Informational Paper 89

State Housing Programs

Wisconsin Legislative Fiscal Bureau
January, 2007

State Housing Programs

Prepared by

Kendra Bonderud, Christopher Pollek, and Darin Renner

Wisconsin Legislative Fiscal Bureau
One East Main, Suite 301
Madison, WI 53703

TABLE OF CONTENTS

TABLE OF CONTENTS (continued)

CHAPTER 1

WHEDA HOUSING PROGRAMS

Housing programs under the responsibility of WHEDA are financed through several mechanisms. These include: (1) proceeds from the sale of revenue bonds; (2) unencumbered or "surplus" reserves; and (3) federal funds. The following descriptions of WHEDA housing programs are arranged according to these funding sources.

Housing Programs Financed by Bond Revenues

Home Ownership Mortgage Loan Program (HOME)

The home ownership mortgage loan (HOME) program provides first mortgage loans to low- and moderate-income households in Wisconsin. This program was created in Chapter 349, Laws of 1981, and should not be confused with the federally-funded home investment partnership program administered by Commerce, which also uses the acronym HOME. A principal eligibility criterion for the WHEDA HOME program is household income. As specified in 2005 Act 75, the borrower's annual income, combined with all sources of income of all adults who intend to purchase an eligible property or occupy the same dwelling unit as the applicant, may not exceed 115% of the median income for the area in which the home is located. (Appendix I provides estimated 2006 median household income by county.) Act 75 also specifies that WHEDA may not make a HOME loan to an individual who does not have a Social Security Number.

In designated "targeted areas," a participant's income may not exceed 140% of county median income for households of four persons. Again, the Authority may adjust the percentage according to the number of people in the household. These targeted areas are certified by the federal Department of Housing and Urban Development (HUD) and the IRS as areas in need of economic revitalization and are listed in Appendix II.

Other program requirements include: (1) generally, the borrower must not have owned a home during the previous three years; (2) the property must be either a duplex, a three- or four-unit residential structure at least five years old, a single-family home or a condominium unit with at least two bedrooms; (3) the property must be used as the principal residence of the borrower; and (4) the selling price cannot exceed specified limits which vary both by type of home purchased and location.

Other features of the HOME program include the following: (1) loans generally are for a term of 30 years with no prepayment penalty and a fixed interest rate; (2) loans may be used for financing new construction, purchasing existing housing or major rehabilitation of existing housing; and (3) loans may not be used for refinancing purposes, except for construction loans, temporary initial financing or major rehabilitation loans.

A borrower may have owned a home within the previous three years if the home for which the loan is sought is either in a targeted area or will be the object of major rehabilitation. Loans for major rehabilitation may be used to purchase and rehabilitate a qualifying property or rehabilitate a property already owned by the borrower. The following requirements must be met to receive a

HOME loan for major rehabilitation: (1) the property must be either a single family residence or a duplex; (2) the home must have been occupied as a dwelling for at least 20 years; (3) after completion of the rehabilitation, at least 50% of the external walls must remain as external walls; (4) the cost of the rehabilitation must be at least 33% of the purchase price of the residence; and (5) the borrower must be the first occupant of the property after rehabilitation. In 2005, less than 1% of HOME loans were made for rehabilitation.

Since the inception of the program through June 30, 2006, the Authority has made over 100,000 HOME loans totaling almost $5.8 billion. In 2005, the Authority made 5,226 HOME loans totaling over $566 million with the average loan equaling approximately $108,300 (see Appendix III for information on HOME program activity).

Home Improvement Loan Program

This program is designed to provide below market rate loans to low- to moderate-income households to repair their homes or to improve their homes' energy efficiency. The annual household income limit under the program is 120% of the median family income in the are in which the home is located, or the median income in the state, whichever is greater, except in designated reinvestment neighborhoods where the income limit is 140%. Additionally, the Authority may increase or decrease the income limit for each person more or less than four by 10%. Properties to be improved must be residential structures containing four or fewer dwelling units. Mobile homes and properties to be used in a trade or business are ineligible. Further, the borrower is required to be both the owner and occupant of the property.

Home improvement loans have a maximum term of 15 years. Loan proceeds may be used only for housing additions, alterations or repairs to maintain it in a decent, safe and sanitary condition; to reduce the cost of owning or occupying the housing; to conserve energy; and to extend the economic or physical life of the housing. Most fireplace construction and landscaping do not qualify under the program. Under 2005 Act 75 the home improvement loan maximum amount of $17,500 was eliminated.

1999 Act 9 requires WHEDA to annually transfer, by October 1, all funds in the housing rehabilitation loan program administration fund that are no longer required for the housing rehabilitation loan program to the general fund. In 2000 (the first year of the requirement), WHEDA transferred $1,500,000 to the state's general fund. Through 2006, WHEDA had not made another transfer to the state's general fund, and no transfer is planned by WHEDA in 2006-07.

Since the inception of the program in 1979 through June 30, 2006, the Authority has made 15,140 home improvement loans totaling nearly $102 million. In 2005, WHEDA made 94 home improvement loans totaling $1,084,911, with the an average loan of approximately $11,500. Appendix IV provides information on home improvement loans since the program's inception.

Multifamily Loan Fund

The Authority has provided construction and permanent financing to develop multifamily housing that meets the needs of low- and moderate-income persons. Under the multifamily revolving loan fund, WHEDA sells both taxable and federally tax-exempt revenue bonds, authorized by the state through the Authority's general corporate purpose bonding authorization, to finance projects. Financing is subject to federal regulations concerning limits on tax-exempt bonding, project eligibility, and rent and occupancy restrictions. Taxable bond proceeds are used by WHEDA to make 30-year, fixed-rate loans to developers of low-income housing tax credit projects. As of November, 2006, the interest rate on loans made from tax-exempt bonds was 6.375%.

Since the inception of the program in 1974 through June 30, 2006, $1,301,320,000 in general corporate purpose revenue bonds for multifamily housing have been issued. Table 1 provides multifamily loan activity information for the past decade.

Table 1: Multifamily Loan Fund

Calendar Year	Number of Loans	Amount of Loans	Units Assisted*	Average Loan Per Unit
1997	8	9,922,500	216	45,937
1998	20	26,722,800	649	41,175
1999	29	39,375,000	1,128	34,907
2000	27	34,451,900	799	43,119
2001	33	51,507,800	2,105	24,469
2002	39	103,000,700	2,329	44,225
2003	28	59,156,300	1,639	36,093
2004	34	58,493,900	1,526	38,332
2005	47	75,011,800	2,600	28,851
2006**	26	67,304,700	1,360	49,709
Total	291	$524,947,400	14,351	$36,579

*A unit assisted includes bed units for special needs projects.
** Through June 30.

Housing Programs Financed by Unencumbered General ("Surplus") Reserves

The Authority is required by statute to maintain an unencumbered general reserve fund (also referred to as a "surplus" fund) into which any WHEDA assets in excess of operating costs and required reserves are to be deposited. Under s. 234.165 of the statutes, by August 31, annually, WHEDA submits a plan for use of these funds to the Governor. Within 30 days, the Governor may approve or modify the plan and forward it to the Legislature. The appropriate standing committee in each house has at least 30 days to review the plan. If no standing committee objects to the plan, it is approved. If a standing committee objects to the plan, it is referred to the Joint Committee on Finance, which is required to meet within 30 days to review the plan. The plan is not effective until approved under these procedures.

A large portion of this reserve fund is used to supplement bond proceeds to achieve more favorable interest rates or other lending terms under WHEDA's single or multifamily housing programs. However, WHEDA also has developed several additional programs that have been funded from its unencumbered general reserves. These programs are described below.

Multifamily Housing Programs

Since 1992-93, WHEDA has allocated $106 million of its surplus reserves to establish and administer a general multifamily housing revolving loan fund to provide capital for the development and preservation of multifamily housing.

As of June 30, 2006, approximately $69.4 million of the surplus reserves set aside for multifamily loan programs are dedicated to the general revolving fund lending program. The general lending program provides financing for multifamily housing projects that serve low-income families. Loans under this category represent construction lending or short-term financing prior to conversion to long-term financing. Funds also may be used to make housing preservation project loans.

As of June 30, 2006, almost $2.6 million in surplus reserves had been allocated to the homeless/special needs fund of the multifamily housing revolving loan program. WHEDA plans to put these funds into the multifamily revolving loan fund (and designate it for the homeless and people with disabilities) due to the flexibility this fund gives WHEDA in establishing loan terms. Possible uses for these funds include the provision of permanent housing, group homes, community based residential facilities and set-asides for the Affordable Housing Tax Credit for Homeless program.

As of June 30, 2006, the remaining $34 million in surplus reserves was set aside for multifamily housing programs were dedicated as follows: (a)

$700,000 for the Federal National Mortgage Association's (Fannie Mae) Secondary Market Initiative, which provides collateralization of WHEDA's guarantee requirement for the sale of certain tax credit projects in WHEDA's loan portfolio; (b) $12.8 million for providing resources for preserving low-income rental housing; (c) $1.75 million for the Housing Preservation Initiative, which provides funding for refinancing current debt, rehabilitation and other activities to preserve housing within Wisconsin; (d) $10.7 million from bond refinancing savings for loans to very low-income households; (e) $5.5 million to subsidize interest rates on multifamily project loans; and (f) $2.6 million for multifamily bond support.

Table 2 indicates the funding allocated from the general reserve fund surplus revenues that is set aside for the multifamily housing program.

Table 2: Surplus Reserves for Multifamily Housing Programs 1992-93 through 2005-06

Program	Reserve Amount
General Revolving Fund	$69,382,798
Homeless Fund	2,588,525
FNMA Secondary Market Initiative	700,000
Preservation Reserve Account	12,836,351
Housing Preservation Initiative	1,750,000
Bond Refinancing Savings	10,665,115
Interest Subsidy Funds	5,459,453
Multifamily Bond Support	2,617,800
Total	$106,000,042

HOME Plus Program

Before its discontinuation by WHEDA in April of 2002, the HOME Easy Close Program was allotted $2,248,400 of WHEDA's unencumbered general reserves. HOME Easy Close was a program that provided a deferred loan of up to $1,000 for individuals needing assistance with home mortgage closing costs. An individual was eligible for an Easy Close loan if one's income was not in excess of $35,000 and if the individual was otherwise eligible for a HOME loan. A loan under this program was separate from a HOME mortgage loan, though the interest rate was the same. An Easy Close loan was payable over three years. In 2001-02, this program provided a total of $142,303 in loans for 151 homeowners, with the average loan totaling $942.

WHEDA replaced the HOME Easy Close program with the HOME Plus program. HOME Plus is funded from resources encumbered from Easy Close for downpayment/closing cost assistance, and from Home Improvement funds for home repairs. HOME Plus offers loans at a fixed-interest rate, in amounts up to $10,000 for a 15-year term. Properties must be at least 10 years old, and initial draw requests on the credit line for meeting down payment and closing costs cannot exceed 5% of the home's purchase price. WHEDA made 1,284 HOME Plus loans totaling $16,350,240 in 2005, and 669 loans totaling $8,483,843 in the first half of 2006.

Lease-Purchase Program

The Authority allocated $487,000 from its 1991-92 surplus reserves to create a revolving loan fund for loans to nonprofit organizations, public housing authorities and government agencies. The agencies use the loan funds to purchase or construct single-family homes to be leased to low-income households with an option for the lessee to purchase the home within three years. Project sponsors make monthly payments, which include principal and interest as well as escrows for taxes and insurance, to WHEDA. The owner-to-be's monthly payments are structured to cover the sponsor's loan and escrow payments as well as an amount necessary to accumulate the funds needed for the balance of the down payment and estimated closing costs over a three-year period.

Project sponsors are required to conduct rehabilitation activities, as necessary, and act as property managers during the lease period. Owners-to-be are eligible under the program if their gross annual income does not exceed 80% of the county median income for the county in which the property is located. The owner-to-be must meet employment, income and credit history pre-qualification requirements and must be pre-qualified for HOME program financing.

WHEDA provides financing through a 30-year, fixed rate loan in an amount not exceeding 95% of the lesser of the total acquisition cost or appraised value of the property. WHEDA then holds these loans in the revolving loan fund. The sponsor's loan may be assumed by the tenant/purchaser, with full release of the sponsor, assuming all appropriate underwriting criteria are met. WHEDA's HOME program will be the source of financing for the owner-to-be if funds are available when the option to purchase is exercised. In 2005, WHEDA made one lease purchase loan totaling $87,000. All prior loans under this program to nonprofit organizations and other public agencies have now had the lessee exercise their purchase option (within the three-year period) of the building they were leasing.

Blueprint Loan Program

In 1987-88, WHEDA allocated $500,000 of its surplus reserves to provide predevelopment loans to nonprofit organizations, local governmental units, local housing authorities, tribal authorities and housing cooperatives. The most recent loan was made in 1997-98 for $25,000, and WHEDA subsequently discontinued this program.

The program was designed to help entities that are involved in building or creating rental housing to obtain financing to conduct predevelopment work associated with their projects. Housing to be developed served families, the elderly, handicapped persons and individuals requiring housing with special services. The majority of rental units in the development were available to persons with incomes below 80% of the county median income level. Costs eligible for funding included architectural, engineering and appraisal fees; project site control or site improvement costs; permits or other legal costs; financing costs; and other costs approved by WHEDA. Loans between $2,500 and $25,000 were obtained at 4% interest for up to 12 months. Recipients matched the loan at least dollar-for-dollar. Repayments generally were required when construction or long-term financing was obtained.

WHEDA Foundation Grant Program

In 1983, the Authority created the Wisconsin Housing Finance Authority (WHFA) Foundation (later renamed the WHEDA Foundation), a nonprofit corporation organized to make grants to nonprofit organizations and local governments for improving housing opportunities for low- and moderate-income persons, the elderly, handicapped and disabled persons, and persons in crisis. Monies for Foundation grants are allocated from the Authority's surplus reserves. The WHEDA Foundation, comprised of employees of the Authority, has made grants to organizations to create and rehabilitate housing for eligible persons. The WHEDA Board approves Foundation grants and transfers funds to the Foundation so that it can meet its grant commitments. Housing grants are awarded through an annual, statewide competition and each proposal is evaluated based on project need, implementation, impact and budget. Since the inception of the grant program in 1985 through November, 2006, $17.5 million has been awarded. In 2006, the WHEDA Foundation awarded $800,000 to 44 projects.

