State Housing Programs

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Prepared by
Christopher Pollek
and Darin Renner

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

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CHAPTER 1

WHEDA HOUSING PROGRAMS

Housing programs under the responsibility of the Wisconsin Housing and Economic Development Authority (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 the Division of Housing and Intergovernmental Relations (DHIR) in the Department of Administration (DOA), which also uses the acronym HOME. A principal eligibility criterion for the WHEDA HOME program is household income. 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:

1. Generally, exceed 110% of the county median income for households of four persons. Additionally, the Authority may increase or decrease the income limit for each person more or less than four by 5%.

2. In metropolitan counties, exceed 90% of the statewide metropolitan median income for households of one or two persons and 100% of statewide metropolitan median income for households of three or more persons (Appendix II provides estimated 2002 median household incomes by county).

3. In designated "targeted areas," 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 III.

Other program requirements include: (1) loan amounts may not exceed the lesser of 97% of the purchase price or 97% of the appraised value of the property (90% for three- and four-units); (2) generally, the borrower must not have owned a home during the previous three years; (3) the property must be either a duplex, a three- or four-unit at least five years old, a single-family home or a condominium unit with at least two bedrooms; (4) the property must be used as the principal residence of the borrower; and (5) 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 2001, 2.6% of HOME loans were made for rehabilitation.

Since the inception of the program through June 30, 2002, the Authority has made over 81,000 HOME loans totaling about $4 billion. In 2001, the Authority made 2,642 HOME loans totaling $194 million with the average loan equaling $73,000 (see Appendix IV 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 county median income for a family of four, 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 and must have been first occupied as a residence at least 10 years prior to receipt of the loan. 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 can range between $1,000 and $17,500. These 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. The following improvements do not qualify under the program: (1) most fireplace construction; (2) decks, patios, fencing or landscaping; and (3) home appliances.

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. In

2002, WHEDA plans no transfer to the state's general fund.

Since the inception of the program in 1979 through June 30, 2002, the Authority has made over 14,800 home improvement loans totaling over $98.5 million. In 2001, WHEDA made 55 home improvement loans totaling $497,900, with the average loan equaling $9,054. Appendix V 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 2002, the interest rate on loans made from taxable bonds was 7.15% and from tax-exempt bonds was 6.35%, plus a rate hedge of generally 0.025% per month until either the project is expected to be completed or a tax-exempt bond is issued.

Since the inception of the program in 1974 through October 31, 2002, $1,091,080,900 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
1992	17	28,283,000	716	39,501
1993	41	40,439,000	1,524	26,535
1994	18	25,248,100	821	30,753
1995	9	12,120,000	365	33,205
1996	6	7,547,900	369	20,455
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**	30	80,725,000	1,647	49,013
TOTAL	238	$356,343,000	10,339	$34,466

*A unit assisted includes bed units for special needs projects.
** Through October 31.

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, 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 almost $93 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. Portions of the funds also are dedicated to a homeless/special needs fund and used for reserves or matches for federal multifamily housing projects.

As of June 30, 2002, approximately $63 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, 2002, $6.3 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, 2002, the remaining $23.6 million in surplus reserves set aside for multifamily housing programs were dedicated as follows: (a) $530,000 to maintain the reserves required for participation in the U.S. Department of Housing and Urban Development (HUD) Risk Share Pilot Program that provides funding for difficult-to-develop projects; (b) $1.7 million 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; (c) $2.1 million for providing resources for preserving low-income rental housing; (d) $10.9 million from bond refinancing savings for loans to very low-income households; (e) $5.4 million to subsidize interest rates on multifamily project loans; (f) $1 million for a reserve fund, enabling WHEDA to originate and underwrite individual Fannie Mae multifamily housing loans of up to $3 million; and (g) $2 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 2001-02

Program	Reserve Amount
General Revolving Fund	$63,086,788
Homeless Fund	6,300,000
HUD Risk Share Program	530,000
FNMA Secondary Market Initiative	1,700,000
Preservation Reserve Account	2,090,000
Bond Refinancing Savings	10,880,412
Interest Subsidy Funds	5,410,519
FNMA Reserve Fund	1,000,000
Multifamily Bond Support	2,000,000
TOTAL	$92,997,719

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. In its first three months, HOME Plus made 51 loans, $88,943 from Easy Close reserves and $355,507 from home improvement reserves.

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. No loans were made under this program in 2001-02. 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, and WHEDA is attempting to revitalize the program.

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 program is 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 may serve families, the elderly, handicapped persons and individuals requiring housing with special services. The majority of rental units in the development must be available to persons with incomes below 80% of the county median income level. Costs eligible for funding include 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 can be obtained at 4% interest for up to 12 months. Recipients must match the loan at least dollar-for-dollar. Repayments generally are required when construction or long-term financing is obtained. The most recent loan was made in 1997-98 for $25,000, and WHEDA subsequently discontinued this program.

WHEDA Foundation Grant Program

In 1983, the Authority created the 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 2002, $14.5 million has been awarded. In 2002, the WHEDA Foundation awarded $600,000 to 33 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. Since WHEDA began administering the program in 1994, WHEDA has utilized these revenues to provide 2,624 loans totaling $4.9 million. Through November 11, 2002, 179 loans were funded for $365,900, averaging $2,044 per loan. [A more complete discussion of this program may be found in the Legislative Fiscal Bureau Informational Paper #26 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 $6.4 million of tax credits for qualifying low-income rental units. Under federal law, Wisconsin's tax credit allocation will increase to $9.8 million in 2003, $10.25 million in 2004 and annually thereafter be adjusted to reflect inflation. 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

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*	9,475,419	33	1,552	6,105
TOTAL	$132,830,182	828	29,947	$4,436

*Through November 21.

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 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 may distribute 1,235 vouchers for $4.9 million in 2003 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 VETERANS AFFAIRS

The Department of Veterans Affairs (DVA) administers two loan programs that help to improve housing opportunities and provide home improvement assistance for veterans in Wisconsin. These programs are summarized below.

