



**State of Wisconsin  
Department of Administration  
(DUNS No. 80-903-6098)**

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**Neighborhood Stabilization Program  
Substantial Amendment To  
2008 Annual Action Plan –  
Amendment #1**

**For the State's Housing, Community  
and Economic Development Needs**

**Amended November 2008  
Amended December 2009  
As of January 2015**

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**State of Wisconsin ■ Scott Walker, Governor  
Department of Administration ■ Mike Huebsch, Secretary**

## INTRODUCTION

The Neighborhood Stabilization Program (NSP) is authorized under Title III of Division B of the Housing and Economic Recovery Act (HERA), 2008 (Pub. L. 110-289, approved July 30, 2008) for emergency assistance for redevelopment of abandoned and foreclosed homes and residential properties. HERA provides, under a rule of construction, that unless stated otherwise the NSP grant to Wisconsin is to be considered Community Development Block Grant (CDBG) funds. NSP funds in the amount of \$38,779,123 are available to the Wisconsin State Program through the U.S. Department of Housing and Urban Development (HUD).

This Substantial Amendment to Wisconsin's 2008 Annual Action Plan represents a diligent planning and application effort by the State to secure these NSP federal funds to address critical housing and community needs of the State's citizens.

The Department of Administration (formerly the Department of Commerce) is the lead agency for NSP. The web address where NSP Substantial Amendment materials are posted is <http://housing.wi.gov/>. The NSP contact is:

**NSP Program Manager**  
Division of Housing  
101 E. Wilson Ave., 5<sup>th</sup> Floor  
P.O. Box 7970  
Madison, WI 53707-7970  
Telephone: (608) 264-7839  
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NOTE: The February 2010 Update adjusts Total Budget amounts for some NSP Activities in Section G to reflect the Incentive and Recouped funding awards made this month.

The April 2010 Update adjusts Total Budget amounts for some NSP Activities in Section G to reflect contract amendments made since the last update.

The May 2010 Update adjusts Total Budget amounts for two NSP Activities in Section G to reflect contract amendments made since the last update.

The July 2010 Update adjusts Total Budget amounts for NSP Activities in Section G to reflect contract amendments made since the last update.

The September 2010 Update adjusts Total Budget amounts for NSP Activities in Section G to reflect contract amendments made since the last update.

The January 2011 Update adjusts Total Budget amounts for NSP Activities in Section G to reflect contract amendments made since the last update.

The April 2011 Update adjusts Total Budget amounts for NSP Activities in Section G to reflect contract amendments made since the last update.

The July 2011 Update adjusts Total Budget amounts for NSP Activities in Section G to reflect contract amendments made since the last update.

The October 2011 Update adjusts Total Budget amounts for NSP Activities in Section G to reflect contract amendments made since the last update.

The January 2012 Update adjusts Total Budget amounts for NSP Activities in Section G to reflect contract amendments made since the last update.

The April 2012 Update adjusts Total Budget amounts for NSP Activities in Section G to reflect contract amendments made since the last update.

The July 2012 Update adjusts Total Budget amounts for NSP Activities in Section G to reflect contract amendments made since the last update.

The October 2012 Update adjusts Total Budget amounts for NSP Activities in Section G to reflect contract amendments made since the last update.

The January 2013 Update adjusts Total Budget amounts for NSP Activities in Section G to reflect contract amendments made since the last update.

The April 2013 Update adjusts Total Budget amounts for NSP Activities in Section G to reflect contract amendments made since the last update. No changes were required in July 2013 to reflect second quarter 2013 activities.

The October 2013 Update adjusts Total Budget amounts for NSP Activities in Section G to reflect contract amendments made since the last update.

The December 2013 Update adjusts Total Budget amounts for NSP Activities in Section G to reflect contract amendments made since the last update.

The April 2014 Update adjusts Total Budget amounts for NSP Activities in Section G to reflect contract amendments made since the last update. Contact information for responsible entity under each activity has been updated to reflect new program management.

The July 1, 2014 Update adjusts Total Budget amounts for NSP Activities in Section G to reflect contract amendments made since the last update. Funding has increased due to redistribution of program income returned to the State.

The October 2014 Update adjusts Total Budget amounts for NSP Activities in Section G to reflect contract amendments made since the last update.

The January 2015 Update adjusts Total Budget amounts for NSP Activities in Section G to reflect contract amendments made since the last update.

## The NSP Substantial Amendment

### A. Areas of Greatest Need (Summary)

The Housing and Economic Recovery Act of 2008 directs the State's implementation of the Neighborhood Stabilization Program (NSP) to give priority emphasis in targeting funds to areas with the greatest need, including those

- (A) with the greatest percentage of home foreclosures;
- (B) with the highest percentage of homes financed by a subprime Mortgage related loan; and
- (C) identified by the State or unit of general local government as likely to face a significant rise in the rate of home foreclosures.

Using the data developed by HUD on foreclosure and abandonment risk score to assist in targeting the areas of greatest need within Wisconsin, it is evident every Wisconsin county has areas where high risk foreclosure and abandonment factors are prevalent. See Attachments A, B, and C.

#### Category 1: Home Foreclosures

*Statewide.* Five counties in southeastern Wisconsin accounted for 44.1% of all estimated foreclosure starts (23,600) in Wisconsin during the 18-month period ending in June 2008. These counties include Kenosha, Milwaukee, Racine, Walworth, and Waukesha. Another 7.4% of estimated foreclosure starts (4,000) occurred in Dane and Rock Counties in south central Wisconsin, while approximately 6.8% of estimated foreclosure starts (3,700) occurred in Brown and Outagamie Counties in northeastern Wisconsin.

*County.* Twelve counties in all regions of the state have estimated foreclosure rates exceeding 6%.

- Northeastern Wisconsin: Marinette (6.4%) and Menominee (9.5%) Counties
- Southeastern Wisconsin: Milwaukee County (7.4%)
- North Central Wisconsin: Ashland (6.8%), Iron (7.1%), and Lincoln (6.1%) Counties
- South Central Wisconsin: Adams (6.5%), Juneau (7.4%), and Marquette (6.1%) Counties
- Northwestern Wisconsin: Rusk County (7.9%)
- Southwestern Wisconsin: Jackson (8.2%) and Monroe (6.1%) Counties

*Entitlement Communities.* Six entitlement communities accounted for 36% of all estimated foreclosure starts during the 18-month period ending June 2008. These communities include Dane County, City of Green Bay, City of Kenosha, City of Milwaukee, Milwaukee County, and City of Racine.