Property Tax Deferral Loan Program

Under this program, which was transferred to WHEDA in 1993 Wisconsin Act 16, low-income elderly homeowners are able to convert home equity into income to pay property taxes. This program is considered particularly beneficial for elderly homeowners who have little disposable income and a significant amount of home equity. WHEDA is authorized to issue up to $10,000,000 in bonds to finance property tax deferral loans but is also required to allocate a portion of its unencumbered general reserves to the program. Due to the unpredictable revenue stream of loan repayments under this program (thereby making bond repayments difficult), WHEDA has thus far opted to fund this program exclusively with its unencumbered general reserves. Since WHEDA began administering the program in 1994, WHEDA has utilized these revenues to provide 3,260 loans totaling $6.2 million. For calendar year 2006, 117 loans were funded for a total of $247,600, averaging $2,116 per loan. [A more complete discussion of this program may be found in the Legislative Fiscal Bureau informational paper entitled, "Property Tax Deferral Loan Program."]

Housing Programs Financed by Federal Funds

The Authority also acts on behalf of the state in administering two federally-funded housing programs.

Low-Income Housing Tax Credit Program

The federal Tax Reform Act of 1986 created a low-income housing tax credit program as a tax incentive to encourage the development and/or rehabilitation of low-income rental housing. By executive order of the Governor, WHEDA has been responsible for dispersing the state's annual allocation of approximately $9.6 million of tax credits for qualifying low-income rental units in 2006. Wisconsin's tax credit allocation is expected to be similar in 2007 and 2008. Once allocated to a project, the tax credit is usable during each of the 10, subsequent tax years. The Authority must set aside 10% of each year's allocation of credits for projects sponsored by qualified non-profit organizations. Table 3 indicates the amount of federal tax credits applied in this state since the program's inception and the number of low-income housing projects and units funded.

The three categories of eligible projects are: (1) new construction or rehabilitation of existing housing when rehabilitation expenditures are at least $3,000 per unit or 10% of the value of the project's depreciable assets, whichever is greater; (2) new construction or rehabilitation financed by a subsidized federal loan or a tax-exempt bond; and (3) acquisition costs of existing housing, including rehabilitation work of at least $3,000 per unit or 10% of the adjusted depreciable assets in the building(s), whichever is greater. The maximum tax credit for qualifying units in eligible projects is adjusted monthly by the federal Department of Treasury to reflect their present value. The maximum tax credit has been 9% for projects in the first category and 4% for projects in the other two categories.

Several restrictions remain in place for 15 years after receiving a tax credit. Either 20% or more of the units in a project must be available to, or occupied by, individuals with incomes at or below 50% of the county median income, or 40% of the units must be available to or occupied by persons

Table 3: Low-Income Housing Tax Credit

Calendar Year	Amounts of Credits Applied	Number of Projects Funded	Number of Low-Income Units Created/ Rehabilitated	Average Tax Credit Per Unit
1987	$1,191,300	24	558	$2,135
1988	5,407,900	76	2,423	2,232
1989	6,072,500	120	2,800	2,169
1990	5,475,400	63	1,917	2,856
1991	6,768,370	40	1,781	3,800
1992	9,618,301	74	2,755	3,491
1993	547,672	11	273	2,006
1994	17,968,744	96	3,893	4,616
1995	25,482,563	46	1,892	13,469
1996	6,606,380	53	1,740	3,797
1997	7,400,045	39	1,645	4,499
1998	8,227,118	47	2,192	3,753
1999	7,397,832	38	2,009	3,682
2000	6,679,173	27	986	6,774
2001	8,511,465	41	1,531	5,559
2002	9,255,867	35	1,662	5,569
2003	11,641,161	40	2,353	4,947
2004	9,132,045	30	1,541	5,926
2005	9,143,988	23	1,118	8,179
2006*	9,642,172	32	1,500	6,428
Total	$172,169,996	955	36,569	$4,708

*Through June 30.

with incomes at or below 60% of the county median income. In addition, gross rent paid by families in qualifying units, including a utility allowance, may not exceed 30% of the maximum qualifying income. Further, the program includes provisions authorizing the Internal Revenue Service to recapture a portion of the tax credit for either a qualifying unit or an entire project if the income targets are not met. Provisions of the program limit individual investors in qualifying projects in both the amount of credit that can be applied to federal tax liability and the amount of losses that can be deducted.

Housing Choice Voucher Program

Under this federal program, formerly known as the Family Self-Sufficiency Housing Voucher Program, WHEDA is budgeted 1,263 vouchers for $4.7 million in 2006 for low-income households in 37 counties in the state. The program requires families that are eligible for federal rental vouchers under the federal Public Housing Act's Section 8 program to develop a financial plan leading to economic independence at the end of a contract period. Eligibility for a rental voucher, and thus the self-sufficiency program, is limited to families with income at or below 50% of the county median income level. The household pays 30% of its income for rent, with the federal government covering the remainder, up to the local housing authority's payment standard. The household must also pay any amount above the local housing authority's payment standard. Since vouchers are portable, a household that has one can move to another area in or out of the state where a voucher program is operational and still retain the voucher benefit. Furthermore, once a family has been certified to receive a voucher, it can be recertified annually as long as it remains income-eligible and the program is operational in the area where the family lives.

CHAPTER 2

HOUSING PROGRAMS ADMINISTERED BY THE DEPARTMENT OF COMMERCE

The Department of Commerce (Commerce) administers several housing programs that used to be administered by the Department of Administration (DOA). These housing programs were transferred from DOA to Commerce in 2003 Act 33. The housing programs that remain under the jurisdiction of DOA are discussed in a subsequent chapter of this paper. Commerce administers the programs through the Division of Housing and Community Development (known as the Division of Community Development prior to August, 2005).

Commerce Responsibilities

Overview

In 2006-07, Commerce is authorized $1,677,500 and 18.5 positions to administer its housing program responsibilities. Funding includes: (a) $614,800 general purpose revenues (GPR) and 7.3 positions; (b) $298,800 and 3.95 positions from program revenue (PR) received from other state agencies for provision of housing services; and (c) $763,900 in federal revenues (FED) and 7.25 positions.

Within the Division of Housing and Community Development, the Bureau of Supportive Housing has the following responsibilities: (a) support local organizations that provide services to help low- and moderate-income persons acquire stable living arrangements; (b) develop and sustain local capacity to provide short-term emergency shelter and emergency shelter services; (c) provide resources to help reduce barriers to chronically homeless persons; and (d) maintain a statewide centralized collection of information that links providers of affordable housing and housing support services to persons who need and want them. The Bureau administers several state and federally-funded programs that ensure the provision of direct services to targeted populations. These include Tenant-Based Rental Assistance, Emergency Shelter Grant, State Shelter Subsidy Grant, Housing Opportunities for Persons with AIDS, Transitional Housing, Homeless Prevention Program, Projects for Assistance in the Transition from Homelessness, and Wisconsin Fresh Start. It also maintains the state's databases about rental housing, homelessness, homeless services and other housing information.

The Bureau of Downtown and Community Revitalization administers programs that help local governments preserve and reinvest in existing public infrastructure, housing stock and businesses. The Bureau's housing responsibilities include: (a) improve the quality and affordability of affordable housing stock through rehabilitation and home purchase assistance; and (b) help communities and low- and moderate-income families recover from damage from natural disasters. Housing programs administered by the Bureau include the Community Development Block Grant (CDBG) Small Cities Housing Rehabilitation Program, CDBG Emergency Assistance Program, and Home Investment Partnership Program (HOME) Buyer and Rehabilitation Program. The Bureau also administers CDBG and other programs that assist local governments with business and public infrastructure needs.

The Bureau of Local Development administers programs that help local community development partners develop and implement comprehensive development and redevelopment strategies. The Bureau administers the HOME Rental Housing Development program. The Bureau also administers non-housing related CDBG programs, the Brownfields Grant Program and other economic development programs. [These programs are described in the Legislative Fiscal Bureau's informational paper entitled, "State Economic Development Programs Administered by the Department of Commerce."]

The majority of the Commerce housing programs provide state or federal funding for housing through local governments, housing organizations, and housing authorities. In addition to its responsibilities for administering housing grant and loan programs and its regulatory functions, Commerce is also responsible for the following activities.

1. Develop state housing policy and coordinate housing programs with other state and local housing community development agencies by means of annual updates to a comprehensive five-year federally-required housing strategy plan.

2. Perform research and technical assistance activities related to housing needs and affordability. Research topics have included the regulatory barriers to affordable housing and an analysis of impediments to fair housing.

3. Provide information and assistance to individuals and local organizations on housing issues.

4. Inform local organizations about affordable housing resources and services and assists them in using these resources.

5. Maintain centralized databases of information that link providers of affordable housing and housing support services to persons who need and want the services.

6. Prepare reports on bills that are introduced in the Legislature directly or substantially affecting the development, construction, cost or availability of housing in the state.

Housing Information Systems

Commerce administers two databases of information that provide information about homelessness and affordable housing.

The Department maintains Wisconsin Service Point (WISP), a web-based homeless management information system. Agencies throughout the state that provide services for homeless persons or persons who are at risk of becoming homeless use WISP to provide: (a) intake services for homeless individuals once instead of multiple times; (b) current information about services available for homeless persons; (c) client outcomes and history; and (d) information that agencies can use to make decisions about where to focus resources and services in the future.

Commerce also maintains WIFrontDoor, a web-based database of affordable housing and community service information. The database became operational in October of 2004. WIFrontDoor has two sections, known as Housing Point and Community Point.

Housing Point provides a statewide directory of affordable housing units available for low- to moderate-income households in the state. Prospective renters and agencies that assist homeless persons are able to search the database for information about available units using search criteria such as unit size, rent amount, location, handicap accessibility, and amenities. The site receives about 7,000 rent searches per month, and includes listings for approximately 111,000 rental units statewide.

Community Point identifies community social service contacts throughout the state that provide program benefits to homeless and low-income persons. This includes information about programs such as rental assistance, emergency shelter, eviction prevention, counseling and food banks.

Commerce Programs

Table 4 lists all of the current housing programs and regulatory activities administered by the Department. For each such program or activity, the state or federal legislation creating the program is listed. Each of these programs is described in greater detail in one of the following two sections, depending on whether the program is financed with state funds or with federal funds. Appendix V shows the number of households assisted by the Division of Housing and Community Development, by the percent of median income for the types of households. Appendix VI shows the amount of housing funding awards by region of the state.

Table 4: Department of Commerce Housing Programs

Program / Activity	Enabling Legislation or Action
Local Housing Organization Grants	1989 Act 31
Housing Cost Grants and Loans Program	1989 Act 31
Federal HOME Programs	P. L. 101-625
Transitional Housing Grants	1991 Act 39
State Shelter Grant Program	1991 Act 39
Emergency Shelter Grant Program	1991 Act 39
Continuum of Care Supportive Housing	P. L. 100-77
Community Development Block Grant (CDBG)—Housing	1991 Act 39
Interest-Bearing Real Estate Trust Accounts	1993 Act 33
Reports on Bills Affecting Housing	1995 Act 308
Wisconsin Fresh Start	Executive Directive
Housing Opportunities for Persons with AIDS	P. L. 102-550
Projects for Assistance in the Transition from Homelessness	P. L. 100-77

Housing Programs Financed with State Funds

State Funding Overview

Commerce is appropriated $4,851,300 annually for state-funded housing assistance. In addition, Commerce receives program revenues from other agencies described under the section about Wisconsin Fresh Start.

The amount appropriated for housing grants and loans is $300,300 GPR and $3,000,000 PR in 2005-06 and $1,300,300 GPR and $2,000,000 PR in 2006-07. In the 2003-05 biennium, the same total amount of $3,300,300 was provided, and all of it was provided as GPR. In 2005 Wisconsin Act 25, the Wisconsin Housing and Economic Development Authority was directed to transfer $3,000,000 in 2005-06 and $2,000,000 in 2006-07 from its unencumbered general reserve fund to Commerce for housing grants and loans. A new program revenue-funded biennial appropriation was created in Commerce on a one-time basis during the 2005-07 biennium to expend the funds received from WHEDA for housing grants and loans, and the PR appropriation is repealed on June 30, 2007. In addition, 2005 Act 25 directed Commerce to submit its 2007-09 biennial budget request to the Governor as though $3,300,300 GPR was provided for base level funding.

The amount appropriated for shelter for homeless and transitional housing grants is $1,506,000 GPR. Commerce is appropriated $45,000 GPR to provide the state match for the federal Projects for Assistance in the Transition from Homelessness program.

Commerce also receives program revenues from interest on real estate trust accounts, and payments from other agencies for housing services.

Housing Grants and Loans

The amount appropriated for housing grants and loans is $3.3 million annually. Commerce is authorized to use the funds for grants to local housing organizations and housing cost grants and loans. The statutes do not specify the allocation of funds between the two programs.

Grants to Local Housing Organizations. The Local Housing Organizations Grant (LHOG) Program is established under s. 560.9805 of the statutes and Comm 152 of the *Wisconsin Administrative Code*. This program provides grant assistance, for up to a two-year period, to organizations (non-stock, non-profit corporations; non-profit organizations; and for-profit organizations) or local housing authorities. Grant awards are provided to assist organizations in developing their capacity to provide new or expanded housing and/or counseling opportunities for low- or moderate-income households.

The grants may be used to defray a portion of the costs for any of the following: (1) salaries, fringe benefits and other expenses associated with personnel of the authority or organization; (2) housing counseling activities including outreach, information, referral and fair housing activities; and (3) other administrative or operating costs, such as planning, organization, resource development and establishment of affordable housing. Grant awards may not be used for capital improvements to housing units, for costs incurred in the preparation of the grant application or for costs incurred prior to the start date of the contract.

Commerce may make a grant only if the authority or organization submits an application for a grant and agrees to provide a dollar-for-dollar match of the grant amounts with cash or other assets. For its part, Commerce must also determine that the grant would be for an appropriate funding purpose. The Department may use any of the following factors in making this appropriateness determination: (1) the quality of the management of the applicant; (2) the amount of other resources available to the applicant for providing housing opportunities; (3) the potential impact of the applicant's activities on housing opportunities for persons of low- and moderate-income in the area; and (4) the financial need of the applicant. Further, Commerce is required to coordinate the use of these grants with projects undertaken by housing authorities and community-based organizations in order to ensure the development of housing opportunities.