General Eligibility Requirements

To be eligible for any of the programs administered by DVA, there are multiple eligibility requirements that an individual must meet. However, there are two eligibility requirements that are uniform across nearly all DVA grant and loan programs. First, the person 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 recently, military service requirements were defined in statute as service during certain war and designated conflict periods. The requirement included having military service involving 90 days during a wartime period, service during a statutorily designated crisis period, six months peacetime service between February 1, 1955 and August 4, 1964, or having received 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 veterans who have served in the U.S. armed forces, regardless of where the service was 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 a reduction 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

In addition to military service requirements, a veteran must be a current Wisconsin resident at the time of application and meet one of the following requirements: (1) the veteran must have either been a Wisconsin resident upon entering or reentering the service; or (2) the veteran must have been a state resident for at least one year after discharge and prior to the date of application for a grant or loan.

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 the program, over $2.3 billion has been made available for 47,961 home loans to Wisconsin veterans through June 30, 2002. In fiscal year 2001-02, DVA made 513 primary mortgage loans totaling $66,369,600. The average loan was

$129,400.

Funding for primary mortgage loans is derived from the proceeds from state bond issuances. Federal law allows the use of federally tax-exempt debt to finance home loans only for veterans discharged before January 1, 1977, and who apply for a loan no later than 30 years after leaving active service. Therefore, two distinct type of bond issuances are required for the PMLP: tax-exempt bonds for veterans who are not subject to the federal limitation and taxable bonds for veterans who are subject o the federal limitation.

The federal restriction on use of tax-exempt debt separates veterans into two groups in terms of their eligibility for home loans. The two groups consist of: (1) those discharged before 1977 but after 1973 (30 years before 2003), who are eligible for mortgages financed from tax-exempt bonds; and (2) all other veterans, who are eligible for mortgages finance from taxable bonds. The veterans ineligible for tax-exempt financing under the PMLP are referred to as "disenfranchised veterans" by DVA. Under current law, this distinction between the classes of veterans will cease to exist in 2007 when the 30-year restriction coincides with the 1977 discharge date.

The interest rate charged to veteran borrowers under the primary mortgage loan program is dependent on the interest rate that is associated with each particular bond issue. Generally, the interest rate charges for primary mortgage loans have been approximately 1% higher than the interest cost associated with the underlying bond issue, but during 2002-03 interest rate charges were as low as 0.25% above the rate for the underlying bond issue. The primary mortgage interest rate offered as of December, 2002, was 5.65%.

There are additional specific requirements that must be met before a veteran can receive a primary mortgage loan. These requirements include: (1) a down payment on the home of at least 5% (at least 15% when purchasing a mobile home); (2) the loan principal amount may not exceed two and one-half times the combined annual income of the veteran and spouse; (3) the loan principal amount may not exceed two and one-half times the median price of a Wisconsin home (as of September 30, 2002, this maximum is $319,250); (4) the loan must be secured with a first or second mortgage on the subject property; and (5) a veteran receiving a primary mortgage must occupy the residence as a primary residence.

A veteran may receive more than one primary mortgage loan provided that any previous loan has been repaid in accordance with the terms and conditions of the mortgage or other agreement executed in connection with the previous loan. Loans for refinancing a home mortgage may be made where initial funding had been obtained through temporary financing from a private lender.

Primary mortgage loans carry a fixed rate of interest, impose no prepayment penalties, may not be used to pay closing costs and typically are for a 30-year term, which is the maximum loan period 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. 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 $25,000, for a term of 15 years. As of December, , 2002, the HILP loan interest rate was 5.65%. The loan can be used for property alterations, repairs or improvements.

Both qualified and disenfranchised veterans are eligible for HILP. Eligibility requirements for HILP are the same as for the primary mortgage home loan program. However, no property security is required for HILP loans under $3,000; instead a simple guarantor is acceptable. In 2001-02, 101 HILP loans were made for a total of $1,630,100. The average loan was $16,140.

CHAPTER 3

HOUSING PROGRAMS ADMINISTERED BY THE DEPARTMENT OF ADMINISTRATION

Introduction

The Division of Housing and Intergovernmental Relations (DHIR), which administers most of the housing programs in the Department of Administration (DOA), was created by 1989 Wisconsin Act 31 and charged with improving housing opportunities for low- and moderate-income households in Wisconsin. Act 31 created two housing programs in DOA: housing cost defrayal grants and loans and grants to local housing organizations and authorities. Through subsequent legislation, the Division has been given responsibility for administering several additional housing and housing-related programs, as well as programs that have been transferred from other state agencies. The majority of these programs provide state or federal funding for housing through local organizations and housing authorities.

In addition to its responsibilities for administering housing grant and loan programs and its regulatory functions, the Division develops state housing policy and coordinates 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. The Division is also involved in research and technical assistance activities related to housing needs and affordability. Research topics have included the preservation of federally assisted housing, the feasibility of community land trusts in Wisconsin, the regulatory barriers to affordable housing and an analysis of impediments to fair housing.

The Division also maintains a housing information system. This database is a compilation of census data of housing characteristics, housing construction trends, household composition data, population statistics, and other housing-related information. The Division makes this information available to communities, developers and others interested in the housing needs of their area. Another activity of the Division is providing information and assistance to individuals and local organizations on housing issues. Finally, the Division informs local organizations about affordable housing resources and services and assists them in using these resources.

During calendar year 2000, certain housing programs under DHIR were shifted to DOA's Division of Energy and Public Benefits. These were the Low-Income Home Energy Assistance program, the Low-Income Weatherization program and the Lead Hazard Reduction program

Table 4, on the following page, lists all of the current housing programs and regulatory activities assigned to each Division. For each such program or activity, the state or federal statute creating the function is also indicated. Finally, where a program or activity has been transferred to either Division, the original agency of origin is listed.

Each of these programs is described in greater detail in one of the following two sections, depending on whether the program if financed with state funds or with federal funds.