Four entitlement communities have estimated foreclosure rates exceeding 6%:

- City of Beloit (9.2%)
- City of Kenosha (6.5%)

- City of Milwaukee (9.9%)
- City of Racine (9.1%)

### **Category 2: Subprime Mortgages**

*Statewide.* Six counties in southeastern Wisconsin accounted for 43.1% (56,900) of all high-cost loans made between 2004 and 2006. These counties include Kenosha, Milwaukee, Racine, Walworth, Washington, and Waukesha. Another 9.1% (12,000) of all high-cost loans originated in Dane and Rock Counties in southcentral Wisconsin.

In twenty-five counties in all regions of the state an estimated 25% or more of the loans issued between 2004 and 2006 were categorized as high cost.

- Northeastern Wisconsin: Florence (27.1%), Marinette (30.2%), Menominee (32.7%), and Waupaca (25.3%) Counties
- Southeastern Wisconsin: Kenosha (25.3%), Milwaukee (32.5%), and Walworth (26.3%) Counties
- North Central Wisconsin: Ashland (31.8%), Iron (29.6%), and Lincoln (28.6%) Counties
- South Central Wisconsin: Adams (31.6%), Green Lake (26.9%), Juneau (36.2%), Marquette (30.3%), Waushara County (25%), and Wood (27%) Counties
- Northwestern Wisconsin: Barron (25.4%), Bayfield (27.5%), Douglas (27.3%), Pepin (31.7%), and Rusk (34.5%) Counties
- Southwestern Wisconsin: Crawford County (25.6%), Jackson (40%), Monroe (32.8%), and Trempealeau (27.4%) Counties

*Entitlement Communities.* Six Entitlement communities accounted for 32.8% of all high-cost loans made between 2004 and 2006. These communities include Dane County, City of Kenosha, City of Madison, City of Milwaukee, Milwaukee County, and City of Racine.

In six entitlement communities, an estimated 25% or more of the loans issued between 2004 and 2006 were categorized as high cost.

- City of Beloit (36.3%)
- City of Kenosha (29.2%)
- City of Milwaukee (42.4%)
- City of Racine (34.6%)
- City of Sheboygan (25.9%)
- City of Superior (30.0%)

### **Category 3: Homes in Default or Delinquency**

*Statewide.* Five counties in southeastern Wisconsin account for nearly 31% (18,100) of all residential addresses in the state that were vacant for at least 90 days in June 2008. These counties include Kenosha, Milwaukee, Racine, Walworth, and Waukesha. Another 13.3% (7,900) of vacant addresses were located in five counties in northwestern Wisconsin (Barron, Burnett, Polk, Sawyer, and Washburn Counties), while three counties in northeastern Wisconsin (Brown, Manitowoc and Winnebago Counties) accounted for 7.8% (4,700) of all vacant homes in the state. Dane and Rock Counties in south central Wisconsin accounted for 8.7% (5,100) of the vacant homes.

Seventeen counties in all regions of the state have estimated 90-day vacancy rates of at least 4%.

- North Central Wisconsin: Ashland (6.1%) and Iron (5.1%) Counties
- South Central Wisconsin: Juneau County (5.0%)
- Northwestern Wisconsin: Barron (6.0%), Bayfield (13.1%), Burnett (19%), Douglas (5.7%), Polk (8.5%), Rusk (8.8%), Sawyer (18.3%), and Washburn (16.4%) Counties
- Southwestern Wisconsin: Buffalo (4.1%), Crawford (5.6%), Jackson (6.9%), Richland (4%), Trempealeau (6.1%), and Vernon (5.4%) Counties

*Entitlement Communities.* Six entitlement communities accounted for approximately 28.8% of all residential addresses in the state that were vacant for at least 90 days in June 2008. These communities include Dane County, Green Bay, Madison, City of Milwaukee, Milwaukee County and Racine.

Three communities have estimated 90-day vacancy rates of at least 4%.

- City of Beloit (4.3%)
- City of Racine (4.6%)
- City of Wausau (4.4%)

#### **Category 4: Unemployment Rates**

*Statewide.* Six counties in northern Wisconsin and three counties in southern Wisconsin had unemployment rates exceeding 6% in June 2008. These counties include:

- Burnett (6.3%), Iron (7.1%), Menominee (12.3%), Rusk (6.8%), Taylor (6.5%), and Washburn (6.1%) in northern Wisconsin; and
- Milwaukee (6.5%), Racine (7.1%) and Rock (6.3%) counties in southern Wisconsin.

*Entitlement Communities.* Six entitlement communities had unemployment rates exceeding 6% in June 2008.

- City of Appleton (6.1%)
- City of Beloit (8.3%)
- City of Green Bay (6.9%)
- City of Milwaukee (7.3%)
- City of Racine (8.7%)
- City of Wausau (6.1%)

#### **Regional Summary**

*Northeastern Wisconsin.*

- Brown (number of foreclosures, number of vacant addresses)
- Florence (subprime loan rate)
- Manitowoc (number of vacant addresses)
- Marinette (foreclosure rate, subprime loan rate)
- Menominee (foreclosure rate, subprime loan rate, unemployment rate)
- Outagamie (number of foreclosures)
- Waupaca (subprime loan rate)
- Winnebago (number of vacant addresses)

- City of Green Bay (number of foreclosures, number of vacant addresses, unemployment rate)
- City of Sheboygan (subprime loan rate)
- City of Appleton (unemployment rate)

*Southeastern Wisconsin.*

- Kenosha (number of foreclosures, subprime loan rate, number of subprime loans, number of vacant addresses)
- Milwaukee (foreclosure rate, number of foreclosures, subprime loan rate, number of subprime loans, number of vacant addresses, unemployment rate)
- Racine (number of foreclosures, number of subprime loans, number of vacant addresses, unemployment rate)
- Walworth (number of foreclosures, subprime loan rate, number of subprime loans, number of vacant addresses)
- Washington (number of subprime loans)
- Waukesha (number of foreclosures, number of subprime loans, number of vacant addresses)
- City of Kenosha (number of foreclosures, foreclosure rate, number of subprime loans, subprime loan rate)
- City of Milwaukee (number of foreclosures, foreclosure rate, number of subprime loans, subprime loan rate, number of vacant addresses, unemployment rate)
- City of Racine (number of foreclosures, foreclosure rate, number of subprime loans, subprime loan rate, number of vacant addresses, vacancy rate, unemployment rate)

*North Central Wisconsin.*

- Ashland (foreclosure rate, subprime loan rate, vacancy rate)
- Iron (foreclosure rate, subprime loan rate, vacancy rate, unemployment)
- Lincoln (foreclosure rate, subprime loan rate)
- Taylor (unemployment rate)
- City of Wausau (vacancy rate, unemployment rate)

