



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #131

Housing Grant Programs (Administration -- Housing)

[LFB 2017-19 Budget Summary: Page 52, #3 and #4]

CURRENT LAW

Under the housing cost grants and loans program, the Department of Administration (DOA) makes grants to designated agents who use the funds to make individual grants or loans to low- or moderate-income persons or families. Grants or loans under this program are designed to assist both homebuyers and renters. Housing cost grants and loans must be reasonably balanced among geographic areas of the state.

Separately, the transitional housing program under DOA requires that recipients of grants under the program must use the grant to support a program that permits persons to reside in transitional housing facilities for a period not to exceed 24 months. Under current law, grants are awarded for the purpose of providing transitional housing and associated supportive services to homeless individuals and families.

GOVERNOR

Repeal the statutory requirement that housing cost grants and loans must be reasonably balanced among geographic areas of the state.

Rename the "transitional housing" program under DOA the "housing grants" program. Repeal the requirement that recipients of grants under the program must use the grant to support a program that permits persons to reside in transitional housing facilities for a period not to exceed 24 months. Specify that grants would instead be awarded for the purpose of providing housing and associated supportive services to homeless individuals and families to facilitate their movement to independent living. Rename the "shelter for homeless and transitional housing grants" appropriation the "shelter for homeless and housing grants" appropriation.

DISCUSSION POINTS

1. The Executive Budget Book indicates that the purpose of the provision relating to the geographic distribution of housing cost grants and loans is to allow homelessness prevention program grants to be distributed "based on performance and need." The Department does not anticipate that the amount of funding provided to each geographic area would change unless "significant performance issues" were experienced. According to DOA, one of the purposes of the proposal is to allow an entity that serves more than one of the three geographic areas to provide for services under one agreement. Currently, if a continuum of care serves populations in two geographic areas, the organization must submit two applications for funding and must track expenditures and performance data for each area separately.

2. With regard to the provision renaming the transitional housing program to the housing grants program, the Executive Budget Book indicates that it would "allow other housing programs, including rapid rehousing and Housing First programs, to be eligible for maximum federal funding." Specifically, the Department "anticipates that this change will result in the ability of grantees to better leverage available federal funding for programs that currently may not be funded" due to the specific inclusion of the words "transitional housing" in the state's statutory language. While the phrase relating to transitional housing is deleted, transitional housing would still be an eligible grant purpose.

3. Assembly Bill 235 (AB 235), which is identical to the provisions in the budget bill, was introduced April 13, 2017. While the provisions of AB 235 and the budget bill would repeal the requirement that housing cost grants and loans be reasonably balanced among geographic areas of the state, both bills would maintain the current law requirement that housing grants (transitional housing grants under current law) be reasonably balanced among geographic areas of the state, consistent with the quality of applications submitted. Assembly Amendment 1 (AA 1) to AB 235 would specify that the geographic areas correspond to the areas served by each continuum of care organization designated by the federal Department of Housing and Urban Development.

4. On May 4, 2017, AB 235 as amended by AA 1 to the bill was passed by the Assembly on a vote of 98 to 0. The bill was referred to the Senate Committee on Workforce Development, Military Affairs and Senior Issues on May 4, 2017.

5. The Committee could approve the Governor's recommendations to: (a) repeal the statutory requirement that housing cost grants and loans be geographically balanced; (b) rename the transitional housing program and the appropriation that funds the program to allow DOA to provide housing grants for additional types of housing programs not limited to transitional housing; and (c) eliminate the requirement that grants be used to support a program that permits persons to reside in transitional housing facilities for a period not to exceed 24 months, specifying instead that grants would be awarded for the purpose of providing housing and associated supportive services to homeless individuals and families to facilitate their movement to independent living. [Alternative 1]

6. Given that the Assembly passed AB 235 as amended by AA 1 to the bill on a vote of 98 to 0, the Committee could additionally incorporate AA 1 to the bill that would specify that the geographic areas among which housing cost grants and loans must be reasonably balanced would

correspond to the areas served by each continuum of care organization designated by the federal Department of Housing and Urban Development. [Alternative 2]

7. Finally, the Committee could delete the provisions from the budget bill. The provisions of AB 235 as amended would be enacted into law if approved by the Senate. [Alternative 3]

ALTERNATIVES

1. Approve the Governor's recommendations to: (a) repeal the statutory requirement that housing cost grants and loans be geographically balanced; (b) rename the transitional housing program and the appropriation that funds the program to allow DOA to provide housing grants for additional types of housing programs not limited to transitional housing; and (c) eliminate the requirement that grants be used to support a program that permits persons to reside in transitional housing facilities for a period not to exceed 24 months, specifying instead that grants would be awarded for the purpose of providing housing and associated supportive services to homeless individuals and families to facilitate their movement to independent living.

2. Specify that the geographic areas among which housing cost grants and loans must be reasonably balanced would correspond to the areas served by each continuum of care organization designated by the federal Department of Housing and Urban Development.

3. Delete provisions.

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