Where Commerce determines that a potential grantee would meet one or more of the above appropriateness factors and qualify for funding, the Department will use the following criteria established by administrative rule [Comm 152, *Wisconsin Administrative Code*] to establish grant funding priorities: (1) the percentage of project benefit directed towards low-income households; (2) the extent to which current or potential residents are involved in the proposal; (3) the extent to which innovative and cost-effective approaches are to be utilized; (4) the increased capacity of the applicant to take on additional or more sophisticated activities under a grant; (5) the extent to which geographic balance can be achieved, consistent with the quality of applications submitted; and (6) the extent to which the proposal involves partnerships and establishes linkages with other programs.

Prior to 2004-05, a total of $500,000 in general purpose revenue (GPR) was allocated each year from the biennial appropriation for this program. Table 5 indicates the number and amount of grants made under this program between 1996-97 and 2003-04.

In 2004-05, the funds were awarded through a new one-year program called the Housing Organization and Direct Assistance Program. In 2005-06 and 2006-07, Commerce allocated funds in a different manner. The allocations for 2004-05 through 2006-07 are described in subsequent sections.

Table 5: Local Housing Organization Grants

Fiscal Year	Number	Amount	Average Grant
1996-97	26	$623,000	$23,960
1997-98	16	500,000	31,250
1998-99	18	500,000	27,778
1999-00	15	500,000	33,333
2000-01	19	494,200	26,621
2001-02	16	505,800	31,612
2002-03	16	500,000	31,250
2003-04	15	500,000	33,333

Housing Cost Grants and Loans. The Housing Cost Grants and Loan Program is established under s. 560.9803 of the statutes and is commonly referred to as the "Housing Cost Reduction Initiative" or HCRI. Under this program, Commerce makes grants to "designated agents" who use the funds, in turn, to make individual grants or loans to low- or moderate-income persons or families. Entities that may be designated agents include the governing body of a county, city, village, town or federally-recognized Native American tribe or band; a housing authority or a redevelopment authority exercising the power of a housing authority; and certain religious societies, cooperatives, nonstock, nonprofit corporations, and for-profit housing organizations. Grants or loans under HCRI are designed to assist both home buyers/owners and renters. HCRI funds may be used to defray principal and interest on a mortgage loan, or to pay closing costs and other costs associated with a mortgage loan, mortgage insurance, property insurance, utility-related costs, property taxes, cooperative fees, rent and security deposits.

Although the statute governing this program provides that Commerce may make grants or loans either directly to low- or moderate-income recipients or through designated agents for ultimate distribution to such recipients, the practice in recent years has been to provide grants only to designated agents. These agents are selected by Commerce through an annual competition. Each selected agent then may determine whether to grant or loan the funds to low- or moderate-income individuals or families.

Whether the funding is used to provide grants or loans, the Department is required to set minimum standards for housing occupied by grant or loan recipients and where loans are made, determine the interest rate, repayment terms and any other relevant loan conditions. In addition, the Department is required to ensure that: (1) the amount of a grant or loan provided to an individual or family is based on the ratio between the recipient's housing cost and income; (2) the grants and loans are reasonably balanced among geographic areas of the state and among the varying housing needs of persons or families of low or moderate income; and (3) priority is given to homeless individuals and families, elderly persons, physically disabled persons, families in which at least one minor child but only one parent live together, families with four or more minor children living together and any other persons or families that have particularly severe housing problems.

Under the administrative rules governing HCRI [Comm 153, *Wisconsin Administrative Code*], annual awards are to be apportioned evenly among the following three geographic areas: (1) Milwaukee, Ozaukee, Washington or Waukesha Counties; (2) Brown, Calumet, Chippewa, Dane, Douglas, Eau Claire, Kenosha, La Crosse, Marathon, Outagamie, Racine, Rock, St. Croix, Sheboygan or Winnebago Counties; and (3) all other Wisconsin counties. Further, under these rules, the Department may reallocate not more than 5% of the total amount of funds from one of the three geographic regions to another, based on the volume or quality of applications received. The rules also limit any one eligible applicant to a maximum grant of $1 million during a grant cycle.

Prior to 2004-05, a total of $2,800,300 GPR was allocated each year in the biennial appropriation

Table 6: Housing Reduction Initiative Grants

Fiscal Year	Number of Grantees	Total Grants	Homeowners Assisted	Renters Assisted	Average Amount Per Household Assisted
1996-97	29	$2,817,600	1,055	2,049	$908
1997-98	28	2,858,100	744	2,506	879
1998-99	29	2,841,299	822	2,160	953
1999-00	38	2,800,277	649	1,463	1,326
2000-01	27	2,800,277	590	1,818	1,163
2001-02	23	2,800,323	530	1,467	1,402
2002-03	22	2,800,300	509	1,700	1,268
2003-04	18	2,762,634	738	2,038	1,024

for this program. Table 6 indicates the number and amount of HCRI grants made by the Division of Housing and Community Development to agents, the numbers of homeowners and renters assisted, and the average amount per household assisted between 1996-97 and 2003-04.

In 2004-05, the funds were awarded through a new one-year program called the Housing Organization and Direct Assistance Program. In 2005-06 and 2006-07, Commerce allocated funds in a different manner. The allocations for 2004-05 through 2006-07 are described in subsequent sections.

Housing Organization and Direct Assistance Program (HODAP). In 2004-05, the Local Housing Organization Grant and Housing Cost Reduction Initiative funds were combined into a new one-year program known as the Housing Organization and Direct Assistance Program. The program provides direct financial assistance to reduce the housing costs of low- and moderate-income households. The program also provides grant awards for administrative funds to support the housing activities, and to provide housing counseling services.

Eligible applicants under HODAP are the same entities as were eligible under HCRI. Grantees provide direct assistance to households. Eligible HODAP activities include: (a) rental assistance to households in the form of security deposits, short-term rental subsidy, and/or utility costs; (b) foreclosure prevention, including payment of principal and interest on a mortgage loan that is past due, property taxes, and utility payments, if the homeowner shows the ability to make future payments; (c) down payment and closing costs to help eligible homebuyers purchase affordable homes; and (d) funds for training, materials and equipment to help accomplish the funded activities.

In 2004-05, $3,300,300 was appropriated for HODAP. In 2004-05, Commerce awarded $3,037,225 in HODAP grants to 14 grant recipients through a competitive application process. Grants ranged in size from $100,260 to $332,500. Grants were distributed as follows: (1) $1,037,225 to five agencies in the Milwaukee metropolitan area; (b) $1,000,000 to four agencies in other metropolitan areas; and (c) $1,000,000 to five agencies in counties in other parts of the state.

Allocation in the 2005-07 Biennium. During the 2005-07 biennium, $6,600,600 is available for housing grants and loans and grants to local housing organizations.

Commerce is allocating the funds in three ways that differ from the allocation methods of prior years.

First, Commerce combined $1,400,000 in each year of the amount previously provided under HCRI in one biennial grant funding cycle with the funding for the federal HOME Homebuyer program. The uses of these funds are described in a subsequent section about the HOME program. Commerce awarded $2,800,000 in September of 2006 to 27 grant recipients through a competitive application process. Grants ranged in size from $23,000 to $522,500. Grants for 2005-07 were distributed as follows: (1) $887,625 to three agencies in the Milwaukee metropolitan area; (b) $933,300 to nine agencies in other metropolitan areas; and (c) $979,075 to 15 agencies in counties in other parts of the state.

Second, Commerce is allocating $1,400,000 in each year of the amount previously provided under HCRI in annual grant cycles under a newly-titled Homeless Prevention Program, in combination with state funding for Transitional Housing Grants and with federal funding for Emergency Shelter Grants. The uses of these funds are described under the subsequent sections for those programs. In July, 2006, Commerce awarded $1,396,800 to 39 agencies. Commerce will award the remaining $1,403,200 in the spring of 2007.

Third, Commerce is using the remaining $500,300 in each year for a new Critical Assistance Program. Commerce issued a request for proposals in August, 2006, and awarded one grant of $500,300 in September of 2006 to Rural Housing, Inc., to fund homeless prevention activities in parts of the state not served by federal Emergency Shelter or other state funds. Funded activities include: (a) rental assistance to households in the form of security deposits, short-term rental subsidy, and/or utility costs; (b) foreclosure prevention, including payment of principal and interest on a mortgage loan that is past due, property taxes, and utility payments, if the homeowner shows the ability to make future payments; and (c) limited administrative funds (up to 15%) to support the funded activities. Commerce anticipates it will renew the grant with an additional $500,300 in the spring of 2007.

Interest Bearing Real Estate Trust Accounts Program

The Interest Bearing Real Estate Trust Account (IBRETA) program is established under s. 560.9807 of the statutes and is funded from earnings on interest-bearing real estate common trust accounts established under s. 452.13 of the statutes. IBRETA was created by 1993 Wisconsin Act 33 to provide additional funds for programs serving Wisconsin's homeless individuals and families. 1995 was the first full calendar year in which interest payments were received.

The program requires real estate brokers and salespersons in Wisconsin to deposit down payments, earnest money and similar types of real estate payments in a pooled interest bearing trust account in a depository institution. Annually, before February 1, each depository institution must remit to the Department of Commerce the total amount of interest or dividends in excess of $10, less service charges or fees, earned on these accounts during the previous calendar year. These annual earnings amounts are credited to a Commerce program revenue continuing appropriation account established for this purpose. From the amounts credited to this appropriation, Commerce is required to make grants to organizations that provide shelter or services to homeless individuals or families.

Table 7 indicates the net common trust account earnings collected and transferred to Commerce since 1996. The Department has used IBRETA funds to enhance the state transitional housing program, the state shelter subsidy grant program, and the HUD emergency shelter grant program. The amount of IBRETA funding for these separate programs is detailed in the description of each program later in this chapter.

Table 7: Interest-Bearing Real Estate Trust Account Earnings

Calendar Year	Interest Earnings
1996	$316,716
1997	410,259
1998	387,766
1999	458,182
2000	441,970
2001	469,601
2002	402,849
2003	320,851
2004	324,215
2005	207,045

Shelter for Homeless and Transitional Housing Grants

The amount appropriated for Shelter for Homeless and Transitional Housing Grants is $1,506,000 GPR in each of 2005-06 and 2006-07. The statutes do not specify the allocation of funds between the two programs.

Transitional Housing Grants. The Transitional Housing Grant program is established under s. 560.9806 of the statutes. This program provides grants to private, nonprofit organizations; for-profit organizations; community action agencies; and county or municipal governments. Grants are awarded for operating transitional housing and associated supportive services for the homeless; the purpose of the grants is to facilitate the movement of homeless persons to independent living. To be eligible for grants under the program, an organization must meet the following statutory requirements: (1) utilize, as transitional housing sites, only existing buildings at scattered sites; (2) facilitate the utilization by residents of appropriate community social services; (3) provide or facilitate the provision of training in self-sufficiency to residents; (4) require that residents pay at least 25% of their income as rent; and (5) permit persons to reside in transitional housing for no longer than 24 months. Individual grants to an eligible applicant may not exceed $50,000.

Beginning in 2002, the Transitional Housing funds were made available in a consolidated application with HUD Emergency Shelter Grant funds. In 2004-05, funds totaling $375,000 were granted to 23 agencies for the initiation and expansion of transitional housing and services to homeless individuals and families. Funds were awarded to five agencies in the metropolitan Milwaukee area, 11 agencies in other metropolitan counties in the state (Chippewa, Dane, Kenosha, Outagamie, Racine, and Rock Counties) and seven agencies in more rural areas of the state (Bayfield County; a consortium of Barron, Dunn, Pepin, Pierce, and St. Croix Counties; Fond du Lac County; Jackson County; Jefferson County; Portage County; Waupaca County; and Waushara County).

In 2005-06 Transitional Housing funds totaling $375,000 were granted to 28 agencies for the initiation and expansion of transitional housing and services to homeless individuals and families. Funds were awarded to seven agencies in the metropolitan Milwaukee area, 14 agencies in other metropolitan counties in the state (Brown, Dane, Eau Claire, Kenosha, La Crosse, Outagamie, Racine, and Rock Counties) and seven agencies in more rural areas of the state (Bayfield County; a consortium of Barron, Dunn, Pepin, Pierce, Polk and St. Croix Counties; Fond du Lac County; Jackson County; Jefferson County; Portage County; Waupaca County; and Waushara County).

Table 8 shows the number of grantees and amount of grants awarded since the 1995-97 biennium. The table shows the amounts according to a biennial award schedule before 2001-02, and an annual funding cycle beginning in 2001-02.

Table 8: Transitional Housing Grants

Fiscal Biennium Or Year	Grantees	Grant Amount
1995-97	18	$800,000
1997-99	20	900,000
1999-01	20	900,000
2001-02	13	375,000
2002-03	21	375,000
2003-04	19	375,000
2004-05	23	375,000
2005-06	28	375,000

State Shelter Subsidy Grant Program. The State Shelter Subsidy Grant Program is established under s. 560.9808 of the statutes. This program provides grants to private, nonprofit organizations; for-profit organizations; community action agencies; federally-recognized Native American tribes or bands, a housing and community development authority and to county or municipal governments. Grants are awarded for shelter operations (rather than for the actual renovation or construction of a building) in response to the following situations that exist at the local level: (1) renovation or expansion of an existing homeless shelter facility; (2) development of an existing building into a shelter facility; (3) expansion of shelter services for homeless persons; and (4) operating expenses that exceed funding from other sources to allow those agencies to continue providing the existing level of services. In awarding grants, Commerce must consider whether the community in which the applicant provides services has a coordinated system of services for homeless individuals and families.

Grants may not exceed 50% of either: (1) the operating costs of the shelter facility or facilities on behalf of which application is being made; or (2) the portion of the applicant's operating budget allocated for providing homeless persons with vouchers to be exchanged for temporary housing. Under the statute governing the shelter grant program, Commerce is further required to allocate at least $400,000 in each year to eligible applicants located in Milwaukee County, at least $66,500 in each year to eligible applicants in Dane County, and at least $100,000 in each year to applicants located elsewhere in the state. No more than $183,500 of the remaining funds may be allocated for grants in each year to eligible applicants without regard to their geographic location. Further, under the administrative rules governing the program [Comm 150, *Wisconsin Administrative Code*], funds allocated to Milwaukee and Dane Counties are distributed through a Commerce-designated lead agency that in turn distributes the grant awards to all eligible shelter agencies making application for funding. For grants awarded outside of Milwaukee and Dane Counties, the rules require that funds be distributed to each region in proportion to the projected number of shelter days to be provided.