*South Central Wisconsin.*

- Adams (foreclosure rate, subprime loan rate)
- Dane (number of foreclosures, number of subprime loans, number of vacant addresses)
- Green Lake (subprime loan rate)
- Juneau (foreclosure rate, subprime loan rate, vacancy rate)
- Marquette (foreclosure rate, subprime loan rate)
- Rock (number of foreclosures, number of subprime loans, number of vacant addresses, unemployment rate)
- Waushara (subprime loan rate)
- Wood (subprime loan rate)
- City of Beloit (foreclosure rate, subprime loan rate, vacancy rate, unemployment rate)
- City of Madison (number of subprime loans, number of vacant addresses)

*Northwestern Wisconsin.\**

- Barron (subprime rate, vacancy rate, number of vacant addresses)
- Bayfield (subprime rate, vacancy rate)
- Burnett (vacancy rate, number of vacant addresses, unemployment rate)
- Douglas (subprime rate, vacancy rate)
- Pepin (subprime rate)
- Polk (vacancy rate, number of vacant addresses)
- Rusk (foreclosure rate, subprime rate, vacancy rate, unemployment rate)
- Sawyer (vacancy rate, number of vacant addresses)
- Washburn (vacancy rate, number of vacant addresses, unemployment rate)
- City of Superior (subprime loan rate)

*Southwestern Wisconsin.\**

- Buffalo (vacancy rate)
- Crawford (subprime rate, vacancy rate)
- Jackson (foreclosure rate, subprime rate, vacancy rate)
- Monroe (foreclosure rate, subprime rate)
- Richland (vacancy rate)
- Trempealeau (subprime rate, vacancy rate)
- Vernon (vacancy rate)

\*While vacancy rates are high, the deviation from the normal vacancy rate would be more informative than the rate itself.

Further refinement of the regions will occur upon receipt of applications. Eligible applicants have been encouraged to collaborate to provide the most coordinated and efficient approach to providing assistance in areas of greatest need. However, we recognize that more than one applicant may propose NSP projects in an area. By grouping applicants within the broader regions, we are able to ensure not only targeting to the areas of greatest need (as defined on page 3) but also ensure that funding is directed to the activities that best serve the area, that there is the capacity to deliver services in a timely and responsive manner, and that program delivery is streamlined. Projects approved for NSP funding will be tied to Census Tracts having the greatest need.

Wisconsin is incorporating CDBG Entitlement jurisdiction's consolidated plan needs by reference and hyperlink on the Internet:

<b>CDBG Entitlement</b>	<b>Plan Web Address</b>
<b>APPLETON</b>	<a href="http://www.appleton.org/departments/finance/cdbg/01%20-%20Strategic%20Plan%202005-2009.pdf">http://www.appleton.org/departments/finance/cdbg/01%20-%20Strategic%20Plan%202005-2009.pdf</a>
<b>BELOIT</b>	<a href="http://www.ci.beloit.wi.us/vertical/Sites/{4AECD64A-01FA-4C24-8F53-D3281732C6AB}/uploads/{E140351B-94B3-44F5-8391-FD50AE4219C3}.PDF">http://www.ci.beloit.wi.us/vertical/Sites/{4AECD64A-01FA-4C24-8F53-D3281732C6AB}/uploads/{E140351B-94B3-44F5-8391-FD50AE4219C3}.PDF</a>
<b>EAU CLAIRE</b>	<a href="http://www.eauclairewi.gov/images/stories/housing/pdf/2005-2009_consolidated_plan.pdf">http://www.eauclairewi.gov/images/stories/housing/pdf/2005-2009_consolidated_plan.pdf</a>
<b>FOND DU LAC</b>	<a href="http://www.ci.fond-du-lac.wi.us/index.ims?department=27">http://www.ci.fond-du-lac.wi.us/index.ims?department=27</a>
<b>GREEN BAY</b>	<a href="http://www.ci.green-bay.wi.us/forms/annual_action_plan.pdf">http://www.ci.green-bay.wi.us/forms/annual_action_plan.pdf</a>
<b>JANESVILLE</b>	<a href="http://www.ci.janesville.wi.us/Library/new/Consolidated%20Plan%202008%20Action%20Plan.pdf">http://www.ci.janesville.wi.us/Library/new/Consolidated%20Plan%202008%20Action%20Plan.pdf</a>
<b>KENOSHA</b>	<a href="http://www.kenosha.org/departments/development/pdf/2005-2009_Consolidated_Plan_Final.pdf">http://www.kenosha.org/departments/development/pdf/2005-2009_Consolidated_Plan_Final.pdf</a>
<b>LA CROSSE</b>	<a href="http://www.cityoflacrosse.org/index.asp?NID=1526">http://www.cityoflacrosse.org/index.asp?NID=1526</a>
<b>MADISON</b>	<a href="http://www.cityofmadison.com/cdbg/docs/2008ActionPlan.pdf">http://www.cityofmadison.com/cdbg/docs/2008ActionPlan.pdf</a>
<b>MILWAUKEE</b>	<a href="http://www.ci.mil.wi.us/ImageLibrary/User/jsteve/CONPLAN.pdf">http://www.ci.mil.wi.us/ImageLibrary/User/jsteve/CONPLAN.pdf</a>
<b>NEENAH</b>	<a href="http://www.ci.neenah.wi.us/departments/community_development/block_grant/index.html">http://www.ci.neenah.wi.us/departments/community_development/block_grant/index.html</a>
<b>OSHKOSH</b>	<a href="http://www.ci.oshkosh.wi.us/Community_Development/pdf/2008_CDBG_Action_Plan.pdf">http://www.ci.oshkosh.wi.us/Community_Development/pdf/2008_CDBG_Action_Plan.pdf</a>
<b>RACINE</b>	<a href="http://www.cityofracine.org/Depts/development/#plans">http://www.cityofracine.org/Depts/development/#plans</a>
<b>SHEBOYGAN</b>	<a href="http://www.ci.sheboygan.wi.us/Development/DevelopmentHome.html">http://www.ci.sheboygan.wi.us/Development/DevelopmentHome.html</a>
<b>SUPERIOR</b>	<a href="http://commerce.wi.gov/CD/cd-boh-wns.html">http://commerce.wi.gov/CD/cd-boh-wns.html</a>
<b>WAUSAU</b>	<a href="http://commerce.wi.gov/CD/cd-boh-wns.html">http://commerce.wi.gov/CD/cd-boh-wns.html</a>
<b>WAUWATOSA</b>	<a href="http://www.wauwatosa.net/ImageLibrary/User/tszudy/AP2008.pdf">http://www.wauwatosa.net/ImageLibrary/User/tszudy/AP2008.pdf</a>
<b>WEST ALLIS</b>	<a href="http://www.ci.west-allis.wi.us/development/dev_services.htm">http://www.ci.west-allis.wi.us/development/dev_services.htm</a>
<b>DANE CO</b>	<a href="http://www.danecountyhumanservices.org/pdf/cdbg/cdbg_consol_2004-2008.pdf">http://www.danecountyhumanservices.org/pdf/cdbg/cdbg_consol_2004-2008.pdf</a>
<b>MILWAUKEE COUNTY</b>	<a href="http://www.ci.mil.wi.us/ImageLibrary/User/jsteve/NSP_PROPOSED.pdf">http://www.ci.mil.wi.us/ImageLibrary/User/jsteve/NSP_PROPOSED.pdf</a>
<b>WAUKESHA City/County</b>	<a href="http://www.homecortium.com">http://www.homecortium.com</a>

