State of Wisconsin Department of Administration

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Division of Energy, Housing and Community Resources

Notice of Funding Opportunity
Community Development Block Grant Affordable Housing Conversion (CDBG-AHC)

I. Introduction and Overview

With this Notice of Funding Opportunity (NOFO) and Guidance, the Division of Energy, Housing and Community Resources (DEHCR) is announcing approximately $15,000,000 of Wisconsin Community Development Block Grant (CDBG) Affordable Housing Conversion (AHC) funds are available to non-entitlement municipalities. This NOFO is for conversion housing that focuses on underutilized or vacant buildings to be converted into affordable housing development.

The Department of Administration, Division of Energy, Housing, and Community Resources (DEHCR) administers the CDBG AHC program. These CDBG-AHC funds were allocated through the discontinuation of the locally held Small City Housing RLF program. Original funding for the CDBG program is provided by the U.S. Department of Housing and Urban Development (HUD).

1. **Eligible Applicants:** CDBG-AHC funds are available to local units of government not located in entitlement communities. Entitlement communities are not eligible to apply. Developers (for profit/non-profit), housing authorities, and other agencies are not eligible to apply directly through this NOFO. Eligible units of local government may partner with a developer to submit an application.

2. **National Objective Compliance:** All activities funded with CDBG-AHC funds must meet the National Objective of Low- and Moderate-Income Housing (LMH). To qualify under the LMH national objective, at least 51 % of the units to be rented must be occupied by households with incomes at or below 80% of the County Median Income (CMI) determined by household size.

3. **Award and Distribution:** Funding will be awarded to units of general local government (UGLG) based on the evaluation of the completed applications.

DEHCR reserves the right to award, amend, or reject requested funds. The maximum award amount is $3,000,000 per project. Applicants may submit more than one application. Each application may only include one project.

DEHCR reserves the right at any time and without notice to cancel or recommence this NOFO, narrow or amend its scope, or reject any and all responses if DEHCR determines that a fair and open competitive procurement has been compromised or that doing so is in the best interest of the State. DEHCR reserves the right to use this NOFO and responsive applications to allocate future CDBG-AHC awards without further notice.

Eligible Uses of CDBG Funds (not exhaustive):

1. Real Property Acquisition
2. Site Improvements and Development Hard Costs
3. Project related Soft Costs
4. Demolition costs when associated with reconstruction
5. Program Administration up to 3% of the CDBG awarded amount

Affordability Requirements for all projects:

1. Minimum 20-year affordability period, secured by deed restriction.
2. 51% of the rental units must be occupied by households earning no more than 80% of the CMI adjusted for household size.
3. Rent limits: Units reserved for households earning no more than 80% of the CMI may not charge more than the HUD published Fair Market Rent (FMR) for the county/metropolitan area.
4. Communities partnering with for-profit developers must execute a 20 year, 0% interest, deferred-payment loan to be repaid upon completion of the affordability period. Governmental agencies, housing authorities and nonprofit agencies may be eligible for 20-year forgivable loans.

II. Application Requirements

Units of local government wishing to apply for funding should submit an application. CDBG-AHC funds will be awarded through a competitive process. For each grant application received on or before the application submission deadline DEHCR will review, score, & rank the applications based on a pre-approved list of scoring criteria. Successful applications must meet a CDBG National Objective (in accordance with HUD program regulations).

III. Scoring Criteria

DEHCR will evaluate all applications based on the extent to which they meet the following criteria of 100 total possible points.

Scoring Category	Points Available
Feasibility and Readiness	25
Scale & Impact	20
Capacity to Deliver	25
Unit Size	10
Affordability and Income Targeting	10
Community Support	10
Total:	100

Feasibility & Project Readiness: 25 possible points

The extent to which applicants have completed pre-project planning activities and the project(s) are “shovel ready”. Project readiness may include the following: site control, proper zoning, conceptual site plan and elevations. If applicable, the preliminary engineering plan is completed. Higher scoring applications will document the availability of matching funds. Housing developer commitments without contingency other than CDBG funding, or other funding sources are committed without contingencies will receive higher points. Applicants must show evidence of how the proposed program or project will mobilize and operate in a timely manner.

- Site Control/Government Approvals: 100% control (ownership) plus approvals (zoning, environmental reviews, permits) can earn 10 points.

