

# Common Ground Report on HACM Rent Mismanagement

*Prepared June 2023 by Common Ground*

## **Background**

Common Ground (CG) is a 15-year-old non-partisan, financially-independent, non-profit organization comprised of 44 community institutions (e.g. churches, schools, small businesses) across Milwaukee County. Since 2020, we have talked with over 1,300 residents across 20 different properties owned and operated by the Housing Authority of the City of Milwaukee (HACM). The patterns of abuse—across maintenance issues, mice and bug infestations, lack of safety, mistreatment by management, and more—are deeply concerning.

In response to these concerns, 1,002 CG and HACM tenant leaders assembled in March 2023 to launch our investigation into HACM. Our investigation is broad and all-encompassing. Our ultimate goals are to improve the quality of life for residents in public housing in Milwaukee and establish greater structural accountability for HACM.

One focus of our investigation is HACM's rent mismanagement. There are several types of mismanagement:

1. Wrongful late fees
2. Questionable monthly rent increases
3. "Lost" payments
4. Sudden back rent, stemming from HACM's errors
5. Very poor communication about debt owed
6. "Lost" Rent Assistance Recertifications Cause Problems for Residents
7. HACM Does Not Make Automatic Withdrawals for Rent Payments Consistently

## **Call for HUD to Audit**

To investigate the serious concerns that have been uncovered, Common Ground asked HUD's Midwest Regional Administrator, Judge Diane Shelley, to **conduct an audit of 1) HACM's financial records relating to rent and 2) HACM's rent collection policies (both the stated policies and the actual practices). We expect that the audit will include specific recommendations for reform based on the findings.**

We are not asking HUD to resolve individual tenant cases; this is a systemic issue. We want accountability, oversight, and reforms that will permanently resolve rent issues. To that end, CG will collaborate with HUD on an investigation (scope, details, process, etc.), if RA Shelley agrees to do so.

## Stories of Rent Mismanagement

The stories below are a few representative examples to illustrate the systematic rent issues that negatively affect hundreds of tenants. These stories are the tip of the iceberg. Note that many of these stories contain multiple issues, but we grouped them by single issues for simplicity. We will host a public hearing later this summer where residents will share additional stories. We will invite RA Shelley and other HUD representatives and relevant public officials.

### #1 Wrongful Late Fees

*Description: Residents pay rent on time, but HACM wrongfully charges them a \$30 late fee. The burden is subsequently on residents to dispute and prove the error—a process forcing folks who may be fearful or illiterate to articulate to their landlord why, in fact, HACM was wrong.*

#### #1A **[REDACTED]** (Westlawn)

Her June rent statement was for \$[REDACTED] instead of her regular rent amount of \$[REDACTED]. She called the Westlawn office to find out what was going on. Did her rent go up?! She was told that she had been assessed late fees. She said that she always pays her rent on time and scheduled a time to go to the office with her records to prove it. The manager reviewed her records and reversed the late charges. It turns out that [REDACTED] actually has a *credit* of \$24 on her account. The only explanation she offered was, “Sometimes the computer does it by mistake. You are not the only one.”

[REDACTED] was fortunate. She caught the errors, had the confidence to confront management, had all of her pay stubs, and had access to a manager who resolved the problem. How many residents don't catch these kinds of errors (perhaps because they don't get monthly statements or are not literate) and overpay or get threatened with eviction?

**CONTACT INFO: (414) 365-3631**

#### #1B **[REDACTED]** (Mitchell Court)

[REDACTED] reports that on 6/21/2023 the secretary in her building gave her a 30-day notice and told her that it is because HACM needs the "back of her money order" for her March rent. This doesn't make any sense. [REDACTED] says she mailed them her money order for March. This is not the first time she has been contacted asking for the back of her money order. She gave them the money order stub (her receipt). After a couple of conversations with the office, by 6/23 the

30-day notice seems to be resolved. Someone in the office told her that it's taken care of but couldn't give her anything in writing.