## B. Distribution and Uses of Funds

The Wisconsin Department of Administration proposes to allocate the Neighborhood Stabilization Program (NSP) funds through the following programs:

Wisconsin Housing and Economic Development Authority (WHEDA) Foreclosed Home Purchase Program	\$ 1,763,286
CDBG Entitlement Communities (not receiving a direct allocation)	\$ 9,000,000
Statewide Regional Allocations	\$22,237,925
Incentive Allocations	\$ 2,176,307
Administration	\$ 3,601,605
<b>Total</b>	<b>\$38,779,123</b>

### *Distribution.*

The Department is committed to directing NSP funds to areas of greatest need and has been working with the University of Wisconsin Extension - Center for Community Economic Development to obtain and analyze complete Circuit Court foreclosure data for all 72 Wisconsin

counties. This complete statewide dataset, that refines and builds upon the HUD foreclosure and abandonment risk data, will be available (with data updated through September 2008) in early December. It will provide the most accurate assessment of the foreclosure issues within the State of Wisconsin. A full data set, including all of 2008 data, will be available in early January. This data will be used by Entitlements, other local units of government, Tribes, Housing Authorities, Community Action Agencies, and other organizations applying for NSP funds and by the State in evaluating applications. See Attachment C for maps depicting HUD Neighborhood Stabilization Program Targeting for data through 2007.

As noted in the Area of Greatest Needs Summary above, significant problems with foreclosed and abandoned properties are a statewide issue. Wisconsin is fortunate to have a network of local governments, Housing Authorities, Community Action Agencies, and other not-for-profit organizations that are capable and experienced in delivering NSP type activities and have service areas that blanket almost all areas of the state. Many of these agencies also have an exceptional track record of collaborating with local governments, and other affordable housing service providers to efficiently and effectively address issues on a more regional scale.

The Department of Commerce award determinations for the CDBG Entitlement Communities, Statewide Regional Allocations, and Incentive Allocation initiatives will be based on responses to Request for Proposal (RFP). The applications received will be rated based on several criteria, including targeting to areas of greatest need, prior experience, capacity and readiness of the applicant to perform, evidence of application coordination and formal/informal working partnerships, ability to leverage other resources, relationship to area revitalization, Smart Growth and other plans, ability to meet or exceed requirements for benefiting very low income households and ability to achieve long term affordability to targeted households.

Using up to date data from the UW-Extension NSP Targeting dataset, the Department will establish 4-8 regions for determining regional funding allocations.

#### *Use of Funds.*

WHEDA will use up to \$1.8 million to provide permanent principal reduction for participant buyers at or below 120% of CMI. Funds would be targeted to areas of highest need with the capacity to provide the rehab, counseling, and housing related services including the Cities of Milwaukee, Racine, Kenosha, Beloit, and Green Bay.

Commerce intends to direct up to \$9 million of the NSP allocation for CDBG Entitlements that did not receive an initial HUD NSP allocation. These communities will need to file an application, individually or as part of a collaborative effort, in response to a Request for Proposal (RFP) process which would include articulating how they intend to target funds in areas of greatest need. In a recent survey Commerce conducted, these communities indicated they had potential projects that would use over \$33 million of NSP funds.

Commerce intends to allocate over \$18 million of the NSP allocation for applicants that include local governments, Tribes, Housing Authorities, Community Action Agencies and other not-for-profit organizations. These funds could benefit high-need areas in any part of the state of Wisconsin including the City of Milwaukee and CDBG entitlements. Each applicant would need

to file an application in response to a Request for Proposal (RFP) process which would include articulating how they intend to target funds in areas of greatest need. An initial survey of nonentitlement areas was conducted where it was indicated they could use over \$81 million of NSP funds. We are fortunate to have many housing providers in this state capable of handling these funds in a short time period.

Commerce intends to use an incentive allocation that would distribute up to \$2 million of original NSP funds. It would also be funded with NSP dollars that are recouped from grantees that are not meeting timelines and performance measures. We have had successful experience with this in the past as it has motivated grantees to quick starts and higher performance levels. This is especially important given the 18-month obligation period for NSP funds. These funds will be released through a subsequent but simplified RFP process in January 2010 to NSP grantees that evidence sufficient early progress in obligating funds and exceeding the 1% purchase discount and 25% low-income benefit thresholds. Application materials for the Incentive Allocation and any recouped funds will be available December 11<sup>th</sup>, 2009. Distribution of recouped funds will be consistent with the NSP initial regional allocation whenever possible. Funds may also be used to meet unanticipated needs, including larger projects with unexpected costlier rehabilitation or lead based paint hazard removal, to take advantage of opportunities resulting from new NSP regulation interpretations, and address significant shifts in areas of new foreclosure occurrences in Wisconsin. This delayed RFP allocation would be available to successful grantees in the entitlement and regional allocation categories.

The remainder of the NSP funding (9.3 percent or \$3,601,605) will support administration expenses including the provision of training and technical assistance and the completion of environmental reviews.

WI NSP grantees may use funding to support land bank activities, community land trusts, down payment and closing costs, rehabilitation costs and lead paint removal and any of the ELIGIBLE USES identified under sec. 2301 (c) (3).

*Ensuring the Greatest Needs are Met.* To ensure that the distribution and uses of the grantee's NSP funds will be distributed to the areas of greatest need regarding the initial regional allocation, Commerce plans to allocate funds within 4-8 regions (following county lines) of the state. Regional allocations would be based on a combination of factors including high rates of home foreclosures, subprime and high interest mortgages, abandonment risk and the number of foreclosures and subprime and high interest mortgages. The NSP funds available for distribution in each region would be based on the cumulative totals of each county within the region. A unit of local government would not be guaranteed a specific amount of NSP funds assigned to it. Commerce will encourage collaboration between eligible applicants within each region and facilitate efforts that identify lead agencies for application and contracting purposes. In reviewing applications for NSP funds Commerce intends to carefully review proposed activities to insure they address "greatest need" thresholds for each of the need categories identified in the NSP statute.

Commerce has partnered with the University of Wisconsin-Whitewater to provide complete data sets at the census tract level to better pinpoint the areas of greatest need for the state, counties, and entitlement communities. This needs data will be available to potential RFP applicants and others via the web. Commerce will also utilize the datasets to establish “greatest needs” thresholds and allocate funding through the established formula.

