574	0
Apr-23	111,755	111,995	-240
May-23	115,095	114,978	117
Jun-23	119,388	120,180	-792
Jul-23	122,869	123,845	-976
Aug-23	123,966	123,683	283
Sep-23	123,260	125,785	-2,525
Oct-23	123,118	122,751	367
Nov-23	125,048	124,681	367
12 Month Total	1,383,043	1,386,404	-3,361

VMS Validation Review Report – WI031

RAD 1 HAP			
Table 3	Reported	Validated	Difference
Dec-22	31,903	31,903	0
Jan-23	27,372	27,372	0
Feb-23	28,148	28,148	0
Mar-23	28,258	28,275	-17
Apr-23	28,275	28,275	0
May-23	28,007	28,007	0
Jun-23	33,395	33,395	0
Jul-23	33,293	33,293	0
Aug-23	33,338	33,338	0
Sep-23	34,130	34,130	0
Oct-23	33,633	33,633	0
Nov-23	32,783	32,783	0
12 Month Total	372,535	372,552	-17

Cause: Throughout the entire review period, the PHA did not make all retroactive prior month corrections. Discrepancies were due to accrual adjustments and/or corrections not being made by the PHA. Subsequent updates were reflected on the PHA’s VMS reporting documents, but had not been entered into the VMS system. This process does not follow the accrual reporting requirement per the VMS manual and FMC Bulletin 06-04 (see Appendix). Additionally, Chapter 4 of the VMS Manual states, “PHAs should not wait until the end of the year to make corrections, rather they should enter adjustments/revisions as they are discovered to ensure accurate data is available for utilization and budget projection purposes.”

PHAs must adhere to 24 §CFR 982.158; the PHA must maintain complete and accurate accounts and other records for the program in accordance with HUD requirements, in a manner that permits a speedy and effective audit. Appendix A of the VMS User’s Manual requires, “All HAP expense data is to be reported in the voucher categories as of the first day of the month. HAP expenses are entered under the month for which they are applicable, regardless of the month in which they are actually paid. HAP expenses are only entered after the payment has been made. A separate line item on the Voucher UML and HAP tab, called "Voucher HAP Expenses for New Contracts Effective After the First of the Month" collects HAP costs incurred for new HAP contracts effective after the first of the month. These costs are not reported elsewhere. The PHA should include as HAP in the appropriate categories any amounts expended for utility reimbursements.”

The VMS User’s Manual, provides detailed information for reporting on the following line item:

All Other Vouchers HAP: Total HAP expenses incurred for all other vouchers reported in the unit’s section, for contracts in effect on the first day of the month. Do not include any HAP expenses already reported in ANY other Voucher HAP Expense categories above or for FSS Escrow Deposits.

VMS Validation Review Report – WI031

Rental Assistance Demonstration 1 – Public Housing Conversion Awards HAP: Total HAP includes HAP expenses incurred after the 1st of the month. NOTE: RAD Rehab Assistance and RAD Vacancy payments should be reported in this field. The PHA should report ALL RAD 1 HAP expenses in this field, including the prorated HAP expenses incurred after the first of the month.

Effect: HUD relies on VMS data to monitor the state of each PHA’s Housing Choice Voucher Program and to calculate the funding PHAs receive each year.

Misreporting negatively affects HUD’s ability to determine accurate HAP expenses for the Agency. Since HUD provides renewal funding for each public housing agency based on validated leasing and cost data in VMS, timely and accurately reported VMS data is essential. PIH Notice 2021-08, paragraph 9, states, “PHAs are required to transmit certain leasing and cost data electronically through VMS. The Department uses VMS data for budget formulation, cash management, monitoring, determining renewal funding levels, and funding-related factors under the Section Eight Management Assessment Program (SEMAP). Therefore, it is imperative that PHAs comply with reporting requirements and timelines for reporting through VMS, ensuring that the information submitted is both timely and accurate. The data submitted in VMS is subject to verification and review by the PIH OHVP, Quality Assurance Division.”