Table 4: Department of Administration Housing Programs

Program / Activity	Authorizing Act	Transferred From
Department of Housing and Intergovernmental Relations		
Local Housing Organization Grants	1989 Act 31	Newly created
Housing Cost Grants and Loans Program	1989 Act 31	Newly created
Federal HOME Programs	P. L. 101-625	Newly created
Transitional Housing Grants	1991 Act 39	Newly created
State Shelter Grant Program	1991 Act 39	H&FS[1]
Emergency Shelter Grant Program	1991 Act 39	H&FS
Continuum of Care Supportive Housing	P. L. 100-77	Newly created
Community Development Block Grant (CDBG)—Housing	1991 Act 39	DOD[2]
Interest-Bearing Real Estate Trust Accounts	1993 Act 33	Newly created
Housing Opportunities for Persons with AIDS	P. L. 102-550	Newly created
Division of Energy and Public Benefits		
Low-Income Home Energy Assistance Program (LIHEAP)	1995 Act 27	H&FS
Low-Income Weatherization	1991 Act 39	H&FS
Lead Hazard Reduction Program	P. L. 91-695	Newly created

[1]Department of Health and Family Services
[2]Department of Development

Housing Programs Financed with State Funds

Local Housing Organizations Grants

The Local Housing Organizations Grant program is established under s. 16.336 of the statutes. This program provides grant assistance, for up to a two-year period, to organizations (non-stock, non-profit corporations; non-profit organizations; for-profit organizations and Native American tribes) 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.

The Division of Housing and Intergovernmental Relations (DHIR) 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, DHIR must also determine that the grant would be for an appropriate funding purpose. The Division 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, the Division 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 DHIR determines that a potential grantee would meet one or more of the above appropriateness factors and qualify for funding, the Division will use the following criteria established by administrative rule [Adm 17, *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.

In addition to providing grants to local housing organizations, the Division may allocate up to $10,000 annually from available program resources for scholarships to enable staff members of local housing organizations to attend and participate in educational and training seminars and conferences. However, as of this printing, during the 2001-03 biennium, the Division had made no distributions for this purpose.

A total of $500,000 GPR was provided in 2001-02 and $500,000 PR from WHEDA was provided in 2002-03 in two biennial appropriations for this program. The funds provided by WHEDA represented a one-time transfer of unencumbered general reserve funds to DOA. The WHEDA funds offset a GPR reduction applied to the DOA program. Table 5 indicates the number and amount of grants made under this program since its inception.

Table 5: Local Housing Organization Grants

Fiscal Year	Number	Amount	Average Grant
1992-93	26	$495,000	$19,038
1993-94	33	948,000	28,727
1994-95	39	1,037,700	26,608
1995-96	23	641,400	28,636
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	500,000	26,621
2001-02	16	505,800 *	31,250

*Includes $5,800 of 2000-01 unspent funds.

Housing Cost Grants and Loans Program

The Housing Cost Grants and Loan program is established under s. 16.33 of the statutes and is commonly referred to as the "Housing Cost Reduction Initiative" or HCRI. Under this program, DHIR 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 DHIR 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 the Division 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 Division 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 Division 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 [Adm 18, *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 Division 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.

A total of $1,300,300 general purpose revenue (GPR) and $1,500,000 program revenue (PR) from WHEDA was provided in 2001-02 and $2,800,300 PR was provided in 2002-03 in two biennial appropriations for this program. The funds provided by WHEDA represented a one-time transfer of unencumbered general reserve funds to DOA. The WHEDA funds offset a GPR reduction applied to the DOA program. Table 6 indicates the number and amount of HCRI grants made by DHIR to agents, the numbers of homeowners and renters assisted and the average amount per household assisted since the program's inception.

Table 6: Housing Cost Grants to Agents

Fiscal Year	Number of Grantees	Total Grants	Homeowners Assisted	Renters Assisted	Average Amount Per Household Assisted
1992-93	33	$3,140,800	605	1,183	$1,757
1993-94	35	2,672,700	2,259	776	881
1994-95	27	3,048,700	1,128	2,373	871
1995-96	29	2,625,800	910	2,262	828
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

Interest Bearing Real Estate Trust Accounts Program

The Interest Bearing Real Estate Trust Account (IBRETA) program is established under s. 16.351 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.

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 Division 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 PR continuing appropriation account established for this purpose. From the amounts credited to this appropriation, DHIR 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 the Division since 1995, the first full calendar year in which interest payments were received.

Table 7: Interest-Bearing Real Estate Trust Account Earnings

Calendar Year	Interest Earnings
1995	$296,171
1996	316,716
1997	410,259
1998	387,766
1999	458,182
2000	441,970
2001	469,601

Division has used IBRETA funds to enhance the state shelter subsidy grant program, the transitional housing program and the HUD emergency shelter grant program, though in 2002-03 IBRETA funds were only used for 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.

DHIR makes an effort to allocate the IBRETA funds to areas of the state commensurate with the interest earnings amounts originally raised in those areas. Since calendar year 1994, 256 agencies have received IBRETA funds to provide shelter and services to homeless individuals and families.

Transitional Housing Grants

The Transitional Housing Grant program is established under s. 16.339 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.

A total of $375,000 GPR in 2002-03 was provided in an annual appropriation for this program. In 2002, the Transitional Housing funds were made available in a consolidated application with HUD Emergency Shelter Grant funds. Funds were granted to 13 agencies for the initiation and expansion of transitional housing and services to homeless individuals and families. Funds were awarded to three agencies in the metropolitan Milwaukee area, four agencies in other metropolitan counties in the state (Dane, Outagamie, Racine, and Rock Counties) and six agencies in more rural areas of the state (Bayfield County; a seven-county area based in Dunn County; a consortium of Forest, Oneida and Vilas Counties; Jefferson County; Portage County; and Menominee County). Table 8 shows the number of grantees, households assisted, amount of grants and average amount per household assisted. This table shows the amounts according to the traditional biennial award schedule, except for 2001-02. Beginning in 2001-02, the Transitional Housing Grants are awarded on an annual funding cycle.