In the meantime, she asked for her ledger and it revealed several additional problems. There are 6 times she is charged a \$30 late fee simply for having an outstanding balance plus an additional time for the "HACM-can't-find-the-back-of-the-money-order" March payment. This is not allowed. That's \$210 in erroneous late fees for someone whose monthly rent payment is \$296.

There is also an unexplained jump in her rent for 3 months; it goes from \$267 to \$422. [REDACTED] was not told that her rent would increase. Those three months coincide with the period when she was without a new lease. Should've signed new lease in Feb, but HACM did not offer her a new lease until June 5. She does not know why there was a delay in getting her new lease. Note that the new lease set her rent at \$296, not \$422.

**CONTACT INFO (414) 359-3012**

## **#2 Questionable Monthly Rent Increases**

*Description: HACM increases residents' rent incorrectly and without explanation—be it by taking 100% of a resident's income increase or inexplicably charging more without substantive justification.*

### **#1B [REDACTED] (Lapham Park)**

I work 2 seasonal jobs leaving a 2 month work/pay gap. During the off season I collect unemployment. On 3/15/2023 I informed HACM that I was laid off and that my income would be lower because I would be on unemployment. Instead of lowering my rent, HACM raised my rent from \$729 to \$881.

I paid my \$729 rent early on 3/30/2023. Then on 4/1/2023 I received my monthly rent statement from HACM saying my rent was \$881. HACM even tried to give me a late fee! but I got that removed. I didn't get any communication that my rent was going up. I expected it to be going down because of my lay off. I still haven't gotten an explanation of the \$152 increase.

**CONTACT INFO (414) 553-1381**

### **[REDACTED] (Mitchell Court)**

Without notice or explanation, [REDACTED]'s rent went up \$52 from \$221 to \$273 in August of 2022. She doesn't understand why because her only income is social security, and her monthly social security payments have gone down.

CONTACT INFO: (414) 837-9044

### **#3 “Lost” Payments Hurt Residents**

*Description: Residents pay their rents or debts and can verify doing so, but HACM reports the payments as “missing.”*

#### **#3A Rebecca Davis (Becher Court)**

Rebecca Davis is an elderly Black woman who moved into Becher Court in December of 2021. Upon doing so, she could not afford her full security deposit of \$647. Ever since, she has carried a debt of approximately that amount. In spring 2023, her local property manager told her she must pay \$240. Scared, and not understanding why, she paid two installments of \$120 in addition to her regular rent via money order from Western Union on 03/03/23 and 04/03/23, respectively. In May, she approached her manager to confirm the orders and regular rents were successfully processed; instead, she discovered that her March \$120 money order was “lost.”

She paid the price. She ultimately received a 30-Day Termination Notice from HACM for failure to pay off her debts. Fortunately, Legal Aid and SDC assisted her with the termination notice and debts, respectively. Nevertheless, HACM’s mistake—for which she was held accountable, not the other way around—has caused her tremendous stress and distrust of HACM; as she says, “I don’t trust them—they just want to steal our money. I don’t want to live here any more.”

CONTACT INFO: (870) 360-2537

#### **#3B Daniel Freiberg (Southlawn)**

Daniel Freiberg is a middle-aged White man who lives at Southlawn. He meticulously records his rent balances and payments. On 07/09/19, he sent a \$666.00 Stable Bank check to HACM intended for the upcoming August rent that went “missing.” Ever since, despite multiple pages of explanation and evidence, HACM administrators simply told him—without accountability nor empathy—“you are incorrect,” and blamed him for being “one month behind.” His attorney verifies his story. HACM’s mistake and poor customer service have caused Mr. Freiberg great stress emotionally and financially; so much so that he is legally seeking financial redress for “pain and suffering” in Civil Court per WI Statute 894.446.