A total of $1,131,000 GPR is provided annually. Grants made from this appropriation are allocated on a calendar year basis. Under the statutory provisions governing this appropriation, all balances remaining on December 31 of any calendar year will lapse to the general fund on January 1, unless Commerce requests the Joint Committee on Finance to transfer funds to the following calendar year. The Department is also granted explicit statutory authority to transfer balances in the appropriation between fiscal years in the same biennium.

Grants from this appropriation have also been supplemented with funds from the IBRETA program. Commerce supplemented the shelter subsidy program with IBRETA funding of $100,000 in 2003-04, $193,800 in 2004-05 and $0 in 2005-06. Finally, under s. 704.05(5)(a)2 of the statutes, the net proceeds of abandoned property left by a tenant and sold by the landlord are remitted to the Department of Administration for crediting to a Commerce appropriation account established under s. 20.143 (2)(h) of the statutes. Amounts deposited to this appropriation are also used to supplement grants made under the shelter subsidy program. A total of $286 has been received from this source since 1994. (No funds were received under this provision since 2003).

Table 9 summarizes grant activity under the shelter subsidy program over the last eight fiscal years between 1999-00 and 2006-07. Commerce awarded 2006-07 funds in the fall of 2006 (calendar year 2006 grants), with grants totaling $1,400,000 in

Table 9: State Shelter Subsidy Grant Program, GPR and IBRETA Funds

	Milwaukee County	Dane County	Other Areas of State	Grantees	Total Grants
1999-00	$430,000	$342,000	$623,000	28	$1,395,000
2000-01	450,000	350,000	700,000	31	1,500,000
2001-02	437,000	343,000	720,000	32	1,500,000
2002-03	392,000	280,000	728,000	37	1,400,000
2003-04	344,700	233,900	652,400	39	1,231,000
2004-05	366,600	255,400	702,700	39	1,324,700
2005-06	362,600	215,000	553,200	39	1,130,800
2006-07	400,000	235,882	764,118	41	1,400,000

32 contracts with 41 agencies (including subgrantees). Totals include $1,131,000 GPR annually from the State Shelter Grant program with the remainder being IBRETA proceeds.

Wisconsin Fresh Start

Commerce's Wisconsin Fresh Start (WFS) program replication initiative is based on a long-running Madison program called Operation Fresh Start. WFS was created in 1998-99 through an Executive Order of the Governor.

Wisconsin Fresh Start is designed to provide at-risk young people with education, employment skills, and career direction leading to economic self-sufficiency. The program is aimed at increasing the self-esteem and self-sufficiency of youths and young adults (ages 16 to 24) who evidence alcohol and other drug abuse problems; poor health and nutrition; low educational achievement; poor employment history; physical, sexual, and emotional abuse; or criminal histories. The program offers an educational component where participants complete classes leading to a high school equivalency diploma and a vocational component where participants learn basic home construction, rehabilitation and remodeling skills. An additional focus of the work component of the program is to construct housing or rehabilitate substandard housing into well-built, mechanically sound and affordable dwellings for low- and moderate-income households.

The state has provided funding for Wisconsin Fresh Start grants annually, since 1998-99. Commerce has secured funding commitments from a variety of other state and federal programs. WFS program grants have ranged from $29,300 to $294,800 each and averaging approximately $100,000. Grant recipients are also required to provide a local match of 25%. In 2004-05 and 2005-06, funding was provided from the following sources: (a) U.S. HUD HOME program provided $738,400 in 2004-05 and $799,200 in 2005-06; (b) Wisconsin Department of Corrections provided $300,000 in each of 2004-05 and 2005-06; (c) Wisconsin Department of Administration energy programs provided $169,600 in 2004-05 and $205,200 in 2005-06; and (d) WHEDA provided $150,000 in each of 2004-05 and 2005-06.

Table 10 summarizes the number of grant recipients and the total award amounts. In 2004-05, Commerce made awards of $1.3 million to 11 WFS projects in the following counties: Columbia, Eau Claire, Fond du Lac, Jackson, Marathon (two projects), Milwaukee (three projects), Washburn and Waushara Counties. In 2005-06, Commerce made renewal and new awards totaling $1.4 million to 14 WFS projects in the following counties: Columbia, Eau Claire, Fond du Lac (two projects), Jackson, Marathon (two projects), Milwaukee (four projects), Sawyer, Washburn and Waushara Counties. Applications for 2006-07 grants are due in February, 2007.

Table 10: Wisconsin Fresh Start Grant Distribution

Fiscal Year	Grantees	Total Grants
1998-99	2	$291,500
1999-00	10	2,193,400
2000-01	10	2,177,500
2001-02	10	2,015,000
2002-03	12	2,299,600
2003-04	12	2,056,900
2004-05	11	1,305,400
2005-06	14	1,437,600

As of the end of calendar year 2005, 833 youths and young adults had enrolled, of which 549 have completed the program. Through 2005, 184 WFS participants earned a high school equivalency degree. Under WFS, 73 housing units had been constructed with funding through calendar year 2005, and 19 additional housing units were under construction in 2006.

Housing Programs Financed with Federal HOME Funds

Federal HOME Program Initiatives

The federal Department of Housing and Urban Development (HUD) provides funding for the Home Investment Partnerships Program (HOME) to support the following initiatives for greater housing opportunities: homeownership; rental rehabilitation; rental housing development; accessibility improvements; rental assistance; and owner-occupied housing repairs. This federally-funded program is distinct from WHEDA's revenue bond-supported homeownership mortgage loan program that uses the same acronym.

Most of the federally-funded HOME program initiatives are targeted to households having "low-income," which is income no greater than 80% of the county median income. However, for the HOME program initiatives for rental rehabilitation and home rental housing development programs, this threshold drops to 60% of county median income for most households assisted, and may further target 30% or 50% ("very low-income") of county median income. The HUD income limits for 2006 by county are shown in Appendix VII. HUD calculates 50% of the county median income and adjusts the limits for areas with unusually high or low incomes. HUD then calculates the 30%, 60% and 80% income limits based on the 50% limits. (This is the reason that the income limits shown in Appendix VII may not be directly comparable to the WHEDA county median incomes shown in Appendix I.)

Table 11 summarizes for the last four federal fiscal years (FFY), FFY 2002 through FFY 2005, the grant amounts awarded under each of the HOME program components.

In addition to the federal funding amounts received by Commerce for the HOME program, some municipalities receive federal HOME funds directly from HUD. These include: (a) the Cities of Eau Claire, Green Bay, Kenosha, La Crosse, Madison, Milwaukee, Racine and West Allis; (b) the counties of Milwaukee and Dane; (c) the combined City of Janesville and Rock County; and (d) a consortium of Jefferson, Ozaukee, Washington and Waukesha Counties. These communities are also shown in Appendix VIII.

A description of each of the initiatives funded under the federal HOME program is provided in the following sections.

Homebuyer Program

A total of $4,989,800 in FFY 2004 and $5,518,800 in FFY 2005 was allocated from federal HOME program funds to support an award program to provide assistance to homebuyers. Since 1993, state-funded HCRI amounts have also been combined with federal HOME program funds and HOME grants are coordinated with HCRI grants through an annual competitive process. HOME funds under the homeownership program are available for low-income households for housing rehabilitation expenses, acquisition costs (such as down payments and closing costs) or construction expenses for single family, owner-occupied dwellings. Grants under the HOME program are awarded to local organizations that operate homebuyer programs for qualifying low-income households. In addition to the State's HOME program allocation, Commerce received $804,156 in FFY 2004, $486,800 in FFY 2005, and $242,400 in FFY 2006 from the federal American Dream Downpayment Initiative (ADDI), to be used with HOME Homebuyer program funds to assist low- and moderate-income households to purchase a home.

Rental Rehabilitation Program

A total of $983,700 in FFY 2004 and $882,000 in FFY 2005 was allocated from federal HOME

Table 11: Federal HOME Programs -- Grant Awards by Program

Program	FFY 2002	FFY 2003	FFY 2004	FFY 2005*
Homebuyer				
Number of Grantees	18	15	19	21
Amount of Grants	$3,453,700	$3,463,100	$4,989,800	$5,518,800
Number of Housing Units Assisted	322	325	443	294
Average Per Unit Grant Amount	$10,726	$10,656	$11,264	$18,772
Rental Rehabilitation				
Number of Grantees	5	5	8	5
Amount of Grants	$775,000	$541,700	$983,700	$882,000
Number of Housing Units Assisted	53	15	28	6
Average Per Unit Grant Amount	$14,623	$36,116	$35,130	$146,999
Rental Housing Development				
Number of Grantees	3	4	12	4
Amount of Grants	$2,628,100	$2,909,300	$5,021,100	$710,200
Number of Housing Units Assisted	68	79	94	28
Average Per Unit Grant Amount	$38,649	$36,827	$53,416	$25,364
Homeowner Rehabilitation and Accessibility				
Number of Grantees	20	20	20	**
Amount of Grants	$4,141,400	$3,405,100	$3,235,900	**
Number of Housing Units Assisted	248	210	232	**
Average Per Unit Grant Amount	$16,700	$16,215	$13,948	**
Tenant-Based Rental Assistance Program				
Number of Grantees	--	3	***	7
Amount of Grants	--	$716,700	***	$1,025,000
Number of Households Assisted	--	104	***	152
Average Per Household Grant Amount	--	$8,200	***	$6,743

* Data may change because Homebuyer Grants for the FFY 2005 appropriation will be spent through June 30, 2007. Data does not include funds from the federal American Dream Downpayment Initiative combined with HOME homebuyer funds to assist homebuyers.
** For FFY 2005, the Homeowner Rehabilitation and Accessibility statistics are combined with the Homebuyer statistics.
*** The Tenant-Based Rental Assistance Program was a pilot program in FFY 2003. No additional funding was allocated in FFY 2004. Funding was allocated in FFY 2005.

program funds to support a program that provides grants and low-interest loans for up to 75% of the cost of repairs and improvements to rental units that are leased to persons who have low or very-low incomes. Units assisted under the program must be leased at or below fair market rent levels, as determined by HUD. At least 90% of the units assisted under this program must be occupied by households with incomes at or below 60% of the county's median household income, as shown in Appendix VII. Eligible rehabilitation expenses include those for: correcting substandard housing conditions; repairing major mechanical or other systems that are in danger of failure; increasing handicapped accessibility; supporting indirect costs associated with the rehabilitation (such as architectural or engineering services); and paying such expenses as loan origination and other lender fees; building permits; and credit, title and legal fees.

Rental Housing Development Program

A total of $5,021,100 in FFY 2004 and $710,200 in FFY 2005 was allocated from federal HOME program funds for projects leading to the development of new rental units. Eligible projects for the expansion of rental housing units in the state can be accomplished either through new construction or by the acquisition and rehabilitation of existing properties. Community housing development organizations (that is, local non-profit groups that meet certain federal standards), public housing authorities and other non-profit organizations are eligible to apply for these HOME initiative funds. In addition, private for-profit developers may participate as limited partners with an eligible non-profit group. Certain restrictions apply as to the maximum income levels of residents in the assisted units, the maximum rents that may be charged, the period of affordability compliance, and the maximum subsidy amount per unit. For example, 20% of the HOME assisted units in a project must benefit households at or below 50% of the county median income. Households whose annual incomes do not exceed 60% of the county median income at the time of initial occupancy must occupy the remaining 80% of the units. (See Appendix VII for the relevant HUD income limits.)

Homeowner Rehabilitation and Accessibility Program

A total of $3.4 million in FFY 2003 and $3.2 million in FFY 2004 was allocated from federal HOME program funds for weatherization-related home rehabilitation and accessibility improvements. The program was combined with the HOME Homebuyer program beginning with FFY 2005 funding, and funding is included in the earlier program summary of the Homebuyer program. Funds under the rehabilitation and accessibility component of the HOME program are used to make repairs to homes owned by households with incomes at or below 80% of the county's median household income, where the homes are already receiving weatherization services under other programs but which require additional repairs that are not eligible for funding under those separate programs. Eligible improvement projects include the construction of a ramp or mechanical lift, doorway widening, changes in bathroom layout or fixtures, energy-related improvements, removal of lead-based paint, and general improvements of a non-luxury nature. Only permanent modifications are eligible for funding; further, all completed work must meet construction quality standards developed by HUD.

Tenant-Based Rental Assistance Program

A total of $716,700 in FFY 2003 was allocated from federal HOME program funds for a pilot program intended to determine the practicality of establishing programs to assist individual low-income, homeless, or special needs households with housing costs. Under the pilot program, individual households receive direct rent subsidy assistance to make up the difference between the amount a household can afford to pay for housing (30% of their annual adjusted gross income) and the local rent standards. Families must have income equal to or less than 60% of the county median income. The rent subsidy covers costs such as rent, utility costs, security deposits, and utility deposits. Commerce allocated the funds to three agencies which serve the following areas: (a) Forest, Oneida, and Vilas Counties; (b) the cities of Appleton, Neenah, Menasha, Kaukauna, Kimberly, and Little Chute, and the surrounding towns in Calumet, Winnebago and Oneida Counties; and (c) Chippewa County, (except the portion of the City of Eau Claire in Chippewa County).

Commerce completed an evaluation of the pilot program in June, 2005. Commerce determined that the program was effective in assisting individuals and families to attain and retain affordable housing and preventing homelessness for participating households. Subsequently, $1,025,000 in FFY 2005 HOME program funding was allocated for the tenant-based rental assistance program. Commerce allocated the FFY 2005 funds to seven agencies which serve the following areas: (a) Forest, Oneida, and Vilas Counties; (b) the cities of Appleton, Neenah, Menasha, Kaukauna, Kimberly, and Little Chute, and the surrounding towns in Calumet, Winnebago and Oneida Counties; (c) Chippewa County (except the portion of the City of Eau Claire in Chippewa County); (d) Vernon, Monroe and rural La Crosse Counties; (e) Rock County outside of Beloit and Janesville, and Walworth County; (f) Brown County outside of Green Bay; and (g) Wood and Marathon Counties. The grants for services in (d), (e) and (f) specify that the rental assistance will serve the chronically homeless mentally ill population and that mental health services will also be provided to persons assisted.