Table 8: Transitional Housing Grants

Fiscal Biennium	Grantees	Households Assisted	Grant Amount	Average Amount Per Household Assisted
1993-95	17	706	$750,000	$1,062
1995-97	18	821	800,000	940
1997-99	20	719	900,000	1,252
1999-01	20	759	900,000	1,185
2001-02*	13	334	375,000	1,223

* Includes 2001-02 data only

State Shelter Subsidy Grant Program

The state shelter subsidy grant program is established under s. 16.352 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 county or municipal governments. Grant are awarded for the following activities: (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, DHIR 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, the Division is further required to allocate at least $400,000 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 [Adm 15, *Wisconsin Administrative Code*], funds allocated to Milwaukee and Dane Counties are distributed through a DHIR-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 in both the 2001-02 and 2002-03 fiscal years was provided in an annual appropriation for this program. 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 will lapse to the general fund on January 1, unless the Division requests the Joint Committee on Finance to transfer funds to the following calendar year. The Division 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. The Division supplemented the shelter subsidy program with IBRETA funding of $369,000 in 2001-02 and in 2002-03. 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 Division for crediting to an appropriation account established under s. 20.505(7)(gm) 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.

Table 9 summarizes grant activity under the shelter subsidy program over the last five calendar years. Of these amounts in 2001, Milwaukee County was awarded $450,000, Dane County was awarded $350,000 and the remainder of the state received $700,000. In 2002, Milwaukee County received a total of $437,000, Dane County was awarded $343,000 and the balance of the state received a total of $720,000. These totals include $1,131,000 annually from the State Shelter Grant program and $369,000 annually from IBRETA proceeds.

Wisconsin Fresh Start (WFS)

DHIR's Wisconsin Fresh Start program replication initiative is based on a long-running Madison program called Operation Fresh Start that is designed to provide at-risk young people with education, employment skills and career direction leading to economic self-sufficiency. The purpose of the replication effort is to establish comparable projects throughout the state using the Madison program as the model.

The Madison 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.

In a pilot effort to expand the WFS program to other venues in the state during the 1998-99 fiscal

Table 9: State Shelter Subsidy Grant Program

	1996	1997	1998	1999	2000	2001	2002
Grantees	25	29	29	28	28	31	32
Shelter Nights	325,689	336,312	350,000	364,930	397,569	412,370	NA
Persons Assisted	23,800	24,600	25,000	21,100	24,600	31,455	NA
Avg. Stay (Days)	13.7	13.7	14.0	17.3	16.0	13.0	NA
Amount of Grants	$1,190,500	$1,155,000	$1,300,000	$1,300,000*	$1,400,000*	$1,500,000*	$1,500,000*
Grant Amount Per Person Assisted	$50.02	$46.95	$52.00	$61.61	$56.91	$47.70	NA

*Includes IBRETA funds

year, the Governor directed the DHIR to commit base level resources to fund at least two replication projects. Monies were made available to DHIR to fund two new WFS-type projects, one in the Eau Claire area and one in Waushara County.

Annually, from 1999-01 through 2002-03, the Division has secured funding commitments from a variety of other state and federal programs sufficient to support WFS program replication grants at approximately $200,000 each. Grant recipients were also required to provide a local match of $51,250. Table 10 summarizes the number of grant recipients and the total award amounts.

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	2,815,500

In the 2002-03 grant cycle, awards were made to 12 WFS projects in the following counties: Ashland, Columbia, Eau Claire, Fond du Lac, Jackson, Marathon (two projects), Milwaukee (three projects), Washburn and Waushara Counties. Successful programs will be eligible for continuation grants for 2003-04.

The receipt of three additional private funding commitments in 2002-03 will enable Milwaukee County agencies to operate three projects, and provide additional support for rural projects.

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; and weatherization-related 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 incomes no greater than 80% of 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. [County median income figures for 2000 are shown in Appendix I].

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

In addition to the above federal funding amounts received by DHIR for the HOME program, the cities of Eau Claire, Green Bay, Kenosha, La Crosse, Madison, Milwaukee, Racine and the County of Milwaukee receive additional federal HOME funds directly from HUD.

A description of each of the initiatives funded under the federal HOME program is provided below.

HOME Homebuyer Program. The Division budgeted $3,840,100 FED in FFY 2000 and $3,703,400

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

Program	FFY 1998	FFY 1999	FFY 2000	FFY 2001
HOME-Homebuyer				
Number of Grantees	18	20	23	18
Amount of Grants	$3,700,000	$3,496,634	$3,840,100	$3,703,444
Number of Housing Units Assisted	529	698	562	NA
Average Per Unit Grant Amount	$7,000	$5,010	$6,833	NA
Rental Rehabilitation				
Number of Grantees	14	10	7	7
Amount of Grants	$1,594,800	$815,000	$755,400	$1,065,000
Number of Housing Units Assisted	152	46	43	97
Average Per Unit Grant Amount	$10,500	$17,717	$17,568	$10,979
Rental Housing Development				
Number of Grantees	9	11	4	3
Amount of Grants	$3,429,500	$4,501,000	$2,369,800	$1,365,600
Number of Housing Units Assisted	101	124	30	26
Average Per Unit Grant Amount	$33,955	$36,298	$78,993	$52,522
Weatherization-Related Home Repair				
Number of Grantees	28	21	19	21
Amount of Grants	$3,177,800	$3,009,500	$2,455,000	$3,683,000
Number of Housing Units Assisted	323	185	189	254
Average Per Unit Grant Amount	$9,838	$16,267	$12,989	$14,500

NA: Data not yet available because Homebuyer Grants for FFY 2001 appropriations will be spent through June 30, 2003.

FED in FFY 2001 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.

HOME Rental Rehabilitation Program. The Division budgeted a total of $755,400 FED in FFY 2000 and $1,065,000 FED in FFY 2001 from federal HOME 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 community's or county's median household income. The average cost of repairs for a HOME-assisted project must be between $1,000 and $24,999 per unit. 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.

HOME Rental Housing Development Program. The Division budgeted a total of $2,369,800 FED in 2000-01 and $1,365,600 in 2001-02 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.