Corrective Action No. 1: The PHA should implement procedures, including a quality control process, to ensure data is correctly captured and reported timely in VMS. The implemented processes should ensure that each field reported adhere to the VMS Manual definitions, should include all revisions, and should account for prior period adjustment/corrections. Additionally, the PHA must correct all HAP entries referenced in the above Tables to the QAD validated amounts. The Total HAP is system calculated and will be the resulting outcome once these corrections have been submitted in VMS.

Concern No. 2: Unit Months Leased (UML) was incorrectly reported.

Condition: The Total UML over the twelve-month review period was overreported in VMS by 2 UML (see Table 4). Tables 5 through 7 show the variances in VMS reporting. Subsequently, *Vouchers Under Lease on the Last Day of the Month* was affected.

Total UML			
Table 4	Reported	Validated	Difference
Dec-22	418	418	0
Jan-23	419	419	0
Feb-23	428	428	0
Mar-23	430	430	0
Apr-23	440	439	1
May-23	443	443	0
Jun-23	449	452	-3
Jul-23	458	457	1

All Other Vouchers UML			
Table 5	Reported	Validated	Difference
Dec-22	273	273	0
Jan-23	273	273	0
Feb-23	281	281	0
Mar-23	283	283	0
Apr-23	293	292	1
May-23	299	298	1
Jun-23	300	303	-3
Jul-23	309	308	1

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Aug-23	456	456	0
Sep-23	454	453	1
Oct-23	449	448	1
Nov-23	442	441	1
12 Month Total	5,286	5,284	2

Aug-23	307	306	1
Sep-23	303	302	1
Oct-23	298	297	1
Nov-23	295	294	1
12 Month Total	3,514	3,510	4

RAD 1 UML			
Table 6	Reported	Validated	Difference
Dec-22	143	143	0
Jan-23	144	144	0
Feb-23	145	145	0
Mar-23	145	145	0
Apr-23	145	145	0
May-23	142	143	-1
Jun-23	146	146	0
Jul-23	146	146	0
Aug-23	145	146	-1
Sep-23	147	147	0
Oct-23	147	147	0
Nov-23	143	143	0
12 Month Total	1,738	1,740	-2

VO Under Lease on Last Day of Month			
Table 7	Reported	Validated	Difference
Dec-22	418	418	0
Jan-23	422	423	-1
Feb-23	429	429	0
Mar-23	432	434	-2
Apr-23	441	440	1
May-23	442	443	-1
Jun-23	448	453	-5
Jul-23	457	457	0
Aug-23	454	457	-3
Sep-23	456	454	2
Oct-23	448	447	1
Nov-23	442	441	1
12 Month Total	5,289	5,296	-7

Cause: As stated in **Concern No.1**, discrepancies were due to accrual adjustments and/or corrections not being made by the PHA. Subsequent updates were reflected on the PHA’s VMS reporting documents but had not been entered into the VMS system.

The PHA also did not count RAD 1 for the entire month they were reported. The PHA was advised that all vouchers leased for RAD 1 are reported for the entire month, as the first of the month plus any vouchers with prorated HAP expenses for the new HAP contracts effective after the first of the month. This includes new contracts issued in the middle of the month.

Additionally, the PHA misreported the number of All Other Vouchers leased for most months of the review period which subsequently impacted Vouchers Under Lease on the Last Day of the Month in VMS. As stated in **Concern No.1**, the PHA was not making retroactive corrections in VMS.

Chapter 4 of the VMS Manual states, “PHAs should not wait until the end of the year to make corrections, rather they should enter adjustments/revisions as they are discovered to ensure accurate data is available for utilization and budget projection purposes.” Appendix A of the VMS User’s Manual provides the following definitions for these fields:

All Other Vouchers UML: Total number of vouchers leased for all other purposes. Do not include any vouchers already reported in the other voucher categories above.

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Rental Assistance Demonstration 1- Public Housing Conversion UML: Total number of Vouchers Leased for all RAD 1 – Public Housing conversion Awards; reporting begins January 1 of the first full calendar year of voucher funding. ALL Vouchers Leased for RAD1 are reported for the entire month (as the first of the month + any vouchers with prorated HAP expenses for the new HAP contracts effective after the first of the month). This includes new contracts issued in the middle of the month.