Program Income

Loan repayments from clients made primarily in connection with the HOME rental rehabilitation program may be used by HOME grantees in combination with current grant funding. Grantees benefiting from any such repayments must use such funding before using new allocations under the program. HOME program repayment income totaled $119,300 in state fiscal year 2003-04, $155,000 in 2004-05 and $176,900 in 2005-06.

Housing Programs Financed with Other Federal Funds

Emergency Shelter Grant Program

Under provisions of s. 560.9807 of the statutes, Commerce is the HUD-designated Wisconsin agency for administering the distribution of federal funds under the Stewart B. McKinney Homeless Assistance Act. This program is known as the Emergency Shelter Grant Program. Eligible applicants for emergency shelter grants include cities, counties, and private nonprofit agencies (where the appropriate local government jurisdiction has approved the agency's submission for program funds). Beginning in 1999, tribal governments are not eligible for HUD funding under this program. However, the Department continues to include request for proposals from tribal governments with successful grantees awarded from state IBRETA funds.

Under the program, grants may be used for one or more of the following categories of eligible activities: (1) homeless prevention programs (not to exceed 30% of the grant); (2) provision of food, mental health or substance abuse counseling, education, day care, case management or other essential social services (not to exceed 30% of the grant); (3) renovation, rehabilitation and conversion of buildings for use as shelters or transitional housing facilities; (4) payments for shelter maintenance, and operating costs such as rent, insurance, utilities, furnishings; and (5) payments for shelter staff salaries (not to exceed 10% of the grant).

There are three major federal program requirements for funding under the program. First, each city, county, or private nonprofit agency operating in the 19 designated urban counties of the state must match its emergency shelter grant with an equal amount of funds from other sources. However, in the 53 designated rural counties of the state, HUD allows the amount of each applicant's required match to be reduced by $100,000. Second, any grantee receiving emergency shelter grants funds for shelter operations and essential services must maintain the shelter building for as long as federal assistance is received. Recipients of rehabilitation funding must maintain the shelter for at least three years, and recipients of major rehabilitation or conversion funding must use the building as a shelter for at least 10 years. Finally, recipients that are private, nonprofit organizations must provide assistance to homeless individuals in obtaining appropriate supportive services. In addition, grantees must participate in Wisconsin ServicePoint (WISP), the statewide component of a nationwide Homeless Management Information System that is a web-based software database for providing information about homeless persons to improve service delivery to these persons.

Beginning in 2002-03, the emergency shelter grant program funding process was changed to mirror HUD's Continuum of Care Supportive

Housing program (see next section) in order to encourage agencies to coordinate their efforts and their use of funds. In addition, beginning in 2005-06, emergency shelter grant funds from HUD were combined with State transitional housing program funds and homeless prevention program funds (formerly known as HCRI). Commerce modified the application process for the combined funds to focus on community need identification and prioritization, and on projects that help homeless persons move out of homelessness.

Grants are allocated on a formula basis using a variety of homeless prevalence factors. Funds are currently allocated as follows: the four-county Milwaukee metropolitan area (27.3%), other metropolitan areas, which includes 15 additional urban counties (42.4%) and the balance of the state (30.3%). The Madison community development authority distributes emergency shelter grant funds based on plans developed by a consortium of providers in that city. Grants within these areas are funded on a competitive basis.

Table 12 summarizes emergency shelter grant activity over the last 10 federal fiscal years through FFY 2006. In FFY 2005, an additional $99,800 of IBRETA funds was distributed in addition to the HUD emergency shelter grant allocation of $1,885,400. In FFY 2006, a total of $171,600 of additional IBRETA funds was added to the $1,952,200 HUD emergency shelter grant allocation.

Table 12: HUD Emergency Shelter Grant Program -- Federal Fiscal Years

FFY	Grantees	Amount of Grants	Average Grant Amount
1997	64	$1,355,400	$21,178
1998	65	1,901,200	29,249
1999	55	2,063,800	37,524
2000	55	1,950,500	35,463
2001	58	1,925,900	33,205
2002	47	1,789,300	38,070
2003	105	1,800,700	17,149
2004	111	1,826,500	16,455
2005	122	1,885,400	15,454
2006	112	1,952,200	17,430

Continuum of Care Supportive Housing Program

The continuum of care supportive housing program provides HUD-funded grants to projects designed to find permanent solutions to homelessness by providing homeless persons with opportunities to find long-term housing and become self-sufficient.

Under the program, the following types of projects are given funding priority: (1) provision of permanent housing to meet the long-term needs of homeless individuals and families; and (2) provision of transitional housing and associated social services to help individuals and families move to permanent housing and independent living.

In 1997, DOA (before programs were moved to Commerce), in collaboration with a consortium of community action agencies, nonprofit organizations providing services to the homeless and the Department of Veterans Affairs, submitted an application to HUD for funding under the continuum of care program. To date, the state has been awarded $38,892,100 for projects from 1997 through 2006. Of this amount, $5,204,500 was awarded in 2005 to 25 agencies for 28 projects. Commerce currently has an application pending on behalf of 36 projects for continued funding of $6,229,500 under the program for the 2007-2008 grant period.

Housing Rehabilitation Program -- Small Cities CDBG

Under s. 560.9809 of the statutes, Commerce is responsible for administering the housing rehabilitation component of the federal small cities community development block grant (CDBG) program. Commerce is the state agency designated by the federal government for the receipt of federal CDBG allocations. Under the general CDBG program, federal funds are provided to municipalities for activities such as housing rehabilitation, acquisition, relocation, handicapped accessibility improvements, home ownership assistance, public facilities improvements and economic development. Commerce allocates 70% of the funds to the public facilities improvements and economic development components of the state's allocation. The balance is allocated to the Department for the housing rehabilitation program. Federal guidelines allow the state to retain $100,000 and up to 2% of each annual grant award for state administrative costs associated with the program. [For more information about the non-housing components of the CDBG program, see the Legislative Fiscal Bureau's informational paper entitled, "State Economic Development Programs Administered by the Department of Commerce."]

Eligible applicants for small cities CDBG funds include most cities, villages and towns with populations under 50,000 and all counties except Dane, Milwaukee and Waukesha Counties. Those municipalities with populations of 50,000 or more and Dane, Milwaukee and Waukesha Counties are deemed "entitlement municipalities" and are eligible to receive CDBG funds directly from the federal government. Consequently, these entitlement municipalities (listed in Appendix IX) are not eligible for state CDBG funds.

Table 13 summarizes the total amount of small cities CDBG funding received by the state during the last 10 federal fiscal years through FFY 2006 and shows the amounts allocated in each year to the housing rehabilitation component of the program. It should be noted that funds provided by HUD directly to entitlement communities are not included in Table 13.

Funds allocated under the CDBG housing rehabilitation program are awarded annually in accordance with criteria specified in administrative rule Comm 154. Comm 154 requires Commerce to earmark up to $2,000,000 annually for emergency assistance and at least $750,000 for special projects that create new housing units for low- to moderate-income households. For FFY 2006, Commerce is allocating a minimum of $1,000,000 for emergency and special projects. The balance of the housing allocation is awarded for housing rehabilitation and homeownership assistance. Applications are divided into geographic regions and then selected using a computer-generated random number process. Census-defined need is the final determining factor in the funding process.

Table 13: Small Cities CDBG Grants -- Total Funding and Allocations for Housing Rehabilitation Program

FFY	Total Block Grant	Amount Allocated for Housing Rehabilitation
1997	$34,256,000	$10,171,400
1998	33,556,000	10,066,800
1999	32,713,000	9,813,900
2000	32,949,000	9,884,700
2001	34,288,000	10,286,400
2002	34,021,000	10,206,300
2003	33,170,000	9,951,000
2004	33,079,100	9,923,700
2005	31,491,200	9,133,900
2006	28,408,300	5,911,700

Grants are made by Commerce to municipalities or county governments, which then provide deferred, no- or low-interest loans to individual applicants to undertake rehabilitation projects. Project beneficiaries must have incomes at or below 80% of the county median income (see Appendix VII for the relevant income limits). When the program is used to renovate owner-occupied housing, deferred payment loans are provided and are not required to be repaid until the home ceases to be the owner's principal place of residence. In the case of rehabilitation of rental property, the landlord must agree to rent all of the rehabilitated units to low- and moderate-income persons for at least five years at locally affordable rents and must repay the loan in installments. The average project cost per housing unit rehabilitated under the program is approximately $18,000.

A requirement of the small cities CDBG program is that when loans are repaid, the municipality or county government must 'revolve' these repayments into new projects that benefit its low- and moderate-income residents. Where a unit of government has revolving loan fund income and receives a new CDBG contract, it must expend such revolving loan funds before using the new grant funding. In 2004-05, revolving loan fund receipts of $9,121,200 assisted 676 households and in 2005-06, revolving loan fund receipts of $8,860,200 assisted 663 households.

CDBG – Emergency Assistance Program (CDBG-EAP)

The amounts set aside under the CDBG small cities housing program for emergency assistance (see the previous section) are distributed under the CDBG Emergency Assistance Program. Commerce makes awards to local units of government to provide grants to property owners to recover from property damage that occurred as a result of a natural or man-made disaster. Commerce distributed $1,995,800 in 2004-05 and $2,880,600 in 2005-06 under the program.

To be eligible for assistance, property owners may have incomes up to 100% of the county's median-income level (CMI), and must have housing damage not covered by insurance. Priority is given to households with incomes less than 80% of the CMI.

CDBG-EAP funds may be used to address housing damage caused by the disaster. Eligible activities may include: (a) repair of damage to the dwelling unit, including repair or replacement of plumbing, heating, and electrical systems; (b) acquisition and demolition of dwellings that can not be repaired; and (c) downpayment and closing cost assistance for the purchase of replacement dwellings. The funds can not be used for: (a) costs covered by insurance or other federal or state assistance; (b) cleaning; (c) replacement of furniture, food, clothing or other personal items; or (d) any repairs not directly related to the disaster.

Housing Opportunities for Persons with AIDS Program (HOPWA)

Since FFY 1995, Wisconsin has received funding allocations under the federal Housing Opportunities for Persons with AIDS (HOPWA) program. This federal program was created in 1992 by P. L. 102-550 to provide eligible applicants with resources and incentives to devise long-term comprehensive strategies to meet the housing needs of persons (and the families of persons) with acquired immunodeficiency syndrome (AIDS) or related diseases. Wisconsin is an eligible applicant for a formula allocation under the federal program since the state has more than a cumulative total of more than 1,500 AIDS cases and has an approved consolidated plan for AIDS services.

HOPWA funds may be used to provide resources designed to prevent homelessness among persons with AIDS. This assistance may include emergency housing, shared housing arrangements, and permanent housing placement in apartments, single room occupancy units and community residences. As part of any HOPWA assisted housing, appropriate support services must also be provided. Nonhousing related support services may include: supportive services including physical and mental health care and assessment, drug and alcohol abuse treatment and counseling, day care services, intensive care, nutritional services and assistance in gaining access to local state and federal government benefits and services. Table 14 summarizes the grant distributions under the HOPWA program during the last 10 federal fiscal years.

During FFY 1998, DOA was notified that the four county Milwaukee metropolitan area had reached the threshold of 1,500 cumulative persons with AIDS and could receive a direct formula grant from HUD. The remainder of the state did not exceed this caseload threshold and appeared to

Table 14: HOPWA Total Grant Distributions *

FFY	Grant
1997	$668,000
1998	300,000
1999	315,000
2000	332,000
2001	359,000
2002	385,000
2003	400,000
2004	405,000
2005	383,000
2006	389,000

*Beginning in FFY 1998, grants are for all Wisconsin counties outside of the Milwaukee metropolitan area, excluding Pierce or St. Croix Counties, which are in the Minneapolis-St. Paul grant area.

become ineligible for continued funding under the HOPWA program. However, HUD began to grant the state a waiver in 1998 to fund HOPWA programs in non-Milwaukee metropolitan areas. (In addition, Pierce and St. Croix Counties are included in the Minneapolis – St. Paul, Minnesota HOPWA grant.) In 2000, federal law was changed to grandfather previously-funded communities and states. Up to 3% of the federal awards may be used for the Department's administrative costs.

Projects for Assistance in Transition from Homelessness (PATH)

Wisconsin receives funding under the federal Projects for Assistance in Transition from Homelessness (PATH) program. The program was created in 1991 under P.L. 100-77. The program provides funds to local agencies that provide services to people who have serious mental illness and are homeless.

Prior to 2005-06, the program was administered by the Wisconsin Department of Health and Family Services. Under 2005 Wisconsin Act 25, administration of the program was transferred to Commerce, beginning in 2005-06.

Commerce estimates that 7,400 people in Wisconsin have a serious mental illness and are homeless. Commerce allocates PATH program funds to county mental health agencies and nonprofit agencies to provide services to these individuals. The funds are distributed to agencies in five of the counties that have a large number of the state's population of persons who have a mental illness and are homeless. The federal program requires a 25% non-federal match. The state provides a portion of this through general purpose revenues, which totaled $45,000 GPR in each of 2005-06 and 2006-07. Local agencies provide the remainder of the match.

Commerce issued a new request for proposals in 2005 for PATH funds available in 2005-06. Commerce allocated PATH funds to county mental health agencies and nonprofit agencies to provide services. In 2005-06, Commerce distributed $674,800 to four agencies, including $45,000 GPR and $629,800 FED. The agencies are located in Dane, Milwaukee, Outagamie and Rock Counties.

In 2006-07, Commerce distributed $648,200 to five agencies, including $45,000 GPR and $603,200 FED. Waukesha County received funds, in addition to the four counties that received funds in 2005-06. The allocations for 2006-07 are shown in Table 15. Commerce allocated the grant funds to support activities such as outreach, screening and diagnostic treatment, community mental health, case management, alcohol and drug treatment, rehabilitation, supportive and supervisory services

Table 15: PATH Grants -- 2006-07

County	Federal Funds	State Funds	Total Award
Dane	$126,000	$9,000	$135,000
Milwaukee	256,275	19,350	275,625
Outagamie	32,708	2,250	34,958
Rock	163,319	14,400	177,719
Waukesha	24,999	0	24,999
Total	$603,202	$45,000	$648,202

in residential settings, and referral to other services such as health care.