CONTACT INFO: daoprjan@yahoo.com

**#3C [REDACTED] (Lapham Park)**

I have been faithfully paying my rent on time, sometimes early. Four months ago, after paying my rent on Feb 2nd, I received a letter from management saying that my rent was overdue and I had 30 days' notice to move. I knew that was wrong, I had my money order receipt showing that I had paid my rent on time. I took my receipt to the office and they removed the eviction notice. The manager said she didn't know what happened, but we believe the payment simply wasn't processed when I paid it. This has happened to many of my neighbors. The only difference is they would either pay it again, because they don't receive a receipt, or they're wrongfully evicted due to mismanagement and or lack of literacy.

**CONTACT INFO: 414-702-4234**

**#4 Sudden Back Rent, Stemming From HACM's Errors or Negligence**

*Description: Residents are told they suddenly owe hundreds or thousands of dollars in back rent*

**#4A [REDACTED] (Holton Terrace)**

In October Of 2021, I was told by Tia in our management office that because I had a 3 month credit due to me overpaying, I didn't have to pay rent for November 2021, December 2021, and January 2022, so I didn't.

In February of 2022, I started paying my rent again, and on Feb 9 I received a letter from the management office, saying now I owe \$1,1000. When I called the office to find out what was going on, I was told that it was a computer glitch and that they had new system and didn't really know what they were doing. I was frustrated hearing this. Why should I have to pay because of management's mistakes? Why should I be threatened with eviction because of management's errors? I tried to go above the manager to Anecia, but I couldn't get an answer.

I am now on a payment plan to clear this debt. I told management that the most I could afford would be \$50 extra each month, but they tried to pressure me into a higher amount that I couldn't do. Finally we agreed on a payment plan of \$50 extra dollars per month.

Many of my neighbors also were told that they were due a three month credit only to find out later that it was a mistake and now they owed money to HACM. Some of them couldn't come up with the money to cover the overdue rent and were evicted.

NOTE: If you look at **Cynthia's Ledger** (attached) you will see the numerous and egregious accounting errors that caused this. Her rent subsidy is entered as a charge rather than a credit. This begins 9/1/2020 and continues for a full year until 8/23/2021.

CONTACT INFO: (630) 210-6190

#### #4B [REDACTED] Story (Holton Terrace)

Problems started for [REDACTED] in May of 2020 when he quit working and went on disability. He sent documentation of this change in income to HACM and started paying \$280 (less than his previous \$377). However, HACM did not decrease his rent assistance accordingly. And an unpaid balance began to accrue. He met with HACM in May of 2021 to sign a lease for the past year and another for the upcoming year. At this meeting he was NOT told about the \$2,000 unpaid balance on his account.

#### Lease

- 9/1/2019 - 8/31/2020 | \$377 rent & \$280 rent assistance
- 5/1/2020 - 4/30/2021 | \$390 and \$267 rent assistance -- signed 5/19/2021 (after the term of the lease)
- 5/1/2021 - 4/30/2022 | \$298 rent and \$359 rent assist.

There are other problems with how [REDACTED] account was handled. On 2/2/2022 HACM recorded the payment of his Feb. rent. On 2/28/2022 HACM records [REDACTED] paid \$358. That was his March rent payment, but on Mar 16 he has a late fee added to his account. He paid early and got a late fee. HACM then started adding late fees to his account most months, even though Mr. Smith pays early or on time. On 4/9/2022 HACM added a \$397 security deposit charge to his account without explanation. [REDACTED] paid a security deposit when he moved in.

12/15/2022 he is notified that he owes \$2,252 and has 30 days to pay or leave. He is working with a lawyer, but the lawyer has not been able to get this resolved. [REDACTED] is currently going through chemotherapy while he tries to deal with this stressful matter.

CONTACT INFO: (414) 610-2311

[JO: Documentation? Lots | Permission to share with HUD? YES?]