HOME Weatherization-Related Home Repair Program. The Division budgeted a total of $2,455,000 FED in FFY 2000 and $3,683,000 FED in FFY 2001 from federal HOME program funds for weatherization-related home repairs and accessibility improvements. [The HOME weatherization repair program complements the state's low-income weatherization program described in a following section.]. Funds under the weatherization component of the HOME program are used to make repairs to housing units already receiving weatherization services under other programs but which require additional repairs that are not eligible for funding under those separate programs. Since combining with the accessibility program in July, 1998, eligible improvement projects include the construction of a ramp or mechanical lift, doorway widening and changes in bathroom layout or fixtures. Only permanent modifications are eligible for funding; further, all completed work must meet construction quality standards developed by HUD.

HOME 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. In 2000-01, HOME program repayment income amounted to $115,000 and in 2001-02 it was $55,700.

Housing Programs Financed with Other Federal Funds

Emergency Shelter Grant Program

Under provisions of s. 16.35 of the statutes, the Division of Housing and Intergovernmental Relations is the HUD-designated Wisconsin agency for administering the distribution of federal funds under the Stewart B. McKinney Homeless Assistance Act (P. L. 100-77). 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). As of 1999, tribal governments are not eligible for HUD funding under this program. However, DHIR 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.

Beginning in 2002-03 the emergency shelter grant program funding process has been 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.

Grants are allocated on a formula basis using a variety of homeless prevalence factors. Funds have been allocated as follows: the four-county Milwaukee metropolitan area (44%), other metropolitan areas, which includes 15 additional urban counties (32%) and the balance of the state (24%). The Madison community development agency 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 2002. In FFY 2001, an additional $67,700 of IBRETA funds was distributed in addition to a total grant allocation of $1,858,200. In FFY 2002, a total of $35,000 of additional IBRETA funds was added to the $1,754,300 HUD emergency shelter grant allocation. Administrative funds in the amount of $158,100 were retained in the 2001 and 2002 calendar years by DHIR to administer the program.

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

FFY	Grantees	Amount of Grants	Average Grant Amount
1993	40	$575,000	$14,375
1994	50	1,331,000	26,620
1995	50	1,331,000	26,260
1996	60	1,868,100	31,135
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

Continuum of Care Supportive Housing Program

The continuum of care supportive housing program provides 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. HUD funds the program from the federal continuum of care (P.L. 100-77) appropriation.

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, DHIR, 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 Division, as the lead state agency, has been awarded $18,000,000 for projects from 1997 through 2002. Forty-five agencies have been funded under the HUD award. The Division currently has an application pending on behalf of 17 agencies for continued funding of $5,500,000 FED under the program for the 2003-2007 grant period.

Low-Income Home Energy Assistance Program

The Low-Income Home Energy Assistance program (LIHEAP) is established under s. 16.385 of the statutes. This program, administered by DOA's Division of Energy and Public Benefits, provides cash benefits and services in the form of heating assistance and crisis assistance to low-income households. For households applying for LIHEAP crisis assistance 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 V for the FFY 2003 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 both heating and crisis assistance. 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. However, during the 2000-01 state fiscal year, the Department of Administration also began to receive additional funds under the state public benefits program. Public benefits funds are collected from surcharges paid by all Wisconsin electric utility customers for energy conservation and efficiency and low-income energy assistance. A total of $16.2 million SEG has been allocated to the program from this source in 2002-03. Table 13 shows the federal funding for LIHEAP, including any federal supplements, for the last 10 federal fiscal years. Table 14 shows the public benefit funding provided to LIHEAP by state fiscal year.

In some years, the state has also received federal TANF (previously AFDC) matching funds,

Table 13: LIHEAP Federal Funding ($ in Millions)

FFY	Amount*
1994	$56.4
1995	46.7
1996	33.1
1997	31.1
1998	31.1
1999	33.5
2000	33.5
2001	68.6**
2002	50.8
2003 (est.)	50.8

*Amounts are net of transfers to the weatherization program.

**FFY 2001 includes approximately $31.7 million in federal emergency funding, and an increase in base funding of $10.7 million.

Table 14: LIHEAP Public Benefit Funding ($ in Millions)

Fiscal Year	Amount*
2000-01	$13.9
2001-02	14.1
2002-03 (est.)	16.2

federal supplements and state oil overcharge restitution funds for LIHEAP funds. By state statute, fifteen percent of LIHEAP's federal funding is transferred to the state weatherization program each federal fiscal year. However, starting in 1993, $1.0 million of that 15% transfer amount has been retained for the LIHEAP emergency furnace repair and replacement program.

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 15 provides caseload data and the average amount of benefits paid to persons receiving heating assistance since FFY 1993.

Table 15: Heating Assistance Program

FFY	Caseload	Average Benefit
1993	126,892	$300
1994	126,448	355
1995	117,466	306
1996	109,869	279
1997	102,855	291
1998	92,270	276
1999	87,057	244
2000	88,105	355
2001	115,881	470
2002	117,326	307

Crisis Assistance Program. The crisis assistance component of LIHEAP provides limited cash assistance and services to households that experience a heating emergency (such as a furnace failure) 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. Under s. 16.385(3) of the statutes, a total of $3.2 million FED of the total available LIHEAP funding is allocated for crisis assistance payments. For FFY 2002, this allocation was increased on a one-time basis to $5.2 million.

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.

Emergency Furnace Repair/Replacement Program. In addition, LIHEAP provides emergency furnace repair or replacement service as part of the crisis assistance program. 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: (1) the furnace is not electric and repair costs will exceed $500; or (2) the furnace is electric and repair costs will exceed $250. Finally, if furnace replacement costs are expected to exceed $3,500, approval by the DOA's Energy Bureau, which is responsible for administering LIHEAP, is required to replace the furnace. In addition, the unit 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 FFY 1993 is summarized in Table 16.

Another component of crisis assistance is year-around 'proactive' services for eligible households. Proactive services 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.

Table 16: Emergency Furnace Repair and Replacement

FFY	Caseload	Average Benefit
1993	1,205	$1,532
1994	1,442	1,456
1995	1,476	1,392
1996	1,362	1,306
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

Low-Income Weatherization Program

The low-income weatherization program is established under s. 16.39 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: (1) funds the state receives from the federal Department of Energy (DOE) under the weatherization assistance for low-income persons program; (2) an allocation of 15% of the funds received by the state under LIHEAP; (3) allocations that have been made from oil overcharge restitution funds; and (4) the state public benefits program established under 1999 Wisconsin Act 9. For program year 2002, funding available to the program totaled $37,737,000 ($8,676,400 from DOE weatherization assistance; $6,816,000 from LIHEAP funds; $287,900 from oil overcharge funds allocations; and $21,956,700 from utility public benefits). Table 17 indicates the amounts budgeted under the program, by funding source, for the last ten program years.