Wisconsin is unique in the country in administering the PATH funds through a state agency that is not the state's mental health authority. Federal staff negotiated a Memorandum of Understanding (MOU) between Commerce and the Department of Health and Family Services (DHFS), in order to ensure that DHFS retains responsibility for people who have mental illness. A primary goal of the MOU is to provide sustained and specific support for people with serious mental illness within the public mental health system. Seven basic activities are delineated for DHFS, including requirements through the State / County contracts. DHFS is also responsible for creating methods of sharing information with the result that the State can determine how many people transition from PATH services to "mainstream" public mental health and substance abuse services.

CHAPTER 3

HOUSING PROGRAMS ADMINISTERED BY THE DEPARTMENT OF VETERANS AFFAIRS

The Department of Veterans Affairs (DVA) administers two loan programs that provide housing opportunities and home improvement assistance for veterans in Wisconsin: the primary mortgage loan program and the home improvement loan program. This chapter reviews the general eligibility requirements for these programs and then describes the operation of each.

General Eligibility Requirements

Although the primary mortgage loan program and the home improvement loan program both have specific eligibility requirements that an applicant must meet, two general eligibility criteria apply to almost every program that DVA administers. First, the applicant must meet certain military service requirements to qualify as a veteran. Second, since the majority of DVA programs are designated for the benefit of Wisconsin veterans, most programs also have state residency requirements.

Military Service

Until 1997, the statutes defined eligible military service for veterans benefits purposes as service occurring during certain war and designated conflict periods. Eligible military service had to involve any one of the following: 90 days of service during a wartime period, service during a statutorily designated crisis period, six months of peacetime service between February 1, 1955, and August 4, 1964, or the receipt of an armed services medal.

Provisions of 1997 Wisconsin Act 27 expanded eligibility for DVA grant and loan programs to include peacetime veterans. Peacetime veterans are defined as veterans who have served in the U.S. armed forces, regardless of where the service was rendered or the conditions of service, for two or more continuous years or the full period of their service obligation, whichever is less. Individuals discharged early for reasons of hardship, service-connected disability, or reductions in military personnel are also considered peacetime veterans. In all cases, a veteran must have served under honorable conditions or must be eligible to receive federal veteran benefits.

Wisconsin Residency

Most DVA grant and loan programs have a state residency requirement. To be eligible to receive benefits, a veteran must be a current Wisconsin resident at the time of application and meet either of the following requirements: (a) the veteran must have been a Wisconsin resident upon entering or reentering military service; or (b) the veteran was a resident of Wisconsin for any consecutive 12-month period after entry or reentry into service and before the date of an application for benefits or death.

Primary Mortgage Loan Program

The primary mortgage loan program (PMLP) was created by Chapter 208, Laws of 1973, to provide mortgage loans to qualifying state veterans to purchase or construct a home. Under provisions of 2003 Wisconsin Act 83, a Wisconsin resident currently serving on active duty in the U.S. armed forces at the time of making application is also eligible for the program. Under the program, over $2.3 billion has been made available for 54,762 home loans to Wisconsin veterans through June 30, 2006. In 2005-06, DVA made 82 primary mortgage loans totaling $13,555,000. The average loan was $165,300.

Funding for the primary mortgage loan program is derived from the proceeds from state bond issuances. While the financing of the home loan program is discussed in greater detail in the financing section of this paper, federal law allows the use of federally tax-exempt debt to finance home loans to veterans who apply for a loan within 25 years of the date of their discharge from military service. Until the change in federal law (*Tax Increase Prevention and Reconciliation Act of 2005*) in May, 2006, eligibility for loans from the federally tax exempt debt was limited to veterans whose service started before 1977, and who had applied within 30 years after leaving active service.

Restrictions on the use of tax-exempt debt for veterans home mortgage programs prior to May, 2006, had the effect of requiring DVA to issue both tax exempt and taxable bond issues to fund the PMLP. Although taxable bond issues are more expensive than tax-exempt issues, DVA had previously chosen to offer veterans the same mortgage rate, regardless of the source of the funds, providing a subsidy for taxable bond issues from equity in the program. The Department has determined that subsidies or similar arrangements will not be available for the PMLP loans funded in the future issues of taxable bonds.

The interest rate charged to veteran borrowers under the primary mortgage loan program is dependent on the interest rate associated with each bond issue. Under s. 45.37(4) of the statutes, the Board of Veterans Affairs sets the interest rate. As of November, 2006, the rate for a $250,000, 30-year loan was 6.0%. In addition, the Department does not require private mortgage insurance.

There are additional specific requirements that must be met before a veteran may receive a primary mortgage loan. These requirements include: (a) a down payment on the home of at least 5% (15% for a manufactured home); (b) the value of the loan may not exceed 2.5 times the value of the median price of a house in Wisconsin (as of June 30, 2006, this maximum was $395,500); (c) the loan must be secured with a first mortgage on the subject property; (d) a veteran receiving a primary mortgage loan must initially occupy the residence as the primary residence; and (e) the home must have adequate fire and extended coverage insurance.

A veteran may receive more than one primary mortgage loan provided the previous loan has been repaid in accordance with the terms and conditions of the mortgage or other agreement executed in connection with the loan.

Primary mortgage loans carry a fixed rate of interest, impose no prepayment penalties, may not be used to pay closing costs, and typically run for 30 years, which is the maximum term allowed under the program.

If a veteran's down payment, closing costs or moving expenses are acquired through borrowing, the loan application will be denied unless the funding source is government-sponsored or is from a program approved by the Department. The applicant must be financially able to purchase the house, including construction and improvements, as well as afford all closing and moving expenses with personal assets and the loan provided by the Department to be eligible for the loan. Work credits, rent credits and other items that may reduce the cost are allowed, but only after the applicant has already shown that they possess the required 5% down payment from their own funds. PMLP funds cannot be used for closing costs.

A veteran must also have a satisfactory repayment record on any other departmental loan or the loan will be denied. Further, a veteran who is certified by the Department of Workforce Development as delinquent in any child support or maintenance obligations will also be denied, unless the veteran can show proof of entering into a repayment agreement with the local county child support agency.

Home Improvement Loan Program

The home improvement loan program (HILP) was created as part of the veterans home loan program by 1989 Wisconsin Act 31. This program allows veterans to borrow up to $395,500, or up to 90% of the home's value, for alterations, repairs or improvements to primary residences. Up to 50% of the value of the improvements can be considered as increased value for the purposes of determining the maximum loan amount. The Department sets interest rates on a quarterly basis.

Rates are at least 25 basis points below the average conventional market rates offered in Wisconsin and at least 87.5 basis points above the State of Wisconsin Investment Board earnings rate for the last month reported or the bond coupon rate when the bond proceeds are lent. The rates offered vary based on whether the loan is secured by a mortgage or by a guarantor. Mortgage secured loans also vary based on the percent of the house's value is being loaned. Home Improvement Loans that are less than 80% of the home value (termed the loan-to-value ration) have lower rates than those loans that are between 80% and 90% (maximum loan value) of the house value. Table 16 shows the available loan periods and the interest rates as of June 30, 2006.

Table 16: Home Improvement Loan Rates

	Loan-to-Value Ratio		
Term Period	Less than 80%	Between 80% and 90%	Guarantor Secured
Three Years	N.A.	N.A.	8.50%
Five Years	6.00%	6.50%	10.00
Seven Years	6.25	6.75	N.A.
10 Years	6.50	7.00	N.A.
15 Years	6.75	7.25	N.A.

*Percent of the Home Improvement Loan compared to the value of house.

All eligible veterans may qualify for these loans. Further, under provisions of 2003 Wisconsin Act 83, a Wisconsin resident currently serving on active duty in the U. S. armed forces at the time of making application is also eligible for the program. The general eligibility requirements for HILP are the same as for the primary mortgage loan program. However, no property security is required for HILP loans under $3,000; instead a simple guarantor is acceptable. In 2005-06, 91 HILP loans were made, totaling $2,119,000. The average loan was $23,300.

CHAPTER 4

HOUSING PROGRAMS ADMINISTERED BY THE DEPARTMENT OF ADMINISTRATION

The Department of Administration (DOA) administers two housing programs targeted to low-income households through the agency's Division of Energy. These programs are the Low-Income Home Heating Assistance Program (LIHEAP) and the Low-Income Weatherization Program. Both of these programs are funded through LIHEAP federal block grants, Department of Energy weatherization grants, and the segregated, state-operated public benefits fund. Monies in the public benefits fund derive from amounts transferred from electric and natural gas public utilities to DOA for the operation of programs previously administered by the utilities and from public benefits fees, which are collected from electric utility customers. In addition to these low-income programs, DOA's Division of Energy also administers a lead hazard reduction program. This chapter describes these housing programs operated by DOA.

Low-Income Home Energy Assistance Program

The Low-Income Home Energy Assistance program (LIHEAP) is established under s. 16.27 of the statutes. This program provides cash benefits and services in the form of heating assistance, crisis assistance and emergency furnace repair and replacement to low-income households. For households applying for any of these benefits, a household must have an income of not more than 150% of the federal poverty level during any of the following time periods: the three months immediately prior to applying for benefits; the month preceding the application; or the current month. [See Appendix X for the FFY 2006 federal poverty guidelines.]

Households in which all members are recipients of either temporary assistance to needy families (TANF), supplemental security income (SSI) or food stamps are categorically eligible for heating assistance, crisis assistance and emergency furnace repair and replacement. State law does not currently provide that Wisconsin Works (W-2) recipients are categorically eligible for LIHEAP benefits. However, most W-2 recipients will qualify for benefits because of their having incomes of not more than 150% of the federal poverty level.

Funding for LIHEAP comes primarily from federal block grant allocations to the state. During the 2000-01 state fiscal year, the Department of Administration also began to receive additional funds under the state public benefits program. A total of $34.0 million 2005-06 was allocated from this source.

Table 17 shows federal funding expended for LIHEAP, including federal supplements, and TANF matching funds by state fiscal year since 2000-01. Table 18 shows the public benefit funding

Table 17: LIHEAP Federal Expenditures

Fiscal Year	Amount*
2000-01	$68,064,200
2001-02	50,817,600
2002-03	68,861,000
2003-04	54,153,400
2004-05	64,600,200
2005-06	73,618,500

*Amounts are net of transfers to the weatherization program.

Table 18: LIHEAP Public Benefit Expenditures

Fiscal Year	Amount
2000-01	$11,000,000
2001-02	15,170,900
2002-03	13,200,800
2003-04	11,748,700
2004-05	15,792,400
2005-06	34,005,400

expended for LIHEAP for customer assistance (excluding administrative expenditures and net amounts transferred to the weatherization programs) by state fiscal year.

In some years, the state has received federal TANF matching funds, federal supplements and state oil overcharge restitution funds for the LIHEAP program. By state statute, 15% of LIHEAP's federal funding is transferred to the state weatherization program each federal fiscal year. However, starting in 1993, a portion of that 15% transfer amount has been retained for the LIHEAP emergency furnace repair and replacement program.

Under 2005 Wisconsin Act 124, an additional $5,147,300 of one-time funding from the petroleum inspection fund was provided for low-income assistance for households between 150% and 175% of the federal poverty level. A total of 13,726 households were provided with grants of $375 in 2005-06.

Heating Assistance Program. The heating assistance component of LIHEAP provides eligible low-income households with a cash benefit to assist the household in meeting its energy costs. The heating benefit is generally provided once a year as a benefit payment for each heating season (October 1 through May 15). Heating assistance benefit payments are generally issued as a direct payment to the utility or as a two-party check to the applicant and the applicant's fuel provider. The actual amount of the heating assistance benefit depends on the household's size, income level and actual heating costs. The benefit amount is determined by a formula, which yields proportionately higher payments for households with the lowest income levels and the highest annual heating costs.

Table 19 provides caseload data and the average amount of benefits paid to persons receiving heating assistance since FFY 1997.

Table 19: Heating Assistance Program Caseload

FFY	Caseload	Average Benefit
1997	102,855	$291
1998	92,270	276
1999	87,057	244
2000	88,105	355
2001	115,881	470
2002	117,326	307
2003	131,707	387
2004	134,840	269
2005	137,622	314
2006*	152,062	439

*An additional $5.1 million, not shown in the table, was provided to 13,726 households between 150% and 175% of the poverty level in 2005-06, under 2005 Wisconsin Act 124.

Crisis Assistance Program. The crisis assistance component of LIHEAP provides limited cash assistance and services to households that experience a heating emergency or are at risk of experiencing a heating emergency (such as denial of future fuel deliveries). The program provides both emergency and proactive services. Program administrators work with county social service agencies to provide these services to eligible households.

Prior to 2005 Wisconsin Act 25, the statutes specified that no more than $3.2 million annually, of the total available LIHEAP funding, could be allocated for crisis assistance payments, unless an increased amount was approved by the Joint Committee on Finance. Act 25 eliminated that cap, which allows DOA to establish the amounts of LIHEAP funding that may be used for crisis assistance.

Crisis assistance is available only if the agency administering the benefits determines that there is an immediate threat to the health or safety of an eligible household due to the actual or imminent loss of essential home heating. The amount of crisis assistance that a household receives is based on the minimum assistance required to remove the immediate threat to health and safety. Some form of crisis assistance must be provided within 48 hours of application or within 18 hours if the situation is life-threatening.

Emergency crisis services include providing heating fuel, a warm place to stay for a few days, or other actions that will assist a household experiencing the heating emergency. In-kind benefits such as blankets and space heaters may also be provided.

Another component of crisis assistance intervention is the provision of on-going services for eligible households designed to minimize the risk of heating emergencies during the winter months. These types of activities include providing eligible households with training and information on how to reduce fuel costs and counseling on establishing budgets and money management. In addition, LIHEAP may assist persons in setting up a co-payment plan that would provide payments to fuel suppliers.

Emergency Furnace Repair and Replacement Program. In addition, LIHEAP provides emergency furnace repair or replacement services. Under this program, services are provided to households experiencing a heating crisis. Services provided consist of having a heating contractor inspect the household's furnace to determine if repair or replacement of the heating unit is a reasonable solution to the emergency. The furnace must be replaced rather than repaired if: (a) the furnace is less than 15 years old, not electric, and the repair costs exceed $500; (b) the furnace is more than 15 years old, not electric, and repair costs will exceed $250; or (c) the furnace is electric and repair costs will exceed $250. Finally, if furnace replacement costs are expected to exceed $3,500, approval by DOA is required to replace the furnace. In addition, DOA must also approve the replacement of any wood-burning furnace that costs in excess of $2,000. The number of households receiving services and the average emergency furnace service benefit provided since federal fiscal year (FFY) 1997 is summarized in Table 20.