<b>Eligible Use</b>	<b>NSP Target Factors</b>	<b>Rate*</b>	<b>Priority Need Level</b>	<b>Priority Need Level</b>	<b>Priority Need Level</b>	
			<b>0-50%</b>	<b>51-80%</b>	<b>81-120%</b>	
<b>Eligible Use B Purchase, Rehab, &amp; Sell (Homebuyer)</b>	Foreclosure Rates	>6%	High	High	High	
		4-6%	High	High	High	
		<4%	Medium	Medium	Medium	
		>25%	High	High	High	
	High-Cost Mortgage Rates	15-25%	High	High	High	
		<15%	Medium	Medium	Medium	
		>4%	Low	Low	Low	
	Vacancy Rates (Owner)	2-4%	Medium	Medium	Medium	
		<2%	High	High	Medium	
		>6%	Low	Low	Low	
	Unemployment Rate	4-6%	Medium	Medium	Medium	
		<4%	High	High	Medium	
		>6%	High	High	Medium	
	Foreclosure Rates	4-6%	High	High	Medium	
		<4%	Medium	Medium	Low	
		>25%	High	High	Medium	
<b>Eligible Use B Purchase, Rehab, &amp; Rent (Rental)</b>						
	High-Cost Mortgage Rates	15-25%	High	High	Medium	
		<15%	High	High	Medium	
		>4%	High	High	Low	
	Vacancy Rates (Owner)	2-4%	High	High	Medium	

		<2%	High	High	Medium	
		>6%	High	High	Medium	
	Unemployment Rate	4-6%	High	High	Medium	
		<4%	High	High	Medium	
		>6%	High	High	High	
	Foreclosure Rates	4-6%	High	High	Medium	
		<4%	Medium	Medium	Low	
<b>Eligible Use E</b>		>25%	High	High	High	
<b>Redevelopment</b>	High-Cost Mortgage Rates	15-25%	High	High	High	<b>Non-Housing</b>
		<15%	High	High	High	<b>Outcome</b>
		>4%	Low	Low	Low	<b>Medium</b>
	Vacancy Rates (Owner)	2-4%	Medium	Medium	Low	<b>Medium</b>
		<2%	High	Medium	Medium	<b>Low</b>
		>6%	High	High	Medium	<b>High</b>
	Unemployment Rate	4-6%	High	High	Medium	<b>High</b>
		<4%	High	High	Medium	<b>Medium</b>

*\*See Attachment B graphs for distributions of Foreclosure Rates, High-Cost Mortgage Rates, Vacancy Rates, and Unemployment Rates*

The priority need-level funding formula addressing NSP target factors noted in the above tables allows the State to focus not only on whether the proposed service area for an activity is an area of greatest need but also on whether the proposed activity makes sense for the area.

For example, if an area has:

- Foreclosure rate = 5.5% (high)
  - High-Cost Mortgage Rate = 17% (high)
  - Vacancy Rate = 3% (medium)
  - Unemployment = 6.5% (high)
- a proposal for Eligible Use B Homebuyer Assistance would trigger a "red flag" because of the high unemployment – how could this activity be a priority in this particular area given what would appear to be a lack of homebuyers?
  - a proposal for Eligible Use C Land Banking would not trigger a red flag since the area is high foreclosure, high-cost mortgage rate, and high unemployment.

### C. Definitions and Descriptions

#### (1) Definition of “blighted structure” in context of state or local law.

The October 6, 2008, Federal Register Notice provides definitions for purposes of the CDBG Neighborhood Stabilization Program. The definition of “blighted structure” states a “*structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare.*”

Wisconsin will use the definition of blighted property contained in Wisconsin Statutes, Chapter 66 General Municipality Law, [s. 66.1333 (1) (2m) (bm), Wis. Stats.] as it applies to residential properties. That definition states, in part: “*any property within a city...which by reason of dilapidation, deterioration, age or obsolescence, inadequate provisions for ventilation, light, air or sanitation, high density of population and overcrowding, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, is conducive to ill health, transmission of disease,...retards the provisions of housing accommodations or constitutes an economic or social liability and is a menace to the public health, safety, morals or welfare in its present condition and use....*”

#### (2) Definition of “affordable rents.”

Wisconsin will use the HOME standards at 24 CFR 92.252(a), (c), (e), and (f) to define affordable rents, including:

- The maximum rent will be the lesser of: (a) the fair market rent for existing housing for comparable units in the area as established by HUD; or (b) a rent that does not exceed 30% of the adjusted income of a family whose annual income equals 65% of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit.
- The maximum monthly allowances for utilities and services will be those used by the local housing authority.
- Units assisted with NSP funding must meet the affordability requirements for not less than the applicable period specified without regard to the term of any loan or mortgage or the transfer of ownership. The affordability requirements will be imposed by use of a deed restriction on the assisted property:

<b>Rental Housing Activity</b>	
Rehab or acquisition of existing housing per unit assistance:	<b>Minimum Period of Affordability in Years</b>
<\$15,000	5
\$15,000 - \$40,000	10
>\$40,000 or rehab involving financing	15
New Construction or acquisition of newly constructed housing	20

- Subsequent rents during the affordability period: Rents are recalculated by HUD periodically and distributed. The rents for a project are not required to be lower than the rent limits for the project in effect at the time of project commitment.

Project owners will be provided with information on updated rent limits so rents may be adjusted in accordance with the written agreement between the agency and the owner. Owners must annually provide information on rents and occupancy of the assisted units to demonstrate compliance.

Any increase in rents for assisted units is subject to the provisions of outstanding leases, and in any event, the owner must provide tenants of those units not less than 30 days prior written notice before implementing any increase in rents.

(3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

Homeownership housing affordability will utilize the HOME standard at 92.254, including:

- The housing must be single-family housing.
- The housing must be modest housing:  
The purchase price/after rehabilitation value cannot exceed 95% of the median purchase price for the area as contained in the Single-Family Mortgage Limits under Section 203(b) of the National Housing Act (which may be obtained from the HUD Field Office);
- Under HERA/NSP, housing must serve a household with incomes  $\leq 120\%$  of area median income.
- The housing must be the principal residence of the family throughout the affordability period.
- Periods of affordability:

<b>Homeownership Activity</b>	
	<b>Minimum Period of Affordability Years</b>
Rehab or acquisition of existing housing per unit assistance:	
<\$15,000	5
\$15,000 - \$40,000	10
>\$40,000 or rehab involving financing	15
New Construction or acquisition of newly constructed housing	20

- Recapture requirements must be imposed to ensure affordability. The recapture provisions will ensure that all or a portion of the NSP assistance to homebuyers, if the housing does not continue to be the principal residence of the family for the duration of the period of affordability, is returned to assist additional eligible households. The specific structure of recapture provisions will be based on subgrantee program design and market conditions. All recapture provisions will be based upon net proceeds available at sale. Acceptable recapture options include: (a) recapture of the entire amount of assistance from the homeowner; (b) reduction of the amount during affordability period based on length of time the property has been owned and occupied by the homeowner; (c) shared net proceeds.