The Division of Energy and Public Benefits administers the program through contracts with local organizations (21 community action agencies

Table 17: Low-Income Weatherization Program – Funding Sources

Program Year	FED (DOE)	FED (LIHEAP)	State (Oil Overcharge)	Utility Public Benefit	Total
1993	7,454,000	7,075,700	3,143,500	N.A.	17,673,200
1994	8,324,000	8,772,000	400,000	N.A.	17,496,000
1995	7,821,900	7,057,700	292,500	N.A.	15,172,100
1996*	4,207,100	4,661,600	256,000	N.A.	9,124,700
1997	4,547,500	4,198,100	1,386,100	N.A.	10,131,700
1998	4,712,300	4,212,000	183,000	N.A.	9,107,300
1999	5,009,600	5,040,800	700,000	N.A.	10,750,400
2000	5,079,700	5,322,900	130,000	$2,000,000	12,532,600
2001**	5,768,700	12,892,500	0	13,353,700	32,014,900
2002	8,676,400	6,816,000	287,900	21,956,700	37,737,000

* Includes cooling contingency funds of $1,156,884.
** In 2001 the weatherization program was changed to run during the state fiscal year (July 1, through June 30). Prior to 2001, the program year extended from April 1 through March 31.
N.A. = Not applicable.

and local governments and seven Native American tribal 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 18 lists the number of dwelling units weatherized and shows the average costs of such services under this program during each of the past ten program years.

Table 18: Low-Income Weatherization Program

Program Year	Units Weatherized	Avg. Cost Per Unit
1993	6,394	$2,764
1994	5,814	2,487
1995	6,126	2,551
1996	4,575	2,650
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 (est.)	5,669	6,000

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

Housing Rehabilitation Program-- Small Cities CDBG

Under s. 16.358 of the statutes, DHIR is responsible for administering the housing rehabilitation component of the federal small cities community development block grant (CDBG) program. The Division administers the program through a contract with the state Department of Commerce, which 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.

The Department of Commerce receives all federal CDBG funds from HUD and is responsible for administering the public facilities improvements and economic development components of the state's allocation. For each federal fiscal year CBDG allocation, the Department of Commerce retains 70% of the funds and balance is transferred to DHIR 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.

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 VI) are not eligible for state CDBG funds.

Table 19 summarizes the total amount of small cities CDBG funding received by the state during

Table 19: Small Cities CDBG Grants -- Total Funding and Allocations for Housing Rehabilitation Program

FFY	Total Block Grant	Amount Allocated for Housing Rehabilitation
1993	$29,416,000	$8,532,100
1994	32,631,000	9,372,200
1995	35,537,000	10,631,100
1996	34,845,000	10,423,500
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

the last ten federal fiscal years and shows the amounts allocated in each year to the housing rehabilitation component of the program.

Funds allocated under the housing rehabilitation program are awarded annually on a competitive basis in accordance with evaluation criteria specified in administrative rules [Adm 19, *Wisconsin Administrative Code*]. The criteria include such factors as: (1) the housing strategy of the applicant; (2) the degree to which housing needs of the community have been documented; (3) the extent to which benefits from proposed activities will be directed toward low- and moderate-income persons compared to other applications; (4) the amount of other funds to be combined with the requested funds; and (5) the applicant's efforts to affirmatively further fair housing. The maximum grant amount that may be awarded to an applicant is $500,000 for an 18-month contract or $750,000 for a 30- to 36-month contract.

Grants are made by DHIR 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 I for county median income levels). 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 $17,000.

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 2001 revolving loan fund receipts of $7,445,856 assisted 610 households and in 2001-02, revolving loan fund receipts of $7,630,589 assisted 796 households.

CDBG – Emergency Assistance Programs (CDBG-EAP)

The CDBG rule [Adm. 19.06] permits the Department to set aside $2,011,400 FED in 2000-01 and $1,590,000 FED in 2001-02 to address natural or man-made emergency housing disasters. The DHIR awards up to $500,000 to local units of government to provide grants to property owners to recover from disaster-related property damage.

To be eligible for assistance, property owners may have incomes up to 100% of the county's medium-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.

Housing Opportunities for Persons with AIDS Program (HOPWA)

Since FFY 1995, DHIR has received funding allocations under the federal 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 20 summarizes the grant distributions under the HOWPA program since FFY 1995.

During FFY 1995 and 1996, HOWPA funds were distributed to nine AIDS service organizations in the state. The allocation mechanism was formula-based and was the same as used by the state's Division of Health in the distribution of Ryan White Title II AIDS prevention funds. In FFY 1997, however, the grant distribution mechanism was revised and any applicant that could provide suitable housing resources and support services for persons with AIDS was deemed eligible to apply for grants.

Table 20: HOPWA Total Grant Distributions

FFY	Grant
1995	$598,000
1996	585,000
1997	668,000
1998*	300,000
1999*	315,000
2000*	332,000
2001*	359,000
2002*	385,000

*Grants for all Wisconsin counties outside of the Milwaukee metropolitan area.

During FFY 1998, DHIR 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 become ineligible for continued funding under the HOPWA program. However, HUD has granted the state a waiver since 1998 to fund HOPWA programs in non-Milwaukee metropolitan areas. Up to 3% of these federal awards may be used for the Department's administrative costs.

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 LHRP. 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 FFY 1997, the HUD Office of Lead Hazard Control awarded $1,573,200 to Wisconsin. These funds were used to reduce lead-based paint hazards in 82 housing units occupied by low-to-moderate income families with children under age six. The grant period commenced in April, 1997 and concluded in April, 2000.

During FFY 2000, the HUD Office of Lead Hazard Control awarded $4.0 million to Wisconsin. These funds were used to reduce lead-based paint hazards 340 housing units. The grant period commenced in January, 2000, and concluded in December, 2002.

