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Gov Agency: General Agency Provisions
Housing—Operation Fresh Start Replication Funding

Recommendations:

Paper No. 136: Alternative 2

3 Packer

Comments: This sounds like a good program, but DOA has not secured the funding commitments necessary to support the total \$2 million annual budget to operate it. Outside sources (including other state agencies) have promised or tentatively promised funding, but so far DOA has not seen any of it. Because of the uncertainty, it seems logical to place the money aside in the JFC s. 13.10 appropriation for release when DOA has a better idea of when the other annual funding commitments might come through.

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Joint Committee on Finance

Paper #136

Housing -- Operation Fresh Start Replication Funding (DOA -- General Agency Provisions)

[LFB 1999-01 Budget Summary: Page 58, #8]

CURRENT LAW

During the 1998-99 fiscal year, DOA's Division of Housing committed \$530,000 of base level resources to fund two grants (approximately \$265,000 each) to replicate projects similar to Madison's Operation Fresh Start (OFS) program. These funds were allocated from monies available under the federal Home Investment Partnerships (HOME) program and from WHEDA monies available to Division to fund certain state administrative costs of operating the federal HOME program. Two OFS replication projects, using these funds, have now been established: one in the Eau Claire area and one in the Stevens Point area. The grantees were required to provide a 20% local match to the state funding.

GOVERNOR

Provide an additional \$464,000 GPR (\$232,000 annually) to the Division of Housing's grants to local housing organizations appropriation as part of an initiative to identify new or currently available funding of \$2 million annually to support an additional ten OFS replication projects in each fiscal year of the next biennium.

DISCUSSION POINTS

1. The Madison OFS 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 rehabilitate substandard housing into well-built, mechanically sound and affordable dwellings for low- and moderate-income homeowners.

2. The \$232,000 GPR annually recommended by the Governor is intended to be part of overall initiative to generate a total yearly funding commitment of \$2 million from various sources (including state GPR) to support ten OFS replication projects during each year of the next biennium. There would be no restriction on the manner of use of these GPR funds for project support. An estimated \$23,200 annually would be available to support each project from this funding source, once the entire \$2 million annual commitment is secured. If the initiative is fully funded, each replication project would receive a minimum grant of \$200,000 with an additional 20% local match required.

3. To date, the Division has earmarked or received tentative commitments for the following amounts toward the total funding need of \$2,000,000 annually:

- \$232,000 GPR annually recommended by the Governor for increased funding to DOH's appropriation for grants to local housing organizations.

- \$400,000 annually of federal HOME project grants that may be made to community housing development organizations. Upon securing the full \$2 million commitment, these HOME funds would permit the allocation of approximately \$65,000 annually to six projects. These funds could be used to support: (a) costs to secure the work site where the housing will be developed; (b) construction and rehabilitation costs; (c) demolition costs; (d) site improvement and utility connection costs; and (e) other reasonable and necessary costs incurred for architectural, engineering, financing and relocation services. Under current federal requirements, the funds committed to the OFS project from this source may not be used in the following areas that receive direct HOME entitlement funding from the federal Department of Housing and Urban Development (HUD): Eau Claire, Green Bay, Kenosha, La Crosse, Madison, Milwaukee, Milwaukee County, Racine and a consortium comprised of Jefferson, Washington and Waukesha Counties.

- \$260,000 annually of WHEDA reserves allocated to the Division to support the HOME program. Upon receiving the full \$2 million commitment, these funds would permit the allocation of approximately \$65,000 annually to four projects. These funds could be used to support the same activities described above under the HOME project grant allocation. These WHEDA funds could be used in those HUD entitlement areas of the state where the \$400,000 of HOME project funds cannot be used.

- \$300,000 annually tentatively committed from Division of Community Corrections funds for purchased services for offenders. Upon securing the full \$2 million commitment, these funds would permit the allocation of approximately \$30,000 annually to ten projects for project support services.

