

**PROPOSED ORDER OF THE
DEPARTMENT OF COMMERCE**

CREATING RULES

The Wisconsin Department of Commerce proposes an order to create chapter Comm 156, relating to establishing a grant program for rehabilitation and recycling of manufactured housing, and affecting small business.

Rule Summary

1. Statutes Interpreted

Section 560.285, as created in section 75 of 2005 Wisconsin Act 45.

2. Statutory Authority

Sections 227.11 (2) (a) and 560.285 (3).

3. Explanation of Agency Authority

Section 560.285 (3) of the Statutes directs the Department to promulgate rules establishing a program that includes contracting with tax-exempt entities for administering grants to (1) persons engaged in the disposal of abandoned manufactured homes, (2) municipalities for supporting environmentally sound disposal practices, and (3) individuals who reside in manufactured homes which are in need of critical repairs. Section 227.11 (2) (a) of the Statutes authorizes the Department to promulgate rules interpreting the provisions of any Statute administered by the Department.

4. Related Statute or Rule

The Department has rules for several other programs associated with financial assistance for housing and communities, but those programs do not address recycling of manufactured housing, and do not address rehabilitation of manufactured housing in the manner addressed by these rules.

5. Plain Language Analysis

These rules establish the criteria for tax-exempt entities to administer a manufactured housing rehabilitation and recycling grant program that will provide financial assistance to (1) persons engaged in the disposal of abandoned manufactured homes, (2) municipalities supporting environmentally sound disposal practices, and (3) individuals who reside in manufactured homes which are in need of critical repairs.

The rules specify who is eligible to apply for and administer the program. In addition, the rules establish eligible activities, eligible properties, and eligible costs. Parameters for allocating the funds to the administering entities are likewise specified. These parameters emphasize (1) the applicant's capacity to complete the proposed activities, (2) technical expertise with manufactured housing, (3) geographic coverage of activities, (4) performance in administering other housing programs, and (5) directing program funding to actual repairs for homeowners who are most in need of the financial assistance, rather than to inspections, appraisals and administrative costs.

6. Summary of, and Comparison With, Existing or Proposed Federal Regulations

An Internet-based search of the *Code of Federal Regulations* for grants for manufactured housing found regulations for rental rehabilitation grants in 24 CFR 511. These grants can be used for rehabilitation of manufactured rental housing units that are on a permanent foundation, have permanent utility hook-ups, are designed for use as a permanent residence, and meet the Section 8 housing quality standards for manufactured homes in 24 CFR 882.109(o). No other existing federal regulations for grant programs for rehabilitation or recycling of manufactured housing were revealed.

An Internet-based search for grants for manufactured housing in the 2006 and 2007 volumes of the *Federal Register* did not identify any proposed federal regulation that addresses rehabilitation or recycling of manufactured housing.

7. Comparison With Rules in Adjacent States

An Internet-based search of rules in adjacent states found rules in Minnesota for owner-occupied single-family rehabilitation programs. These programs can assist owners of manufactured housing, as well as other types of single-family housing, to correct health and safety issues and local code violations. Assistance is limited to households with incomes at or below 80 percent of county median income for the county of residence.

Northfield, Minnesota was found to have a manufactured home rehabilitation grant program. This program provides owners of manufactured homes in Northfield with a grant of up to \$2,000 to increase the safety, security and efficiency of their manufactured homes. The income of participating households cannot exceed 80 percent of the area median income. Eligible improvements includes those that remove or repair various health and safety issues or increase energy efficiency; add structural soundness; make the unit accessible; address roofs, windows, doors, floor supports or faulty plumbing; and that will bring the manufactured home up to the prevailing building code.

An Internet-based search of rules for manufactured housing disposal grant programs found no sources of funding in adjacent states.

8. Summary of Factual Data and Analytical Methodologies

The data and methodology for developing these rules were derived from and consisted of incorporating the criteria in section 75 of 2005 Wisconsin Act 45; incorporating applicable best practices the Department has developed in administering similar programs for owner-occupied housing rehabilitation; soliciting and utilizing input from representatives of the stakeholders who are expected to participate in this program; and reviewing Internet-based sources of related federal, state, and private-sector information.

9. Analysis and Supporting Documents Used to Determine Effect on Small Business or in Preparation of Economic Impact Report

The Department solicited input from numerous housing service providers. Emphasis was placed on input relating to minimizing difficulties for businesses or service providers engaged in housing repair/rehabilitation or disposal of abandoned housing units.

10. Effect on Small Business

The rules are not expected to impose any significant costs on small businesses. The rules provide a potential cost benefit to small businesses engaged in the disposal of abandoned manufactured homes.

11. Agency Contact Information

Betty Kalscheur, Wisconsin Department of Commerce, Bureau of Local Development, 201 West Washington Avenue, Madison, WI 53703; telephone: 608-267-6904; E-Mail: Betty.Kalscheur@wisconsin.gov.

File reference: Comm 156/Rule analysis LR