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

The State's HOME Program Rehab Standards will apply to NSP-assisted existing housing activities. These Rehab Standards require that properties meet all applicable local and state codes and laws and that the properties be decent and safe. The Rehab Standards currently require the use of Energy Star rated components in rehabilitation projects.

All new construction will adhere to the Wisconsin Uniform Dwelling Code, which incorporates the Model Energy Standard. Developers of new housing are encouraged to incorporate green building and energy efficiency into their projects. Commerce may also partner with Focus on Energy to provide incentives for installing energy efficiency improvements to units.

#### **D. Low Income targeting**

Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income (AMI): \$9,694,800.

*Note:* At least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50 percent of area median income.

Response:

The estimated amount of NSP funds to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties that will meet the requirement that 25% of funds be used to serve households with incomes at or below 50% of area median income is \$9,694,800.

All applicants will be encouraged to respond to the housing needs of households that do not exceed 50% AMI through the scoring system for applications.

The State anticipates that approximately 70% of the rental activity funds will benefit households earning less than 50% AMI.

#### **E. Acquisitions & Relocation**

Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e.,  $\leq$  80% of area median income).

If so, include:

- The number of low- and moderate-income dwelling units—i.e.,  $\leq$  80% of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.
- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e.,  $\leq$  120% of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP

activity providing such housing (including a proposed time schedule for commencement and completion).

- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.

Response:

The State anticipates that approximately 80 properties will be demolished in census tracts where at least 51% of the residents have incomes less than 80% of AMI.

Vacant land resulting from demolition activities will be utilized to benefit low-income neighborhoods and individuals. Redevelopment sites will be utilized for affordable housing. Since specific sites will only be identified after completion of the RFP process, it is possible some sites may not have the potential for redevelopment. The State will consider proposed local uses for those sites, including use as green space.

For new construction activity it is estimated that 35 housing units will benefit households earning less than 50% AMI and 35 housing units will benefit households earning between 51-80% AMI. It is estimated that this activity would commence in February 2009 and be completed by February 2013.

## **F. Public Comment**

Provide a summary of public comments received to the proposed NSP Substantial Amendment.

**Note:** proposed NSP Substantial Amendment must be published via the usual methods and posted on the jurisdiction's website for no less than 15 calendar days for public comment.

Response:

The State consulted with and solicited input from a broad range of units of local government, and public, private, and non-profit agencies in preparation of the NSP Substantial Amendment. Commerce and WHEDA collaborated weekly on priorities and programs to address Wisconsin's areas of greatest need. Commerce hosted a web survey (Oct. 6–24) for NSP eligible applicants to share their possible projects and funding requests so that Commerce could better estimate activities/outcomes for the NSP Substantial Amendment. Over 100 communities/agencies participated in the survey. Commerce, WHEDA, and HUD-Milwaukee staff facilitated a roundtable discussion with CDBG Entitlements on Oct. 17 and hosted web training for other eligible applicants on Oct. 20. Over 200 entities have viewed the web training. Updated amendment information is posted on the Division of Housing website.

On November 7, 2008, the Substantial Amendment was posted on the Department of Commerce. The official public examination and comment period for the Substantial Amendment was November 8-23, 2008, with written, emailed, or faxed comments accepted until 9:00 AM on November 24. Notification of the comment period and an Amendment summary was published in the Wisconsin State Journal, the official State newspaper, on November 8. Notices were also published in the Wausau Daily Herald, Appleton Post Crescent, Eau Claire Leader Telegram, Beloit Daily News, and La Crosse Tribune. In an effort to reach out to more English as a Second

Language residents, Spanish and Hmong translations of the Amendment summary were available on the Commerce website or via mail.

The Department of Commerce received 20 written comments during the public comment period. Three of the comments were not relevant. Of the remaining 17 comments, three requested using NSP funds for activities that are not eligible under federal regulations for the program. The relevant comments that were received during the public comment period are summarized in Attachment D.

On November 17, 2009, the Substantial Amendment with modifications to Section B. ***Distribution and Uses of Funds*** and Section G ***NSP information By Activity*** was posted on the Division of Energy, Housing, and Community Resources formerly the Department of Commerce website and a notification of a 15-day comment period and summary was published in the Wisconsin State Journal, the official State newspaper. The modifications included

- adjusting Total Budgets for Activities to be consistent with contracted projects,
- modifying the Foreclosed Home Purchase program (WHEDA) Activities, Performance Measures, and Budget,
- further defining the incentive allocation RFP process

The public examination and comment period for the modifications to the Substantial Amendment was November 17 – December 2, 2009, with written, emailed, or faxed comments accepted until 9:00 AM on December 2, 2009. One comment was received recommending that funds be made directly available to income eligible families to purchase or rent housing rather than be awarded to municipalities, non-profit housing and CAP agencies. Due to the complexity of the NSP program requirements, and the necessity to address the foreclosure housing crisis within a tight timeline, Commerce chooses to continue to award NSP funds to entities that have a proven record of working successfully with the regulations of Federal housing programs, preserving low-income housing, and assisting low-income households to purchase and rent this housing. The Department believes that our NSP grantee municipalities, non-profits, and CAP agencies have the in-depth knowledge of both their at-risk housing markets and the needs of their low-, moderate- and middle-income constituency to best deliver the services available through the NSP.

**G. NSP Information by Activity (Complete for each activity)**

**(1) Activity Name: FORECLOSED HOME PURCHASE PROGRAM**

**(2) Activity Type:** NSP Eligible Use (A) Financing mechanism for purchase of foreclosed, and vacant homes. Activities include direct homeownership assistance.

**Correlated Eligible Activities From the CDBG Entitlement Regulations**

- As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206
- 24 CFR 570.201 (n) Direct homeownership assistance

**(3) National Objective:** Low-, moderate- and middle-income persons benefit as defined in the NSP Notice (≤ 120% of area median income).

**(4) Activity Description:** The Wisconsin Housing and Economic Development Authority (WHEDA) is establishing the NSP Foreclosed Home Purchase Program which is designed to assist in the purchase and rehabilitation of foreclosed or abandoned single-family homes by qualifying borrowers who will own and occupy the homes.

WHEDA would use funds to provide a permanent principal reduction to households less than 120% AMI to get their PITI below 35% (but not less than 29%) which will assist in assuring 30% of the funds inure to the benefit of households earnings less than 50% AMI.

All borrowers must complete a minimum of 8 hours of face-to-face pre-purchase homebuyer education (HUD certified counseling). At least 30% of the NSP funding will benefit households under 50% AMI.