- Firm financing commitments and budget: applicants have legally binding funding commitments (executed loan or grant agreements). Detailed sources and pro-forma that deems the project financially feasible can earn 10 points.
    - Financing commitments without executed agreements will be considered and awarded a maximum of 5 points.
- Clear project schedule: Construction schedule showing milestone timing, starting within 12 months of the award can earn 5 points.
    - Construction and lease up must be completed within 30 months of the fully executed DEHCR grant agreement.

Scale and Impact: 20 possible points

Applications that document the most severe housing needs in the community will be awarded the most points.

- Severe Need = 12-25 points will be awarded to projects needed to alleviate a significant existing problem. Documentation examples may include the loss, deterioration or availability of affordable housing units, or increased homelessness.
- Moderate Need = 6-11 points will be awarded to projects needed to alleviate a moderate existing problem. Documentation examples may include some loss, deterioration or availability of affordable housing units or increased homelessness.
- Slight Need = 0 to 5 points will be awarded to projects needed to address a slight existing problem.

Capacity to Deliver: 25 possible points

DEHCR will consider the extent to which the applicants and partners demonstrated ability to deliver services and perform activities while also complying with CDBG requirements. Each project must be capable of being undertaken (design and construction) immediately to provide eligible outcomes to intended beneficiaries. Developers and staff are encouraged to have completed at least one housing development project equal to at least half the size of the intended project. Experience in working with or administering CDBG funded projects or similar federal funding source that is subject to federal requirements such as (but not limited to) Davis Bacon/Labor Standards, Build America Buy America (BABA), Section 3, Acquisition and Relocation. Consideration may also be given to applicants past performance with CDBG projects including outstanding monitoring findings, ineligible project repayments, and timeliness in completing past projects.

- Experience within the last 7 years of completing 3 or more multi-family housing projects on time and within budget can earn 15 points
- Experience within the last 7 years of completing at least 2 multi-family housing projects on time and within budget can earn 10 points
- Experience within the last 7 years of completing at least 1 multi-family housing project on time and within budget can earn 5 points
- No experience within the last 7 years of completing a multi-family housing project earns 0 points
- Experience with subsidized or income-based housing (over 2 years) can earn 10 points
- Experience with subsidized or income based (under 2 years) can earn 5 points

Unit Size: 10 possible points

Applicants must identify the proposed unit mix by bedroom size and indicate the number of units that will be designated for low to moderate income (LMI) eligible households in accordance with the affordability requirements.

Points will be awarded based on the total number of three- bedroom units within the development and the number of three-bedroom units reserved for households with incomes at or below 80% of the CMI. When determining the availability of three-bedroom units for LMI households does not return a whole number,

the applicant must round up to the next whole number to receive maximum points within that category. Example: A development with a total of 5 three-bedroom units must set aside at least two of those units for LMI households to receive maximum points. 5 units X 25% = 1.25 rounded up to 2.

- 25% of available three- bedroom units reserved for LMI households will earn 10 points.
- 10% of available three- bedroom units reserved for LMI households will earn 5 points.

Affordability and Income Targeting: 10 possible points

Taking into consideration the overall total number of units created, applicants will be awarded points based on the % of all units reserved for households with incomes at or below 80% of the CMI.

- 52-60% 2 pts
- 61-69% 3 pts
- 70- 79% 4 pts
- 80-99% 5 pts
- 100% 10 pts

Community Support: 10 possible points

Applicants may earn points based on the number of letters of support submitted from community organizations that demonstrate meaningful partnership and support the proposed project. Points will be awarded as follows:

Five or more letters of support: 10 points
Four letters of support: 8 points
Three letters of support: 6 points
Two letters of support: 4 points
One letter of support: 2 points
No letters of support: 0 points.

Application Forms and Instructions will be available on the DEHCR website

Timeline:

NOFO Posted:	November 2026
Affordable Housing Conversion Training:	January 2027
Application Available:	January 18, 2027
Applications Due	May 15, 2027
Anticipated Award Date:	August 2027

Applications will be accepted only via email and must be received no later than 4 p.m. on the designated due date. . Applications received late or incomplete will not be considered.

General Questions regarding this NOFO may be submitted to DOACDBG@wisconsin.gov

Final funding decisions are at the sole discretion of the State of Wisconsin and may not be reflective of the rankings.