Wisconsin applied for additional federal HUD funding in June, 2002, and was awarded $2,000,000 to renew for two year the grants awarded in the previous grant cycle. The Division anticipates that 160 housing units will receive awards for lead reduction during the period from January, 2003, through December, 2004.

DOA's Division of Energy and Public Benefits, 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 containing a child 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 age six resides or spends a significant amount of time.

Both homeowners and renters are eligible for funding under the program. Eligible households must contain a child under age six or be a household where a child under age six 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 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 is structured as a three-year forgivable loan based on 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

Ten appendices provide additional background information about state housing programs.

- Appendix I lists Wisconsin county median incomes that are used for eligibility purposes in certain 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 provides the 2003 federal poverty guidelines;

- Appendix VI lists the Housing and Urban Development CDBG Entitlement Communities; and

- Appendix VII lists the Housing and Urban Development HOME entitlement municipalities;

- Appendix VIII Households assisted through the DOA Division of Housing and Intergovernmental Relations based on income;

- Appendix IX Funding by the DOA Division of Housing and Intergovernmental Relations by region of the state;

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

APPENDIX I

2002 Wisconsin County Median Family Incomes

County	Medium Income	County	Medium Income
Adams	$39,700	Marathon	$57,700
Ashland	41,100	Marinette	41,900
Barron	43,400	Marquette	42,300
Bayfield	40,500	Menominee	25,700
Brown	61,900	Milwaukee	67,200
Buffalo	54,600	Monroe	48,800
Burnett	40,500	Oconto	41,800
Calumet	61,900	Oneida	46,000
Chippewa	51,500	Outagamie	61,900
Clark	44,000	Ozaukee	67,200
Columbia	55,800	Pepin	48,800
Crawford	41,300	Pierce	76,700
Dane	71,300	Polk	51,700
Dodge	56,800	Portage	57,600
Door	48,300	Price	43,700
Douglas	50,800	Racine	65,000
Dunn	50,400	Richland	47,200
Eau Claire	51,500	Rock	59,700
Florence	37,900	Rusk	37,100
Fond du Lac	55,900	Sauk	52,600
Forest	39,300	Sawyer	37,600
Grant	50,600	Shawano	49,400
Green	56,000	Sheboygan	62,700
Green Lake	50,100	St. Croix	76,700
Iowa	66,500	Taylor	46,500
Iron	42,800	Trempealeau	50,800
Jackson	38,700	Vernon	42,900
Jefferson	59,700	Vilas	41,800
Juneau	43,200	Walworth	61,500
Kenosha	59,700	Washburn	41,600
Kewaunee	53,600	Washington	67,200
La Crosse	54,000	Waukesha	67,200
Lafayette	48,400	Waupaca	54,900
Langlade	41,300	Waushara	45,000
Lincoln	48,000	Winnebago	61,900
Manitowoc	60,100	Wood	60,500

Wisconsin	$59,200
United States	$54,400

Source: U.S. Department of Housing and Urban Development, 2002.

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	Partial Counties
Ashland	Iron	Oconto	Augusta--Eau Claire County	Vilas
Barron	Jackson	Sawyer	Clear Lake--Polk County	
Bayfield	Junueau	Rusk	La Farge--Vernon County	
Burnett	Marinette	Trempealeau		
Clark	Marquette			
Crawford	Menominee			

Urban Targeted Areas

Portions of These Cities

Beloit	Kenosha	Oshkosh
Eau Claire	La Crosse	Racine
Fond du Lac	Madison	Superior
Green Bay	Milwaukee	Wausau
Janesville		

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*	1,679	132,025,076
Totals	82,591	$4,054,988,503

*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*	26	289,160
Totals	14,867	$98,772,981

*Through June 30.

APPENDIX V

Federal Poverty Guidelines
FFY 2003

Family Size	Poverty Level
1	$13,290
2	17,910
3	22,530
4	27,150
5	31,770
6	36,390
7	41,010
8*	45,630

* Add $4,620 for each person over eight.

APPENDIX VI

Housing & Urban Development CDBG Entitlement Municipalities

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

Dane County
Milwaukee County
Waukesha County

APPENDIX VII

Housing & Urban Development HOME Entitlement Municipalities

Eau Claire
Green Bay
Kenosha
La Crosse
Madison
Milwaukee
Racine
West Allis
Janesville / Rock County
Dane County
Milwaukee County

A Consortium of:
Jefferson, Ozaukee, Washington and Waukesha Counties

APPENDIX VIII

Housing Assistance by Income

	Percent of Median Income				
	0 to 30%	31% to 50%	51% to 80%	81%+	Total

Households Assisted through the DIHR – 2001-02
(All Federal and State Programs)

	0 to 30%	31% to 50%	51% to 80%	81%+	Total
Renters	3,921	1,489	317	45	5,772
Existing Home Owners	320	451	495	91	1,357
Home Buyers	119	389	528	132	1,168
Homeless	26,216	4,205	1,283	679	32,383
Non-Homeless Special Needs	229	33	11	6	279
All	30,805	6,567	2,634	953	40,959

Households Assisted with Housing – 2001-02
(Federal Formula Allocation Programs -- CDBG Housing, HOME, ESG and HOPWA)

	0 to 30%	31% to 50%	51% to 80%	81%+	Total
Renters	3,169	1,285	283	62	4,799
Existing Home Owners	265	322	431	96	1,114
Home Buyers	16	104	131	122	373
Homeless	10,419	1,405	401	124	12,349
Non-Homeless Special Needs	229	33	11	6	279
All	14,098	3,149	1,257	410	18,914

APPENDIX IX

Division of Housing and Intergovernmental Relations
Funding by Region
2001-02

Program	State Total	Milwaukee Metro	Other Metro	Non-Metro
CDBG Small Cities Housing*	$11,307,081	N.A.	$1,337,856	$9,969,225
Emergency Shelter Grants	1,735,700	$404,400	683,600	647,700
Housing Opportunities for Persons with AIDS	385,000	N.A.	385,000	N.A.
Housing Cost Reduction Initiative	2,804,103	859,804	861,460	1,082,839
State Shelter Subsidy Grant	1,131,000	422,000	562,500	146,500
Local Housing Organization Grants	505,800	167,000	168,900	169,900
Transitional Housing	375,000	90,200	139,000	145,800
IBRETA**	584,850	149,000	192,945	242,905

*Includes disaster relief.
**Includes a portion of funds from 2002-03.
N.A. = Not applicable.