Number of vouchers under Lease (HAP Contract) on the last day of the Month: Total number of vouchers under lease on the “LAST” day of the month for all categories listed in “HAP Total” above. This includes HAP contracts that expired that day. Zero HAP units continue to be reported for up to six months. The HAP contract terminates automatically 180 calendar days after the last HAP payment to the owner.

Effect: PHAs must adhere to 24 CFR §982.158; they must maintain complete and accurate accounts and other records for the program in accordance with HUD requirements, in a manner that permits a speedy and effective audit. The UML data is utilized by the Financial Management Division for calculating PHA administrative fee allocation. Inaccurate UML reporting in VMS may adversely impact the amount of the administrative fees received. HUD relies on accurate VMS data to monitor the state of each PHA’s Housing Choice Voucher (HCV) Program to calculate the HCV funding PHAs receive each year. HUD makes use of PUC data to project HCV expenses through the end of the year, and when monitoring PHAs for potential funding shortfalls.

Inaccurate VMS information may impact the PHA financially as it is critical for ensuring correct program funding. VMS data is used for funding decisions, monitoring and funding related factors under the Section Eight Management Assessment Program. In accordance with 24 CFR §985.3(n), Notice 2012-44 paragraph 3 emphasizes that, “all PHAs will be scored based on leasing data at the end of the calendar year (CY) that ends on or before their fiscal year. PHAs must report leasing and expense data accurately and timely in HUD systems (i.e., the Voucher Management System (VMS)).”

Corrective Action No. 2: Correct all UML entries referenced in the above Tables to the QAD validated amounts. The Total UML is system calculated and will be the resulting outcome once these corrections have been submitted in VMS. The PHA should correct VMS as soon as possible but no later than 30 days from the date of this report.

Concern No. 3: HAP and UML totals for the Portable Units Administered were incorrectly reported.

Condition: The HAP and UML for reported Portable Units Administered (port-ins) were overreported by five (5) UML and HAP for the port-ins were overreported by \$2,410 (see Tables 8 and 9).

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Portable Units Administered (UML)			
Table 8	Reported	Validated	Difference
Dec-22	0	0	0
Jan-23	0	0	0
Feb-23	0	0	0
Mar-23	0	0	0
Apr-23	0	0	0
May-23	0	0	0
Jun-23	0	0	0
Jul-23	1	0	1
Aug-23	1	0	1
Sep-23	1	0	1
Oct-23	1	0	1
Nov-23	1	0	1
12 Month Total	5	0	5

HAP for Portable Units Administered			
Table 9	Reported	Validated	Difference
Dec-22	0	0	0
Jan-23	0	0	0
Feb-23	0	0	0
Mar-23	0	0	0
Apr-23	0	0	0
May-23	0	0	0
Jun-23	0	0	0
Jul-23	482	0	482
Aug-23	482	0	482
Sep-23	482	0	482
Oct-23	482	0	482
Nov-23	482	0	482
12 Month Total	2,410	0	2,410

Cause: For the months of July 2022 to November 2023, the PHA reported an Emergency Housing Voucher (EHV) participant as a port in. EHV should not be reported in any of the HCV categories in VMS.

The VMS User’s Manual, Appendix A, provides detailed information for the reporting line items.

Portable Units Administered HAP: HAP expenses attributable to the Portable Units Administered as reported above. These expenses are NOT included in the HA’s total voucher HAP expenses elsewhere reported in VMS.

Portable Units Administered UML: Total number of vouchers for the entire month which the HA is administering on behalf of an Initial HA under the portability provisions; the HA is billing the initial HA and has not absorbed the voucher participants into the HA’s own program. A household reported in this category is NOT reported as a voucher participant for this HA in any other category. These are commonly referred to as “Port Ins.”

Effect: One of the main goals of the HCV program is to increase the geographic opportunities available to participating families. The portability provisions serve to promote that goal. Without accurate portability reporting in VMS, HUD is unable to accurately track the mobility of participating families and accurately report on the mobility aspect of the program.

Corrective Action No. 3: Correct all entries referenced in the above Tables to the QAD validated amounts.

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Concern No. 4: The Number of Project Based Vouchers reporting fields were incorrectly reported in VMS.