Table 20: Emergency Furnace Repair and Replacement

FFY	Caseload	Average Benefit
1997	1,248	$1,323
1998	1,205	1,303
1999	1,266	1,362
2000	1,397	1,295
2001	1,905	1,291
2002	1,762	1,322
2003	2,083	1,314
2004	1,912	1,302
2005	1,992	1,360
2006	1,875	1,256

Low-Income Weatherization Program

The Low-Income Weatherization Program is established under s. 16.26 of the statutes. The program provides weatherization services to help reduce high-energy costs in homes occupied by low-income families.

The program has been funded from four sources: (a) funds the state receives from the federal Department of Energy (DOE) under the weatherization assistance for low-income persons program; (b) an allocation of 15% of the funds received by the state under the LIHEAP block grant; (c) allocations that have occasionally been made from oil overcharge restitution funds; and (d) funds from the state public benefits program. For

Table 21: Low-Income Weatherization Program – Expenditures by Funding Source

Fiscal Year	FED (DOE)	FED (LIHEAP)	State (Oil Overcharge)	Utility Public Benefits	Total
2000-01	$4,296,800	$6,333,300	$43,100	$6,046,500	$16,719,600
2001-02	4,997,000	11,496,200	35,300	12,824,800	29,353,300
2002-03	8,217,900	6,206,300	312,700	24,657,200	39,394,000
2003-04	8,364,600	7,949,000	82,400	30,850,500	47,246,600
2004-05	8,529,600	6,520,100	0	33,601,300	46,650,900
2005-06	10,537,200	11,807,700	0	36,076,500	58,421,400

2005-06, expenditures totaled $58,421,400 ($10,537,200 from DOE weatherization assistance; $11,807,700 from LIHEAP funds; and $36,076,500 from public benefits). Table 21 indicates the amounts expended under the program, by funding source, since 2000-01. The amounts listed include the state costs related to administration of the program.

The Division of Energy administers the program through contracts with community action agencies and local governments. These agencies seek out eligible households, verify eligibility, determine the types of work on each dwelling that will provide the greatest energy savings for the cost and hire and supervise employees to install weatherization materials.

Typical weatherization services provided under the program include attic, sidewall and floor insulation, repair or replacement of furnaces, water heater insulation, and water heater, refrigerator and window replacements. Under the program, services are offered to families or individuals with household incomes of up to 150% of the federal poverty level. Both homeowners and renters are eligible for the weatherization services at no cost. However, a 15% contribution is required in rental property where the property owner pays heating costs. Local program operators give priority under the program to homes occupied by elderly and the disabled and houses with high-energy consumption.

Table 22 lists the number of dwelling units weatherized and shows the average costs of such services under this program during each of the past 10 program years.

Table 22: Low-Income Weatherization Program

Program Year	Units Weatherized	Avg. Cost Per Unit
1997	4,529	$2,700
1998	3,860	2,800
1999	6,350	2,800
2000	3,153	3,824
2001*	4,923	5,801
2002	4,928	5,738
2003	6,726	5,687
2004	8,048	5,366
2005	7,992	5,630
2006	8,831	6,220

* In 2001, the weatherization program was changed to run during the state fiscal year (July 1, through June 30).

Lead Hazard Reduction Program

Under the federal Residential Lead-Based Paint Hazard Reduction Act (P.L. 102-550), Wisconsin received a $6.0 million demonstration grant from the Department of Housing and Urban Development (HUD) for the period from 1994 to 1999. These funds were utilized to establish the Lead Hazard Reduction Program. The program's purpose is to mitigate identified lead-based paint hazards in homes occupied by low-to-moderate income families in Wisconsin. The demonstration grant had an extensive research component to identify, design and conduct cost effective lead hazard reduction strategies. The research includes on-going monitoring to evaluate and document the effectiveness of different strategies. This initial grant included an allocation to the City of Milwaukee. Under subsequent grants, the City of Milwaukee is excluded from service because it receives funding directly from HUD.

During the period from April, 1997, through December, 2004, the federal HUD Office of Lead Hazard Control awarded more than $7.57 million to Wisconsin to reduce lead-based paint hazards in housing units occupied by low-to-moderate income families with children under age six. During this period, a total of 562 housing units were made lead safe.

The Division of Energy most recently received a $3.0 million federal grant for lead hazard abatement. As of December, 2006, 56 housing units have received awards and been made lead safe. It is anticipated that a total of 210 housing units over the period beginning in January, 2005, through June, 2008 will be made lead safe.

DOA's Division of Energy, the Department of Health and Family Services' Division of Public Health, the network of low-income weatherization assistance providers, and local health departments operate the lead hazard reduction program as a coordinated effort. Eligible households where lead hazards may exist are identified through programs and services offered by weatherization grantees. Households with children with elevated levels of lead in their blood are identified and referred by local health departments. Priority is given to households where a lead-poisoned child under the age of six resides or spends a significant amount of time.

Both homeowners and renters are eligible for funding under the program. Eligible owner-occupied households must contain a child under the age of six or must be a household where such a child spends a significant amount of time. Owner-occupied eligibility is limited to housing units where the household income is at or below 80% of the county median income level. Funding to the home owner may be made available as a grant, a forgivable loan, or as a zero interest deferred payment loan due upon transfer of the property.

Rental properties must have 50% of the units occupied by or available to households where the household income is at or below 50% of the county median income level. The remaining units must be occupied by or available to households where the household income is at or below 80% of the county median income level. However, buildings with more than five units may have 20% of the units occupied by or available to households where the household income exceeds 80% of the county median income level. Rental property owners are required to contribute 25% of the project's lead hazard reduction costs. The balance of the project cost is structured as a three-year forgivable loan to coincide with HUD affordability guidelines.

All risk assessment and specification writing is performed by state certified assessors. State certified assessors also perform all clearance testing. Typical lead hazard reduction activities include window replacement, siding installation, porch treatments, door replacement, interior floor treatments and cleaning.

Appendices

Eleven appendices provide additional background information about state housing programs.

- Appendix I lists Wisconsin county median incomes that are used for eligibility purposes in certain WHEDA housing programs.

- Appendix II lists targeted areas for WHEDA's homeownership mortgage loan program.

- Appendix III describes WHEDA's HOME program activity.

- Appendix IV describes WHEDA's home improvement loan program activity.

- Appendix V shows the households assisted through the Department of Commerce Division of Housing and Community Development based on income in 2005-06.

- Appendix VI shows funding provided by the Commerce Division of Housing and Community Development by region of the state in 2005-06.

- Appendix VII lists the 2006 U.S. Housing and Urban Development household income limits applicable to certain housing programs administered by the Department of Commerce.

- Appendix VIII lists the HUD HOME program entitlement municipalities.

- Appendix IX lists the HUD CDBG entitlement municipalities.

- Appendix X provides the 2006 federal poverty guidelines (150% of the poverty level) that are used for eligibility purposes in certain housing programs administered by the Department of Administration.

- Appendix XI provides summary information about each of the state's housing related programs.

APPENDIX I

Estimated 2006 Median Household Income by County (for WHEDA Programs)

County	Median Income	County	Median Income
Adams	$46,100	Marathon	$61,900
Ashland	46,400	Marinette	49,900
Barron	51,000	Marquette	48,000
Bayfield	46,700	Menominee	33,100
Brown	63,700	Milwaukee	66,800
Buffalo	52,500	Monroe	51,800
Burnett	47,500	Oconto	55,200
Calumet	63,200	Oneida	52,000
Chippewa	57,800	Outagamie	67,600
Clark	48,100	Ozaukee	66,800
Columbia	61,900	Pepin	53,100
Crawford	48,700	Pierce	78,500
Dane	72,400	Polk	57,200
Dodge	61,300	Portage	62,800
Door	56,700	Price	50,200
Douglas	55,700	Racine	65,900
Dunn	55,700	Richland	49,000
Eau Claire	57,800	Rock	62,700
Florence	48,000	Rusk	45,000
Fond du Lac	62,500	Sauk	57,800
Forest	46,300	Sawyer	45,900
Grant	51,300	Shawano	51,700
Green	59,400	Sheboygan	63,400
Green Lake	55,300	St. Croix	78,500
Iowa	59,300	Taylor	54,200
Iron	43,300	Trempealeau	53,700
Jackson	51,500	Vernon	48,000
Jefferson	62,900	Vilas	48,500
Juneau	48,900	Walworth	64,800
Kenosha	66,100	Washburn	47,700
Kewaunee	63,700	Washington	66,800
La Crosse	59,200	Waukesha	66,800
Lafayette	51,900	Waupaca	57,400
Langlade	48,700	Waushara	50,100
Lincoln	56,100	Winnebago	63,200
Manitowoc	60,900	Wood	59,800

Source: U.S. Department of Housing and Urban Development, 2006.

APPENDIX II

WHEDA Homeownership Mortgage Loan Program (HOME)

Targeted Areas

Targeted areas are census tracts in the state in which 70% of the families have an annual income of 80% or less of the statewide median income or areas determined by the state and approved by the federal Departments of Treasury and Housing and Urban Development to be areas of chronic distress. In determining an applicant's annual income, the income of any child or parent of the applicant is not considered unless the child or parent applies for the loan in conjunction with the applicant.

Rural Targeted Areas

Entire Counties			Entire Municipalities
Ashland	Crawford	Marquette	Augusta--Eau Claire County
Barron	Iron	Oconto	Clear Lake--Polk County
Bayfield	Jackson	Rusk	La Farge--Vernon County
Burnett	Juneau	Sawyer	
Clark	Marinette	Trempealeau	

Urban Targeted Areas

Portions of These Cities		
Beloit	Kenosha	Oshkosh
Fond du Lac	La Crosse	Racine
Green Bay	Madison	Superior
Janesville	Milwaukee	Wausau

APPENDIX III

WHEDA Homeownership Mortgage Loan Program (HOME)

Loan Activity

Year	Number of Loans	Amount
1980	770	$28,558,498
1981	208	9,783,833
1982	1,284	43,660,764
1983	5,073	187,441,013
1984	4,007	154,763,106
1985	4,790	178,692,094
1986	2,263	84,187,848
1987	3,782	156,612,841
1988	4,338	181,742,936
1989	6,263	280,280,326
1990	6,951	317,373,822
1991	4,112	180,466,199
1992	4,523	206,007,576
1993	2,112	92,299,271
1994	4,079	207,870,035
1995	4,671	254,120,816
1996	3,813	201,902,977
1997	3,912	224,500,694
1998	4,497	287,891,179
1999	3,334	218,891,179
2000	3,488	231,935,053
2001	2,642	193,981,367
2002	3,514	287,703,871
2003	4,010	360,820,996
2004	4,125	407,111,252
2005	5,226	566,138,122
2006*	2,280	247,917,626
Total	100,067	$5,792,655,294

*Through June 30.

APPENDIX IV

WHEDA Home Improvement Loan Program

Loan Activity by Calendar Year

Year	Number of Loans	Amount
1979	448	$2,504,434
1980	2,800	16,636,013
1981	255	1,480,773
1982	981	5,931,679
1983	1,084	6,339,121
1984	1,720	11,591,423
1985	1,275	8,758,421
1986	365	2,688,067
1987	160	1,152,813
1988	654	3,911,100
1989	1,324	7,646,729
1990	977	6,624,234
1991	580	4,135,288
1992	454	3,448,632
1993	311	2,354,315
1994	342	2,875,314
1995	330	3,082,895
1996	194	1,669,447
1997	176	1,646,106
1998	145	1,376,213
1999	111	1,097,043
2000	100	1,035,813
2001	55	497,948
2002	53	578,320
2003	49	558,077
2004	57	720,667
2005	94	1,084,911
2006*	46	435,709
Total	15,140	$101,861,505

*Through June 30.

APPENDIX V

Department of Commerce Housing Assistance by Income
2005-06

Households Assisted through the Commerce Division of Housing and Community Development 2005-06 (All Federal and State Programs)

	Percent of Median Income				
	0 to 30%	31% to 50%	51% to 80%	81%+	Total
Renters	1,493	732	240	31	2,496
Existing Home Owners	246	327	350	923	1,846
Home Buyers	108	400	601	0	1,109
Homeless	10,883	865	371	249	12,368
All	12,730	2,324	1,562	1,203	17,819

Households Assisted through the Commerce Division of Housing and Community Development 2005-06 (Federal Formula Allocation Programs -- CDBG Housing, HOME, ESG and HOPWA)

	Percent of Median Income				
	0 to 30%	31% to 50%	51% to 80%	81%+	Total
Renters	64	72	13	26	175
Existing Home Owners	137	276	364	129	906
Home Buyers	28	111	215	0	354
Homeless	10,883	865	371	249	12,368
All	11,112	1,324	963	404	13,803

APPENDIX VI

Department of Commerce Housing Funding Awards by Region
2005-06 (1)

Program	State Total	Milwaukee Metro	Other Metro	Non-Metro
State-Funded Programs				
Housing Cost Reduction Initiative (two-year cycle for 2005-06 and 2006-07)	$2,800,000	$827,600	$933,300	$979,100
Homeless Prevention Program	1,396,800	405,900	526,900	463,500
Critical Assistance Grant	500,300	0	0	500,300 (3)
IBRETA	225,100	59,200	109,000	56,900
Transitional Housing Grants	375,000	125,000	125,000	125,000
State Shelter Subsidy Grants	1,131,000	433,100	599,700	98,200
Wisconsin Fresh Start	1,437,600	198,200	450,900	788,500
Federally-Funded Programs				
HOME - Homebuyer, Rental Rehabilitation and Homeowner Rehabilitation and Accessibility	6,021,800	0 (2)	1,147,500	4,874,300
HOME - Rental Housing Development	6,259,500	368,500	893,500	4,997,600
Emergency Shelter Grants	1,897,000	527,700	848,900	520,400
CDBG Small Cities Housing	11,066,700	0 (2)	0 (3)	11,066,700 (3)
Housing Opportunities for Persons with AIDS	371,500	0 (2)	0 (3)	371,500 (3)
Projects for Assistance in Transition from	695,800	594,500	401,300	0

(1) Amount of funding awards may differ from the total appropriation or expenditures described elsewhere in the paper. For state-funded programs, 2005-06 includes awards from July 1, 2005 – June 30, 2006 funding. For federally-funded programs, 2005-06 includes awards from April 1, 2005 – March 31, 2006.