APPENDIX X

State Housing Programs Summary Information

Program	Purpose	Funding Source	Program Expenditures
WHEDA PROGRAMS			
Home Ownership Mortgage Loan Program (HOME)	Mortgage loans for the purchase of homes by low- and moderate-income households.	Revenue bond proceeds	In 2001, 2,642 loans totaling $193,981,367 were made.
Home Improvement Loan Program	Housing rehabilitation loans to low- and moderate-income households.	Revenue bond proceeds	In 2001, 55 loans totaling $497,948 were made.
Multifamily Loan Program	Financing to developers of multifamily projects for low- and moderate-income households.	Revenue bond proceeds	In 2001, loans of $51,507,845, representing 33 projects and 2,105 units, were made.
HOME Easy Close Program	Deferred loans of up to $1,000 for home mortgage closing costs.	WHEDA unencumbered reserves	In fiscal year 2002, 151 loans totaling $142,303 were made.
HOME Plus Program	Deferred loans of up to $10,000 for home mortgage closing costs.	WHEDA unencumbered reserves	In its first three months from April through June of 2002, 51 loans for $444,450 were issued.
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 2002, no loans were made.
WHEDA Foundation Grant Program	Grants to nonprofit organizations for housing-related purposes.	WHEDA unencumbered reserves	In 2002, $600,000 was earmarked for Foundation grants to 33 organizations.
Property Tax Deferral Loan Program	Loans to low-income elderly homeowners for payment of property taxes.	WHEDA unencumbered reserves	In 2001, loans totaling $401,824 were made to 200 homeowners.
Low-Income Housing Tax Credit Programs	Federal tax credits to developers of low-income rental housing.	Federal tax credits	In calendar year 2001, $8,511,465 worth of 2001 tax credits had been 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 2003 WHEDA may allocate 1,235 vouchers for $4,900,000.
VETERANS AFFAIRS			
Primary Mortgage Loan Program	Loans to qualifying state veterans to purchase or construct a home.	General obligation bond proceeds	In fiscal year 2001-02, 513 loans totaling $66,369,600 were made.
Home Improvement Loan Program (HILP)	Loans to qualifying state veterans for property alterations, repairs or improvements that substantially protect or improve basic livability or energy efficiency of homes.	General obligation bond proceeds	In fiscal year 2001-02, 101 loans totaling $1,630,100 were made.
DOA DIVISION OF HOUSING AND INTERGOVERNMENTAL RELATIONS			
Local Housing Organization Grants	Grants to community-based organizations or local housing authorities to improve their ability to provide housing opportunities for lower income individuals or families.	GPR & Program Revenue	In 2001-02, $500,000 was granted to 16 local housing organizations.
Housing Cost Grants and Loans Program	Grants directly or through municipalities or other nonprofit entities to low- or moderate-income individuals or families for the purposes of defraying mortgage loan costs, or the costs of property insurance, property taxes, utility-related expenses, cooperative fees or rent.	GPR & Program Revenue	In 2001-02, $2,800,300 was granted to 23 designated agents.
Transitional Housing Grants	Grants to local providers of transitional housing for operating costs and supportive services for the homeless.	GPR & Program Revenue	In 2001-02, grants totaling $375,000, were distributed to 13 agencies.

Program	Purpose	Funding Source	Program Expenditures
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 2001 approximately $2,780,700 in interest earnings has been collected. In 2001-02, funds were provided to two programs: (1) the State Shelter Subsidy Grant; and (2) the Emergency Shelter Grant Program.
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 2001, grants totaling $1,131,000, which included $369,000 in IBRETA funding, was made to 31 shelter providers that provided an estimated 416,300 shelter nights to 23,100 persons.
HOME Homeownership Program	Grants to designated agents to fund housing rehabilitation and acquisition activities and to provide assistance to homebuyers.	Federal funds (HOME program)	Funding of $3,703,400 FED was awarded through this program in 2000-01.
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 2000-01, $1,065,000 was allocated to seven grantees for the rehabilitation of 97 units.
HOME Rental Housing Development Funds	Grants or equity investments to finance the development of rental housing.	Federal funds (HOME program)	In 2000-01, $1,365,600 was allocated to 3 grantees for rental development of 26 housing units.
HOME Weatherization-Related Home Repair Program	Fund repairs and/or improvements to homes receiving weatherization services under the low-income program.	Federal funds (HOME program)	In 2000-01, $3,683,000 was allocated to 254 units 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 federal fiscal year 2002, 47 shelter providers received a total of $1,789,300 in HUD grant funds. IBRETA funds in the amount of $35,000 were provided to this program in calendar year 2002.
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)	The DHIR has awarded $18,000,000 during the grant period 1997 to 2002. A total of 45 agencies were funded.
Low Income Heating Assistance Program (LIHEAP)	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 2002, 117,326 households received heating assistance with an average benefit of $307. A total of 1,322 households received assistance through the emergency furnace repair and replacement program.
Low Income Weatherization Program	Weatherization services through local contracted agencies for low-income households.	Federal funding and oil overcharge funds	In 2001-2, an estimated 5,669 units were weatherized at an average cost of $6,000 per unit.
Small Cities CDBG Program--Housing Component	Grants to Wisconsin municipalities for housing rehabilitation and other purposes.	Federal HUD monies received via contract with the Department of Commerce	In federal fiscal year 2002, $10,206,300 in CDBG funds were used for housing purposes.
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 2002, $385,000 in HOPWA funds was distributed to AIDS service organizations outside of the Milwaukee metropolitan area.
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 $4,000,000 to Wisconsin for January 2000, through December, 2002 for lead paint reduction in 340 housing units.
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 2002-03 an estimated 12 housing projects will be built from $2,815,500 in available funding.