The purchase price of the property must be at least 1% less than the appraised value of the property. The appraisal will be done within 60 days of the final offer to purchase.

**(5) Location Description:** The Program would be available in areas of greatest need based on the comparison of the UW Extension data to the HUD guidelines of greatest need including the Cities of Milwaukee, Racine, Beloit, Kenosha, and Green Bay.

**(6) Performance Measures**

Estimated Households Assisted\* by Area Median Income (AMI)

<b>0 -50% AMI</b>	<b>51-80% AMI</b>	<b>81-120% AMI</b>	<b>Total</b>
19	22	21	62

\* Estimates for first use of funds. Reuse of program income will increase numbers of households assisted.

**(7) Total Budget:** \$1,763,286.00

**(8) Responsible Organization:**

Wisconsin Housing and Economic Development Authority (WHEDA)  
201 West Washington Ave. Suite 700  
Madison, WI 53701-1728  
Contact: Diane Schobert, Business Development Officer  
P 608-266-0191 F 608-266-0729 [diane.schobert@wheda.com](mailto:diane.schobert@wheda.com)

**(9) Projected Start Date:** February 2009

**(10) Projected End Date:** February 2013

**(11) Specific Activity Requirements:**

Interest rates not to exceed 7.25%

See Part C. *Definitions and Description* for ensuring continued affordability

**(1) Activity Name: ACQUISITION, REHAB, AND RESALE OF FORECLOSED OR ABANDONED HOMES**

**(2) Activity Type:** NSP Activity (B) Purchase and rehabilitation of foreclosed or abandoned residential properties in order to sell such homes and properties. Activities include acquisition, disposition, direct homeownership assistance, rehabilitation, housing counseling.

**Correlated Eligible Activities From the CDBG Entitlement Regulations**

- 24 CFR 570.201
  - (a) Acquisition
  - (b) Disposition
  - (i) Relocation
  - (n) Direct homeownership assistance (as modified below)
    - 570.202 eligible rehabilitation and preservation activities for homes and other residential properties (HUD notes that rehabilitation may include counseling for those seeking to take part in the activity)
- As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206

**(3) National Objective:** Low-, moderate- and middle-income persons benefit as defined in the NSP Notice ( $\leq 120\%$  of area median income).

**(4) Activity Description:** The Department anticipates that approximately one third of the funds awarded through the RFP process will be directed to this activity primarily for expanding affordable homeownership opportunities. The properties acquired will be ultimately made available to income-eligible buyers. The Department anticipates that approximately 20% of the funds will benefit households earning less than 50% AMI.

Properties acquired under this program will have a purchase discount of at least 1% from appraised value. The appraisal will be done within 60 days of the final offer to purchase.

Each homebuyer must complete a minimum of 8 hours of homebuyer education from a HUD certified counseling program.

**(5) Location Description:** To be determined through the RFP process using available areas of greatest need based on the comparison of the UW Extension data to the HUD guidelines of greatest need.

**(5) Performance Measures**

**Estimated Households Assisted\* by Area Median Income (AMI).**

<b>0-50% AMI</b>	<b>51-80% AMI</b>	<b>81-120% AMI</b>	<b>Total</b>
30	75	50	155

*\* Estimates for first use of funds. Reuse of program income will increase numbers of households assisted.*

**(7) Total Budget:** \$21,547,192.51

**(8) Responsible Organization:**

Department of Administration  
NSP Program Manager  
Division of Housing  
101 East Wilson St., 5<sup>th</sup> Floor  
P.O. Box 7970  
Madison, WI 53707-7970  
Telephone: (608) 264-7839 FAX: (608) 266-5381

**(9) Projected Start Date:** February 2009

**(10) Projected End Date:** February 2013 - extended due to program income receipts

**(11) Specific Activity Requirements:**

Properties acquired under this program will have a purchase discount ranging from 5-15%.

See Part C. *Definitions and Description* for ensuring continued affordability

**(1) Activity Name:** ACQUISITION, REHAB, AND RENTAL OF FORECLOSED OR ABANDONED HOMES.

**(2) Activity Type:** NSP Activity (B) Purchase and rehabilitation of foreclosed or abandoned residential properties in order to rent such homes and properties. Activities include acquisition and rehabilitation.

**Correlated Eligible Activities From the CDBG Entitlement Regulations**

- 24 CFR 570.201
  - (a) Acquisition
  - (b) Disposition
  - (i) Relocation
- As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206

**(3) National Objective:** Low-, moderate- and middle-income persons benefit as defined in the NSP Notice (≤ 120% of area median income).

**(4) Activity Description:** The Department anticipates that approximately one third of the “competitive” NSP funding (funds awarded through the RFP process) will be directed to this activity primarily for expanding affordable housing opportunities. The Department anticipates that approximately 70% of the funds will benefit households earnings less than 50% AMI.

Properties acquired under this program will have a purchase discount of at least 1% of appraised value. The appraisal will be done within 60 days prior to the offer to purchase.

**(5) Location Description:** To be determined through the RFP process using available areas of greatest need based on the comparison of the UW Extension data to the HUD guidelines of greatest need.

**(6) Performance Measures**

**Estimated Households Assisted by Area Median Income (AMI)**

<b>0-50% AMI</b>	<b>51-80% AMI</b>	<b>81-120% AMI</b>	<b>Total</b>
83	30	12	125

*\* Estimates for first use of funds. Reuse of program income will increase numbers of households assisted.*

**(7) Total Budget:** \$6,493,332.16

**(8) Responsible Organization:**

Department of Administration  
 NSP Program Manager  
 Division of Housing  
 101 East Wilson St., 5<sup>th</sup> Floor  
 P.O. Box 7970  
 Madison, WI 53707-7970  
 Telephone: (608) 264-7839 FAX: (608) 266-5381

**(9) Projected Start Date:** February 2009

**(10) Projected End Date:** February 2013- extended due to program income receipts

**(11) Specific Activity Requirements:**

Properties acquired under this program will have a purchase discount ranging from 5-15%.

See Part C. *Definitions and Description* for ensuring continued affordability

**(1) Activity Name: LANDBANKING**

**(2) Activity Type:** NSP Eligible Use C. Activities include acquisition and disposition

**Correlated Eligible Activities From the CDBG Entitlement Regulations**

- 24 CFR 570.201
  - (a) Acquisition
  - (b) Disposition

**(3) National Objective:** Low, moderate and middle income (LMMI) persons benefit as defined in the NSP Notice ( $\leq 120\%$  of area median income).