(2) Milwaukee metro counties have a direct federal allocation. State programs serve other areas of the state.

(3) Grantees serve both other metro and non-metro areas of the state.

APPENDIX VII

2006 HUD Household Income Limits
Applicable to Certain Programs Administered by the Department of Commerce
(Four Person Household)

	Adjusted Percent of County Median Income			
		(Very Low-Income)		(Low-Income)
County	30%	50%	60%	80%
Adams	$16,450	$27,450	$32,940	$43,900
Ashland	16,450	27,450	32,940	43,900
Barron	16,450	27,450	32,940	43,900
Bayfield	16,450	27,450	32,940	43,900
Brown	19,400	32,300	38,760	51,700
Buffalo	16,450	27,450	32,940	43,900
Burnett	16,450	27,450	32,940	43,900
Calumet	20,300	33,800	40,560	54,100
Chippewa	17,350	28,900	34,680	46,250
Clark	16,450	27,450	32,940	43,900
Columbia	18,550	30,950	37,140	49,500
Crawford	16,450	27,450	32,940	43,900
Dane	21,950	36,600	43,920	58,550
Dodge	18,400	30,650	36,780	49,050
Door	17,000	28,350	34,020	45,350
Douglas	16,700	27,850	33,420	44,550
Dunn	16,700	27,850	33,420	44,550
Eau Claire	17,350	28,900	34,680	46,250
Florence	16,450	27,450	32,940	43,900
Fond du Lac	18,750	31,250	37,500	50,000
Forest	16,450	27,450	32,940	43,900
Grant	16,450	27,450	32,940	43,900
Green	17,800	29,700	35,640	47,500
Green Lake	16,600	27,650	33,180	44,250
Iowa	19,950	33,250	39,900	53,200
Iron	16,450	27,450	32,940	43,900
Jackson	16,450	27,450	32,940	43,900
Jefferson	18,850	31,450	37,740	50,300
Juneau	16,450	27,450	32,940	43,900
Kenosha	19,850	33,050	39,660	52,900
Kewaunee	19,400	32,300	38,760	51,700
La Crosse	17,750	29,600	35,520	47,350
Lafayette	16,450	27,450	32,940	43,900
Langlade	16,450	27,450	32,940	43,900
Lincoln	16,850	28,050	33,660	44,900

APPENDIX VII (continued)

County	Adjusted Percent of County Median Income			
		(Very Low-Income)		(Low-Income)
	30%	50%	60%	80%
Manitowoc	$18,250	$30,450	$36,540	$48,700
Marathon	18,550	30,950	37,140	49,500
Marinette	16,450	27,450	32,940	43,900
Marquette	16,450	27,450	32,940	43,900
Menominee	16,450	27,450	32,940	43,900
Milwaukee	20,150	33,600	40,320	53,750
Monroe	16,450	27,450	32,940	43,900
Oconto	16,550	27,600	33,120	44,150
Oneida	16,450	27,450	32,940	43,900
Outagamie	20,300	33,800	40,560	54,100
Ozaukee	20,150	33,600	40,320	53,750
Pepin	16,450	27,450	32,940	43,900
Pierce	23,550	39,250	47,100	59,600
Polk	17,150	28,600	34,320	45,750
Portage	18,850	31,400	37,680	50,250
Price	16,450	27,450	32,940	43,900
Racine	19,750	32,950	39,540	52,700
Richland	16,450	27,450	32,940	43,900
Rock	18,800	31,350	37,620	50,150
Rusk	16,450	27,450	32,940	43,900
St. Croix	23,550	39,250	47,100	59,600
Sauk	17,300	28,800	34,560	46,100
Sawyer	16,450	27,450	32,940	43,900
Shawano	16,450	27,450	32,940	43,900
Sheboygan	19,000	31,700	38,040	50,700
Taylor	16,450	27,450	32,940	43,900
Trempealeau	16,450	27,450	32,940	43,900
Vernon	16,450	27,450	32,940	43,900
Vilas	16,450	27,450	32,940	43,900
Walworth	19,450	32,400	38,880	51,850
Washburn	16,450	27,450	32,940	43,900
Washington	20,150	33,600	40,320	53,750
Waukesha	20,150	33,600	40,320	53,750
Waupaca	17,200	28,700	34,440	45,900
Waushara	16,450	27,450	32,940	43,900
Winnebago	19,300	32,150	38,580	51,450
Wood	18,150	30,250	36,300	48,400

Source: U.S. Department of Housing and Urban Development and Wisconsin Department of Commerce, effective May, 2006

Notes: Commerce housing programs funded with federal HOME funds use all of these income limit categories for client eligibility and reporting purposes. Programs funded with federal CDBG funds use the 30%, 50% and 80% income limits. "Very low-income" is defined as 50% of the median family income for the area, subject to adjustments for areas with unusually high- or low-incomes. The other income limits are calculated off of the 50% income limits.

APPENDIX VIII

U.S. Housing and Urban Development HOME Entitlement Municipalities

Eau Claire
Green Bay
Kenosha
La Crosse
Madison
Milwaukee
Racine
West Allis

Dane County
Milwaukee County
Rock County

A Consortium of:
Jefferson, Ozaukee, Washington and Waukesha Counties
(excluding the Village of Sullivan)

APPENDIX IX

U.S. Housing and Urban Development CDBG Entitlement Municipalities

Appleton
Beloit
Eau Claire
Fond du Lac
Green Bay
Janesville
Kenosha
La Crosse
Madison
Milwaukee
Neenah
Oshkosh
Racine
Sheboygan
Superior
Waukesha
Wausau
Wauwatosa
West Allis

Dane County
(excluding the Villages of Cottage Grove, Dane, Maple Bluff, Mazomanie, and Rockdale, and the City of Edgerton)

Milwaukee County

Waukesha County
(excluding the Villages of Chenequa and Oconomowoc Lake)

APPENDIX X

Federal Poverty Guidelines - 150% of Poverty Level for Certain Department of Administration Programs

(FFY 2006)

Family Size	Poverty Level
1	$14,700
2	19,800
3	24,900
4	30,000
5	35,100
6	40,200
7	45,300
8*	50,400

*Add $5,100 for each person over eight.

APPENDIX XI

State Housing Programs Summary Information

Wisconsin Housing and Economic Development Authority

Program	Purpose	Funding Source	Program Expenditures
Home Ownership Mortgage Loan Program (HOME)	Mortgage loans for the purchase of homes by low- and moderate-income households.	Revenue bond proceeds	In 2005, 5,226 loans totaling $566,138,122 were made.
Home Improvement Loan Program	Housing rehabilitation loans to low- and moderate-income households.	Revenue bond proceeds	In 2005, 94 loans totaling $1,084,911 were made.
Multifamily Loan Program	Financing to developers of multifamily projects for low- and moderate-income households.	Revenue bond proceeds	In 2005, loans of $75,011,800, representing 47 projects and 2,600 units, were made.
HOME Plus Program	Deferred loans of up to $10,000 for home mortgage closing costs.	WHEDA unencumbered reserves and revenue bond proceeds.	In 2005, 1,284 loans totaling $16,350,240 were made.
Lease Purchase Program	Loans to local sponsors for purchase of single-family homes to be leased (with option to buy) to low-income households.	WHEDA unencumbered reserves	In fiscal year 2005, 1 loan totaling $87,000 was made.
WHEDA Foundation Grant Program	Grants to nonprofit organizations for housing-related purposes.	WHEDA unencumbered reserves	In 2006, $800,000 was earmarked for Foundation grants to 44 organizations.
Property Tax Deferral Loan Program	Loans to low-income elderly homeowners for payment of property taxes.	WHEDA unencumbered reserves	In 2005, loans totaling $247,600 were made to 117 homeowners.
Low-Income Housing Tax Credit Programs	Federal tax credits to developers of low-income rental housing.	Federal tax credits	In calendar year 2005, $9,143,988 worth of 2005 tax credits were approved.
Housing Choice Voucher Program	Federal housing vouchers to low-income households which agree to develop financial plans leading to economic independence.	Federal funds	In 2006, WHEDA allocated 1,263 vouchers for $4,700,000.

Department of Commerce Division of Housing and Community Development

Program	Purpose	Funding Source	Program Expenditures
Housing Grants and Loans Program	Grants through municipalities or other nonprofit entities to assist low- or moderate-income individuals or families for the purposes of assisting homebuyers and for preventing homelessness for renters or homeowners.	GPR & Program Revenue	In 2005-07, $2,800,000 was granted to 27 agencies for homebuyer assistance. A total of $2,800,000 is allocated to 39 agencies for homeless prevention services. One grant of $500,300 in each of 2005-06 and 2006-07 is provided for homeless prevention activities in predominantly rural areas.
Interest Bearing Real Estate Trust Accounts (IBRETA)	Homeless assistance grants made from interest earnings on real estate related money deposits.	Program Revenue	Since the program's inception through 2005, approximately $4,035,600 in interest earnings has been collected. IBRETA funds are provided through two programs: (1) the State Shelter Subsidy Grant; and (2) the Emergency Shelter Grant Program.
Transitional Housing Grants	Grants to local providers of transitional housing for operating costs and supportive services for the homeless.	GPR & Program Revenue	In 2005-06, grants totaling $375,000, were distributed to 28 agencies.
State Shelter Grant Program	Grants to local agencies and organizations to develop or expand shelter facilities and for operating expenses for those facilities.	GPR & Program Revenue	In 2005-06, grants totaling $1,130,800 were made to 39 agencies.
Wisconsin Fresh Start	Provide young at-risk adults with education, employment skills and career direction.	General Purpose and Program Revenue from various state agencies and Federal HUD and WHEDA funds.	In 2005-06, 11 housing projects were funded with $1,384,800 from various sources.
HOME Homebuyer Program	Grants to designated agents to fund housing rehabilitation and acquisition activities and to provide assistance to homebuyers.	Federal funds (HOME program)	In FFY 2005, $5,518,800 was awarded to 21 grantees.
HOME Rental Rehabilitation Program	Grants and low-interest loans for up to 75% of the cost of repairs and improvements to low-rental housing.	Federal funds (HOME program)	In FFY 2005, $882,000 was allocated to five grantees for the rehabilitation of 6 units.
HOME Rental Housing Development Funds	Grants or equity investments to finance the development of rental housing.	Federal funds (HOME program)	In FFY 2005, $710,200 was allocated to four grantees for rental development of 28 housing units.
HOME Rehabilitation and Accessibility Program	Fund repairs and/or improvements to homes receiving weatherization services under the low-income program	Federal funds (HOME program)	In FFY 2005, funding was combined under the HOME Homebuyer program to provide for a combination of weatherization-related repairs and accessibility improvements.
Emergency Shelter Grant Program	Grants are for the following activities: (1) homeless prevention programs; (2) food and mental health or substance abuse counseling; (3) conversion of buildings for use as shelters; (4) shelter maintenance and operating costs; and (5) shelter staff salaries.	Federal funds (Stewart B. McKinney Homeless Assistance Act) and program revenue	In FFY 2005, 112 shelter providers received a total of $1,952,200 in HUD grant funds. IBRETA funds in the amount of $171,600 were provided to this program in FFY 2006.

Department of Commerce Division of Housing and Community Development (continued)

Program	Purpose	Funding Source	Program Expenditures
Continuum of Care Supportive Housing Program	Grants to agencies to fund permanent solutions to homelessness by providing long-term housing and self-sufficiency support.	Federal-funding (continuum of care program)	In FFY 2005 $5,204,500 was awarded to 25 agencies for 28 projects.
Housing Rehabilitation Program -- Small Cities CDBG Program	Grants to Wisconsin municipalities for housing rehabilitation and other purposes.	Federal HUD funding	In FFY 2006, $5,911,700 in CDBG funds were used for housing purposes.
CDBG Emergency Assistance Program	Grants to Wisconsin municipalities to address natural or man-made emergency housing disasters.	Federal HUD funding	In 2005-06, $2,880,000 in CDBG funds were distributed for emergency disaster assistance.
Housing Opportunities for Persons with AIDS (HOPWA)	Grants to AIDS service organizations to provide support for housing assistance and supportive services to low-income persons with HIV/AIDS and their families.	Federal funding (HOPWA program)	In FFY 2006, $389,000 in HOPWA funds was distributed to AIDS service organizations outside of the Milwaukee metropolitan area, and outside of Pierce or St. Croix counties.
Projects for Assistance in Transition from Homelessness (PATH)	Grants to service organizations to provide mental health services to persons who are homeless.	Federal HUD funding, state GPR	In 2006-07, $648,200 was distributed to five agencies.

Department of Veterans Affairs

Program	Purpose	Funding Source	Program Expenditures
Primary Mortgage Loan Program	Loans to qualifying state veterans to purchase or construct a home.	General obligation bond proceeds	In fiscal year 2005-06, 82 loans totaling $13,555,000 were made.
Home Improvement Loan Program (HILP)	Loans to qualifying state veterans for property alterations, repairs or improvements to residences.	General obligation bond proceeds	In fiscal year 2005-06, 91 loans totaling $2,119,000 were made.

Department of Administration

Program	Purpose	Funding Source	Program Expenditures
Low Income Home Energy Assistance Program (LIHEAP) Heating Assistance	Heating assistance benefits for low-income households including cash benefits, crisis assistance, and emergency furnace repair and replacement.	Federal block grant, oil overcharge funds, federal matching funds and federal TANF funds.	In federal fiscal year 2006, 152,062 households, with incomes of no more than 150% of the federal poverty level, received heating assistance with an average benefit of $439. An additional 13,726 households, with incomes between 150% and 175% of the federal poverty level, were provided grants that averaged $375 in 2005-06 (one-time funding under 2005 WI Act 124). A total of 1,875 households received assistance through the emergency furnace repair and replacement program with an average benefit of $1,256.
Low Income Weatherization Program	Weatherization services through local contracted agencies for low-income households.	Federal funding and oil overcharge funds	In 2005-06, 8,831 units were weatherized at an average cost of $6,220 per unit.
Lead Hazard Reduction Program	Grants to agencies providing weatherization services to engage in retrofitting projects to reduce lead paint contamination.	Federal funding (Residential Lead-Based Hazard Reduction Act)	The HUD Office of Lead Hazard Control awarded $3,000,000 to Wisconsin for January 2005, through June, 2008 for lead paint reduction in 210 housing units. As of December, 2006, 56 units have been completed.