Condition: Project Based Voucher - Total HAP Expense was overreported by \$2,605, as shown in Table 10. The Number of PBV Under HAP and Leased was overreported by eight (8) as shown in Table 11. Additionally, the PHA did not report Number of PBV Under HAP and Not Leased, as shown in Table 12.

Project Based Vouchers - Total HAP Expense			
Table 10	Reported	Validated	Difference
Dec-22	40,034	40,034	0
Jan-23	33,957	33,957	0
Feb-23	36,028	36,028	0
Mar-23	37,278	37,295	-17
Apr-23	37,352	36,985	367
May-23	37,828	37,461	367
Jun-23	43,767	43,400	367
Jul-23	43,464	43,097	367
Aug-23	42,934	42,567	367
Sep-23	44,089	44,060	29
Oct-23	43,589	43,222	367
Nov-23	42,397	42,006	391
12 Month Total	482,717	480,112	2,605

No. of PBV Under HAP and Leased			
Table 11	Reported	Validated	Difference
Dec-22	169	169	0
Jan-23	168	168	0
Feb-23	174	174	0
Mar-23	176	176	0
Apr-23	177	176	1
May-23	176	176	0
Jun-23	181	180	1
Jul-23	181	180	1
Aug-23	179	179	0
Sep-23	182	180	2
Oct-23	182	180	2
Nov-23	177	176	1
12 Month Total	2,122	2,114	8

No. of PBV Under HAP and Not Leased			
Table 12	Reported	Validated	Difference
Dec-22	0	16	-16
Jan-23	0	17	-17
Feb-23	0	11	-11
Mar-23	0	9	-9
Apr-23	0	9	-9
May-23	0	9	-9
Jun-23	0	5	-5
Jul-23	0	5	-5
Aug-23	0	6	-6
Sep-23	0	5	-5
Oct-23	0	5	-5
Nov-23	0	9	-9
12 Month Total	0	106	-106

Cause: Based upon the documentation provided by the PHA, the amount reported in VMS was not supported and did not match source records. Additionally, the PHA is not reporting the Number of PBVs Under HAP and Not Leased in VMS for the entire 12-month review period.

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The PHA was reminded that reporting the number of PBV under a HAP contract but not leased ensures the PHA receives an admin fee for the unleased PBVs under Contract.

The VMS User's Manual provides detailed information for reporting on the following line item:

Project Based Vouchers - Total HAP Expenses: Total HAP expenses incurred for Project Based Vouchers. The HAP expense should also be reported in the field that best describes the type of voucher being used (Tenant Protection, All Other Vouchers, etc.)

Number of PBVs under HAP and leased: Total number of PBVs under HAP contract and leased. These units and associated expenses are also reported in the field that best describes the type of voucher being used (Tenant Protection, All Other Vouchers, etc.)

Number of PBVs under HAP and not Leased: Total number of PBVs that are under a HAP contract and are not leased and are not receiving vacancy payments. These vouchers are not reported in any other field but are eligible for administrative fees. This field should include RAD1 and RAD2 Units that are under a HAP Contract but are not leased and RAD1 units that are receiving Rehab Assistance Payments (RAP).

Effect: PHAs submit and certify accurate VMS data which HUD uses for funding calculations. Failure to report accurately can adversely impact the Housing Authority, the HCV program, and impact HUD's perception of the reliability of the PHA's reporting. Failure to accurately report in VMS adversely impacts HUD's ability to monitor the PHA's HCV program. PHAs must adhere to 24 §CFR 982.158; they must maintain complete and accurate accounts and other records for the program in accordance with HUD requirements, in a manner that permits a speedy and effective audit. HUD relies on VMS data to monitor the state of each PHA's Housing Choice Voucher Program and to calculate the funding PHAs receives each year.

Funding is based upon the HAP reported in VMS. PHA administrative fees are based upon both the UMLs reported and the number of PBVs under HAP and not leased. Accurately capturing UML data in VMS is imperative for PHAs to earn administrative fees.

Corrective Action 4: The PHA must correct all VMS entries to the QAD amounts validated in the above Table within the next 30 days of this report.

Concern No. 5: Vouchers Issued but not Under HAP on the Last Day of the Month could not be validated.

