Legislative Fiscal Bureau

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Manufactured Housing Rehabilitation and Recycling Program (Commerce, DSPS, and WEDC)

[LFB 2011-13 Budget Summary: Page 117, #8 (part); Page 383, #5 (part); and Page 526, #1 (part)]

CURRENT LAW

The manufactured housing rehabilitation and recycling program was created under 2005 Act 45, and rules to administer the program went into effect September 1, 2008. Commerce is required to contract with one or more tax-exempt organizations for the following activities: (a) grants that assist municipalities, organizations, and persons to dispose of abandoned manufactured homes; (b) grants that assist eligible low- to moderate-income homeowners with critical repairs of the manufactured home in which they reside, that makes the home decent, safe, and sanitary; and (c) up to 10% of the grant to offset costs of administering the program. The program is funded from a $7 fee for every new or transferred certificate of title for a manufactured home. The fee is collected by the Division of Safety and Buildings and deposited in a separate PR appropriation for the program. The program is appropriated $65,700 PR in each of 2009-10 and 2010-11. In 2005-06 through 2009-11, Commerce collected $207,000 in fees, including $40,600 in 2008-09 and $41,600 in 2009-10.

GOVERNOR

Delete $59,100 PR annually, and repeal the manufactured housing rehabilitation and recycling program appropriation and grant program. Transfer collection of the current title fees to the Department of Safety and Professional Services (DSPS) as part of the transfer of the Division of Safety and Buildings, but provide no alternative appropriation for deposit of the fees. Transfer the 2010-11 year-end unencumbered balance of the appropriation to the Wisconsin Economic Development Corporation (WEDC) PR appropriation for receipt of unencumbered appropriation balances from Commerce. Provide expenditure authority of $59,100 PR annually to WEDC to equal the amount of expenditure authority deleted under the program.

DISCUSSION POINTS

1. Commerce made one award totaling $135,700 for 2008-09 and 2009-10 to Tomorrow's Home Foundation to administer the program. Under the contract, the following expenditures were made: (a) $109,775 for critical repairs of 65 manufactured housing units in 31 counties; (b) $18,628 for disposal of 14 units in eight counties; and (c) $7,297 for administration. According to the summary of grant activity submitted by the grant recipient to Commerce, households assisted by the repair program component had average annual income of $14,300, which was less than 30% of the county median income. Most applicants were disabled, elderly, or both, and the predominant source of income was Social Security disability income. The average expenditure for repairs was $1,715. Examples of types of repairs were to fix roofs, doors, bathroom fixtures, windows, and water heaters. Resources were also provided by volunteers who provided home inspections, industry donations, administrative contributions by the Wisconsin Housing Alliance (a manufactured housing association), and a $20,000 grant from the WHEDA Foundation.

2. Commerce has spent all of the $65,700 appropriated in 2010-11 for a contract with Tomorrow's Home Foundation, for activities similar to those performed under the prior contract. The Foundation submitted two quarterly reports to Commerce showing that, as of March 31, 2011, almost $40,000 had been spent to assist 25 households in 14 counties with critical repairs.

3. The Department of Administration submitted an errata request to the Joint Committee on Finance, which included recommendations to amend the bill to: (a) transfer the manufactured housing rehabilitation and recycling program to DSPS instead of repealing it; (b) amend the primary Safety and Buildings general operations PR appropriation to specify the manufactured home title fees be deposited in that appropriation instead of in a separate appropriation as under current law; (c) provide expenditure authority of $59,100 PR annually in DSPS for the program; and (d) reduce expenditure authority by $59,100 PR annually in WEDC [Alternative 1]. The Safety and Buildings operations appropriation receives revenues from permit, plan review, and license fees related to programs such as one- and two-family dwellings, multifamily dwellings, commercial buildings, electrical, plumbing, and heating systems.

4. If the Committee wishes to continue the program, it could also choose to continue depositing the fees in a separate appropriation solely for the program, consistent with current law [Alternative 2]. This could be accomplished by renumbering the Commerce appropriation to be a DSPS appropriation, as is being done with most other Division of Safety and Buildings appropriations.

5. Continuing the program in a separate appropriation would assure that manufactured home title fees created to fund the program would be used only for the program, and would ensure that other fee revenues would not be used to support the program. Placing the fees and program funding within the main Safety and Buildings general operations appropriation would allow DSPS to spend more or less on the program than the amount of fees collected for the program, depending on the funding decisions made by DSPS for use of the appropriation.

6. If the program is continued in DSPS, it would also be appropriate to delete the transfer of the 2010-11 year-end unencumbered balance of the appropriation to the WEDC PR

appropriation, and instead make it available for continuance of the program in the 2011-13 biennium. It is anticipated the 2010-11 year-end unencumbered balance will be $36,300, depending on whether the administration transfers any of it to the general fund to meet 2009-11 lapse provisions. If the program is placed within the main Safety and Buildings operations appropriation, it would be appropriate to specify that the unencumbered balance of the manufactured housing rehabilitation and recycling program appropriation be transferred to the Safety and Buildings operations appropriation. If the current separate appropriation is renumbered to DSPS, the unencumbered balance would remain in the renumbered appropriation.

ALTERNATIVES

1. Approve the Governor's recommendation and errata request to: (a) transfer the manufactured housing rehabilitation and recycling program to DSPS; (b) repeal the separate appropriation for the program; (c) amend the main Safety and Buildings general operations PR appropriation to specify the manufactured home title fees be deposited in that appropriation; (d) provide expenditure authority of $59,100 PR annually in DSPS for the program; and (e) reduce expenditure authority by $59,100 PR annually in WEDC. In addition: (a) delete the transfer of the 2010-11 unencumbered appropriation balance to WEDC; and (b) transfer the 2010-11 unencumbered balance of the repealed separate appropriation to the Safety and Buildings general operations PR appropriation on the effective date of the bill.

ALT 1	**Change to DSPS** Funding	**Change to WEDC** Funding	**Net Change** Funding
PR	$118,200	- $118,200	$0

2. Approve the following: (a) transfer the manufactured housing rehabilitation and recycling program to DSPS; (b) renumber the current separate appropriation for the program from Commerce to DSPS; (c) provide expenditure authority of $59,100 PR annually in DSPS for the program; (d) reduce expenditure authority by $59,100 PR annually in WEDC; and (e) delete the transfer of the 2010-11 unencumbered balance to WEDC.

ALT 2	**Change to DSPS** Funding	**Change to WEDC** Funding	**Net Change** Funding
PR	$118,200	- $118,200	$0

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