#### #5 Poor Communication About Debt Owed

*Description: For months, residents pay one amount but actually owe another. No one reaches out to them, so they accumulate massive debts they cannot pay off.*

#### #5A [REDACTED] (Arlington Court)

[REDACTED] and Orzell Grimes are an elderly Black couple living together in Arlington Court since September of 2020. Through 2020, everything was okay. But, in 2021, HACM increased their rent from \$238.00 to \$511.00. They agree, the change was

legitimate because their income increased. However, HACM did not communicate the change beyond the monthly notices that they tend to disregard because they expect to pay rent as usual. Ideally, [REDACTED] would have noticed. However, for next 15 months—all of 2021 and the beginning of 2022—no one from HACM approached them about the consistent discrepancy.

By April 2022, they noticed and talked with their local property manager. Their debt accumulated to \$3,950. They were threatened with eviction unless they complete a payment plan of their regular \$511 plus \$109 monthly. The change is burdensome: they now pay approximately 40% of their income on rent; and sometimes they cannot afford the extra rent. As of April 2023, they still owed \$3,227. They fear they will never be able to pay off their debt. HACM recently sent them a letter suggesting they contact SDC and Community Advocates to pay off their debt; they are still waiting to hear back.

A good manager would have noticed the mistake after 1-4 months and brought it up; instead, [REDACTED] and Mr. Gimmage—who are not very literate and educated—are climbing an unnecessary mountain of debt, paying more of their income toward rent than they should be according to federal standards.

**CONTACT INFO:** no phone or email; contact Common Ground at 414-467-9981

## **#6 Lost Rent Assistance Recertifications Cause Problems for Residents**

### **#6A [REDACTED] (Mitchell Court)**

[REDACTED] is an elderly Black man who lives at Mitchell Court. He recently received a 30-Day Termination Notice for allegedly not submitting a recertification form. However, [REDACTED] says that he completed his recertification form, gave it to the local property manager (whom more than half of the building petitioned to have removed), but then was accosted and ultimately told it must have been “lost.”

It is typically difficult for tenants to prove that they submitted recertification papers as they don't get a receipt from HACM. This can cause much anxiety and fear, as it did in this case.

**CONTACT INFO:** (414) 552-0994

### **#6B [REDACTED] (Westlawn/Berryland)**

[REDACTED] is the president of Westlawn Residents Organization. Twice in recent years she has had her rent assistance recertification papers lost by HACM. Once she had given her papers to the Property Manager at Westlawn to fax to HACM and then to send hard copies in the internal mail to HACM. So when rent assistance later called her and said she needed to send in her paperwork, she told them what she had done and

rent assistance then “found” her paperwork. As president of Westlawn she has heard from many residents who say they have sent their paperwork in but rent assistance says they don’t have it. With the current system, it is difficult for residents to prove that they turned in their paperwork on time and easy for rent assistance to say that they don’t have the paperwork.

**CONTACT INFO: (414) 217-9077**

**Section 8 voucher with Private Landlord**

has been on rent assistance for 25 years. She keeps thorough records and understands how the program works, including her responsibilities.

is not able to receive mail at her current address. She doesn’t know why. But she did get a PO Box so she could receive mail. HACM mailed recertification papers mailed to her apartment but they were returned to HACM without ever being delivered.

However, she understands the recertification process and proactively reached out to HACM via email and phone to ask for her recertification papers. She did not get an answer. HACM stopped her rent assistance without telling her. Then she is served an eviction notice from her landlord, Joe Berrada, and is told she owes over \$2,000.

With an attorney’s help she is able to make HACM pay all the back due rent assistance and avoid eviction.

**CONTACT INFO: (414) 766-4810**

**#7 HACM Does Not Make Automatic Withdrawals for Rent Payments Consistently**

**#7A (Mitchell Court)**

signed up to automatically have her rent taken from her bank account every month. However, the rent is not withdrawn consistently during the first 5 days of the month. (Rent is due by the 5th each month.) This month, for example, it wasn’t taken out until the 21st.

We’ve heard of other residents experiencing the same problem and, on a month when their rent isn’t taken until late, believing that their rent had already been taken out, they spent their rent money unknowingly. Then they get into financial trouble when HACM tries to withdraw funds and finds insufficient funds.

**CONTACT INFO: (414)763-1813**