Condition: *Vouchers Issued but not Under HAP on the Last Day of the Month* could not be validated.

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VO Issued but not Under HAP on Last Day of Month			
Table 13	Reported	Validated	Difference
Dec-22	17	Unvalidated	17
Jan-23	20	Unvalidated	20
Feb-23	27	Unvalidated	27
Mar-23	19	Unvalidated	19
Apr-23	26	Unvalidated	26
May-23	19	Unvalidated	19
Jun-23	17	Unvalidated	17
Jul-23	4	Unvalidated	4
Aug-23	3	Unvalidated	3
Sep-23	5	Unvalidated	5
Oct-23	10	Unvalidated	10
Nov-23	17	Unvalidated	17
12 Month Total	184	Unvalidated	184

Cause: The PHA reported the number of new vouchers issued in the *Number of Vouchers Issued but not Under Housing Assistance Payments (HAP) contract as of the Last Day of the Month* field in VMS; however, they were unable to provide auditable documentation to validate. The PHA understands how to report in this category and will retain documentation moving forward.

The VMS User’s Manual defines *Vouchers Issued but Not Under HAP Contract as of the Last Day of the Month* as “the total cumulative number of new vouchers issued for all categories listed above and not yet under a HAP contract **as of the last day of the reporting period**. This figure excludes vouchers issued to participants who are currently under a HAP contract in one unit, but have been issued a voucher to search for another unit to which they intend to move with continued voucher assistance.” This is commonly known as “Vouchers on the Street.”

Effect: HUD utilizes this information to identify potential HAP obligations for HCV utilization and leasing monitoring. Furthermore, this information is used in the HCV Two-Year Forecasting Tool to identify potential HCV funding shortfalls. It is extremely important these reported vouchers can be validated.

Corrective Action No. 5: Moving forward the PHA is encouraged to coordinate with the software vendor to ensure their system is properly configured so that it generates reports that are categorized according to VMS definitions as outlined in the VMS User’s Manual, Appendix A. In absence of a system generated report, the PHA at a minimum should establish a spreadsheet to allow tracking of vouchers on the street. The spreadsheet should include the issuance date; the date the voucher was leased up; voucher extension date and voucher expiration date to allow the PHA to support the data entered in VMS under this category. The PHA should retain supporting documentation to support the data entered in VMS under this category.

VMS Validation Review Report – WI031

The PHA should make necessary VMS corrections within 30 days from the date of this report and notify Rudy Rodriguez at Rudy.Rodriguez@hud.gov when the identified discrepancies have been corrected.

If identified reporting discrepancies and their cause are not corrected, they may result in a finding(s) which could subsequently initiate funding recalculation.

Technical Assistance

The PHA staff was provided guidance on the reporting requirements of HAP and the necessity to identify, track, and maintain documentation of all data reported in VMS. The PHA was also reminded that accurate VMS data reporting is critical for the PHA to receive appropriate future program funding. QAD staff recommended standardizing monthly processes for preparing VMS reports, implementing quality control measures, and maintaining proper source documents each month to support the data submitted in VMS.

QAD provided an optional job aid (Microsoft Excel spreadsheet) that can be used to manually track and record the number of cumulative vouchers issued and not yet under HAP contract. The PHA was informed that data in this category in VMS is used to project HCV spending and help determine what a PHA's potential liability is at the end of each month for all vouchers that were issued and still searching for housing.

Appendix

FINANCIAL MANAGEMENT CENTER BULLETIN

Financial_Management_Center@hud.gov

Kevin W. Jones, Director
Stephen Burgess, Division Director
Andrew Miller, Division Director
Jacquelyn L. ~~Smith~~, Division Director
Marcia Cooper, Division Director

Janet K. Lenahan, Deputy Director
Donna Keller, ~~Division~~ Director
Barbara Lamb, Division Director
Frederick Kastler, Division Director
Glenda ~~Giffes~~, Division Director

August 5, 2004

06-04

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Voucher Management System (VMS) Notice

The Voucher Management System will start collecting the May, June, and July leasing and cost data on August 15, 2004. Please have your quarterly submission input into the VMS by August 31, 2004. Click on the following link to access the site:

<http://www.hud.gov/offices/real/>

Leasing data should be reported for all units under lease on the first day of each month. Housing Assistance Payment (HAP) data should be reported for the amounts charged by program type excluding amounts billed for Portability to another agency. Furthermore, amounts paid during a particular month that were incurred in a different month should be adjusted and reflected for the month incurred.