4. At this writing, therefore, an additional \$808,000 annually (or \$1,108,000 annually should the Division of Community Corrections funding not be forthcoming) must still be committed in order to provide the full \$2 million annual funding necessary to support ten OFS replication projects annually. The Division of Housing has suggested that such additional funding may include a possible grant of AmeriCorps funds, and possible commitments from the Departments of Workforce Development and Health and Family Services, the Office of Justice Assistance or the Wisconsin Conservation Corps. [A total of \$100,000 would be committed under the Governor's pending "Stripper XIX" oil overcharge allocation plan for the purchase of energy efficient furnaces and appliances and for weatherization training. This proposed one-time allocation has not been included in the \$2 million annual funding target for OFS projects.]

5. The Division of Housing indicates that in the event the additional funding commitments cannot be secured to provide the full \$2 million annually for ten OFS replication projects during the next biennium, the \$232,000 GPR annually recommended by the Governor would be used to supplement the amounts already committed in order to support as many replication projects as possible budgeted at \$200,000 each.

6. If the GPR funding for the project were not to be provided, the other funds that are firmly committed (\$660,000) could be used to support as many replication projects as possible budgeted at \$200,000 each (approximately three projects each year).

7. If the Committee believes that providing an additional \$232,000 GPR of new funding annually for the OFS replication initiative before knowing whether all funding commitments have been secured is a concern, then one of the following alternatives could be selected:

- The Committee could place the entire \$232,000 GPR annually recommended by the Governor in the Committee's GPR supplemental appropriation and reserve it for possible future release to DOA's Division of Housing under s. 13.10 procedures, once other funding commitments for the project are ultimately secured.

- Alternatively, since the current level of funding firmly committed at this time for OFS replication projects during the next biennium stands at \$660,000 annually (from HOME and WHEDA funding), the Committee could choose to provide only an additional \$140,000 GPR annually to provide total funding of \$800,000 annually for four replication projects per year. Under this alternative, a total of \$92,000 GPR annually of funding recommended by the Governor could be deleted.

8. However, if the Committee believes that only non-GPR sources for the program should be used for OFS replication projects, as was done in 1998-99, then it could delete the GPR funding recommended by the Governor. This action would result in eight replication projects being able to be funded annually at \$200,000 per project rather than ten, assuming all of the other proposed sources of funds are secured or three replications being funded annually if only the current firm commitments of \$660,000 annually materialize.

9. Finally, if the Committee believes either: (a) that additional funding \$232,000 GPR annually should be provided in anticipation of \$1,768,000 of other annual funding commitments ultimately being secured; or (b) that in the absence of such immediate commitments, the funding recommended by the Governor should still be provided to allow as many \$200,000 grants as possible, then the Committee could approve the Governor's recommendation to provide \$232,000 GPR annually.

ALTERNATIVES

3rd/ 1. Approve the Governor's recommendation to provide \$232,000 GPR annually to help fund an additional ten Operation Fresh Start replication projects during the next biennium.

2. Modify the Governor's recommendation by placing the \$232,000 GPR annually for Operation Fresh Start replication projects in the Committee's s. 20.865(4)(a) supplemental appropriation to be reserved for possible future release to DOA's Division of Housing under s. 13.10 procedures, once total actual funding commitments for the replication projects known and are secured.

2nd/ 3. Modify the Governor's recommendation by deleting \$92,000 GPR annually for such projects. (Note: This would provide funding for four Operation Fresh Start replications annually, based on the level of firm current funding commitments including the reduced amount of GPR.)

Alternative 3	GPR
1999-01 FUNDING (Change to Bill)	-\$184,000

No. 4. Maintain current law.

MO# Alt 3

BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

Alternative 4	GPR
1999-01 FUNDING (Change to Bill)	-\$464,000

MO# Alt 2

BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

Mason

AYE 8 NO 8 ABS

AYE 16 NO 0 ABS 0