For example: During the month of July, an HA received a retroactive rent agreement providing that \$50 was owed for the month of June. Although the HA paid \$50 during the month of July, as far as reporting in VMS, the \$50 payment should be reduced for the month of July and applied to the month of June.

We appreciate your assistance in providing this information to the appropriate staff within your agency.



April 15, 2024

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
Quality Assurance Division
Washington, DC 20410-5000

Re: VMS Validation Review Report – WI031

Dear Rudy Rodriquez,

This letter is in response to the Quality Assurance Division (QAD) validation review of the Housing Choice Voucher Program (HCV) Voucher Management System (VMS) for the Wausau Community Development Authority (WI031) issued on March 21, 2024.

Concern No. 1: Housing Assistance Payments (HAP) expenses were incorrectly reported.

Condition: *The Total HAP expenses over the twelve-month review period were underreported in VMS by \$3,378.*

Correction Action No. 1: *The PHA has corrected the HAP entries referenced in the Tables to the QAD validated amounts. The PHA has also developed a quality control procedure to ensure accurate reporting. Please see below:*

Procedure

1. *Reporting to Fee Accountant:*
 - a. *Wausau Community Development Authority (WCDA) compile all relevant financial date and documentation to the fee accountant*
 - i. *Provide 52681B report for all programs.*
 - ii. *Provide Check register for HCV program.*
2. *Fee Accountant Reporting*
 - a. *Upon receiving the above reports, the fee accountant compiles all the information*
3. *Verification Process*
 - a. *Upon completing the documentation, the fee accountant sends the completed form back to the WCDA*
 - i. *The WCDA cross references the accountant's prepared data with the information that was provided by the WCDA to identify any discrepancies*
 - b. *WCDA verification*
 - i. *If everything is accurate the fee accountant is emailed everything is correct*
 - ii. *If an inaccuracy is found the fee accountant is emailed the errors to be corrected*
 1. *Once all the fee accountant reports have been audited and ok'd the fee accountant submits the monthly VMS*
4. *Follow-up Verification*

- a. *Four months after the initial submission, the WCDA reruns the 52681B report and compares it to previous reports*
- b. *Verify that all information remains accurate and up to date.*
- c. *Address any discrepancies or issues that may arise during the follow-up process*

Concern No. 2: Unit Months Leased (UML) was incorrectly reported.

Condition: *The Total UML was overreported in VMS by 2 UML.*

Correction Action No. 2: *The PHA has corrected the UML entries to the QAD validated amounts.*

Concern No. 3: HAP and UML totals for the Portable Units Administered were incorrectly reported.

Condition: *The HAP and UML for reported Portable Units Administered (port-ins) were overreported five (5) UML and HAP for the port-ins were overreported by \$2,410.*

Corrective Action No. 3: *The PHA has corrected all entries referenced to the QAD validated amounts.*

Concern No. 4: The number of Project Based Vouchers reporting fields were incorrectly reported in VMS.

Condition: *Total HAP expenses was overreported by \$2,605. The number of PBV Under HAP and Leased was overreported by eight (8).*

Corrective Action No. 4: *The PHA has corrected all VMS entries to the QAD validated amounts.*

Concern No. 5: Vouchers Issued but not Under HAP on the Last Day of the Month could not be validated.

Condition: *Vouchers Issued but not Under HAP on the Last Day of the Month could not be validated.*

Correction Action No. 5: *The PHA has implemented the use of an excel spreadsheet to track vouchers on the street. The excel spreadsheet will track issuance date, voucher lease up date, voucher extension date and voucher expiration date. This will assist with validating data entry into VMS.*

If you have any questions regarding this concern, please contact me at (715) 261-6687.

Sincerely,



Elizabeth Brodek
Executive Director
Wausau Community Development Authority

Cc: Juli Birkenmeier, Assistant Director