**(4) Activity Description:** The State will look to locally established land banks to identify foreclosed homes within targeted neighborhoods meeting the LMMI area benefit requirements. The land banks will acquire and dispose of the property within 10 years by: 1) holding and maintaining the home in its portfolio for future redevelopment; 2) demolishing the home if it is blighted and maintain the property in its portfolio; 3) selling the cleared site to a developer for redevelopment; or 4) rehabilitating the home and either selling it to an eligible homebuyer or to a local partner as rental property.

**(5) Location Description:** To be determined through the RFP process using available areas of greatest need based on the comparison of the UW Extension data to the HUD guidelines of greatest need.

**(6) Performance Measures:** Properties acquired – estimated as 40. Of the properties acquired, it is estimated that 25% or approximately 10 units will benefit households with incomes less than 50% AMI and the balance will benefit households with incomes between 51-120% AMI. All housing activities will be subject to the definitions of affordability in Part C. *Definitions and Description*.

**(7) Total Budget:** \$583,947.00

**(8) Responsible Organization:**

Department of Administration  
NSP Program Manager  
Division of Housing  
101 East Wilson St., 5<sup>th</sup> Floor  
P.O. Box 7970  
Madison, WI 53707-7970  
Telephone: (608) 264-7839 FAX: (608) 266-5381

**(9) Projected Start Date:** February 2009

**(10) Projected End Date:** February 2013 - extended due to program income receipts

**(11) Specific Activity Requirements:**

The State will seek a purchase discount rate of at least 1% from appraised value.

The eligible properties for demolition will be those meeting the definition of blighted property in Part C. *Definitions and Description*.

This initiative will require that a disposition strategy be identified in the RFP. The primary interim and long-term uses of these properties would be for either owner-occupied or rental property in accordance with applicable affordability requirements. Proceeds of an affordable resale will be repaid as program income. Rent payments received will be used for the normal costs associated with rental property ownership, including debt services, utilities and insurance, management costs, and operating and replacement reserves. Rent revenues not used for these purposes will be considered program income.

**(1) Activity Name: DEMOLITION OF BLIGHTED STRUCTURES**

**(2) Activity Type:** NSP Eligible Use D. Activities include clearance

- **Correlated Eligible Activities From the CDBG Entitlement Regulations 24 CFR 570.201**
  - (d) Clearance for blighted structures only.

**(3) National Objective:** Low-, moderate- and middle-income persons benefit as defined in the NSP Notice ( $\leq 120\%$  of area median income).

**(4) Activity Description:** The properties demolished with these funds will be blighted structures (See Part C. *Definitions and Description*). Priority will be given to tax reverted property owned by a local unit of government or owned or under control of a land bank. Privately owned properties will also be considered for demolition.

Once a blighted structure(s) is identified, the local partner will contract and/or perform eligible activities. Eligible activities are costs directly associated with:

- Deconstruction and demolition (includes utility shut off and hazardous materials testing and removal);
- Clearance, removal and disposition of materials;
- Site restoration (grading, seeding, and curb replacement)

**(5) Location Description:** To be determined through the RFP process using available areas of greatest need based on the comparison of the UW Extension data to the HUD guidelines of greatest need.

**(6) Performance Measures:** Demolished sites estimated at 80.

**(7) Total Budget:** \$1,075,397.55

**(8) Responsible Organization:**

Department of Administration  
NSP Program Manager  
Division of Housing  
101 East Wilson St., 5<sup>th</sup> Floor  
P.O. Box 7970  
Madison, WI 53707-7970  
Telephone: (608) 264-7839 FAX: (608) 266-5381

**(9) Projected Start Date:** February 2009

**(10) Projected End Date:** February 2013 - extended due to program income receipts

**(11) Specific Activity Requirements:**

This activity will produce cleared sites that alleviate the negative impact of blight on the LMMI neighborhood resulting in positive area-wide benefit.

**(1) Activity Name: REDEVELOPMENT**

**(2) Activity Type:** NSP Eligible Use E. Activities include acquisition, disposition, public facilities and improvements, and new construction.

Correlated Eligible Activities From the CDBG Entitlement Regulations

- 24 CFR 570.201(a) Acquisition,
  - (b) Disposition,
  - (c) Public facilities and improvements,
    - (e) Public services for housing counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties,
    - Relocation, and
    - (n) Direct homeownership assistance (as modified below)
      - 570.202 eligible rehabilitation and preservation activities for homes and other residential properties (HUD notes that rehabilitation may include counseling for those seeking to take part in the activity)
- 204 Community based organizations

**(3) National Objective:** Low-, moderate- and middle-income persons benefit as defined in the NSP Notice ( $\leq 120\%$  of area median income).

**(4) Activity Description:** This program will involve the reuse of vacant properties, including vacant structures and demolished properties. Vacant structures may be commercial, single-family or multi-family properties. Activities under this section may be limited to acquisition only for blighted structures, with additional activity on these sites to be conducted under the activity *Demolition of blight structures*.

Properties will be acquired at a discount from the appraised market value in their as-is condition. Properties will be inspected and redeveloped to the extent necessary to assure marketability and conformance with local codes.

Redeveloped properties may include public facilities, rental, or homeownership. Gap financing will be provided for new construction or conversion to housing that is affordable to families earning under 120% AMI. Proposals will be evaluated based on economic feasibility, the amount of the project gap, the timeline for completion, and evidence of committed funding sources necessary to undertake the project.

The minimum affordability period for assistance under this activity will be dependent on the reuse of the property. See Part C. *Definitions and descriptions*. Properties redeveloped as public facilities will meet the area wide benefit requirements.

**(5) Location Description:** To be determined through the RFP process using available areas of greatest need based on the comparison of the UW Extension data to the HUD guidelines of greatest need.

**(6) Performance Measures**

**Estimated Households Assisted\* by Area Median Income (AMI)**

<b>0-50% AMI</b>	<b>51-80% AMI</b>	<b>81-120% AMI</b>	<b>Total</b>
50	35	5	90

*Estimates for first use of funds. Reuse of program income will increase numbers of households assisted.*

**(7) Total Budget:** \$3,760,204.00

**(8) Responsible Organization:**

Department of Administration  
NSP Program Manager  
Division of Housing  
101 East Wilson St., 5<sup>th</sup> Floor  
P.O. Box 7970  
Madison, WI 53707-7970  
Telephone: (608) 264-7839 FAX: (608) 266-5381

**(9) Projected Start Date:** February 2009

**(10) Projected End Date:** February 2013 - extended due to program income receipts

**(11) Specific Activity Requirements:**

Housing activities will meet the affordability requirements in Part C. *Definitions and descriptions.*

Properties acquired under this program will have a purchase discount of at least 1% of appraised value. The appraisal will be done within 60 days of the final offer to purchase.

**(1) Activity Name:** ADMINISTRATION

**(2) Activity Type:** Administration – General Management and Oversight as allowed under 24 CFR 570.206

**(3) National Objective:** Low-, moderate- and middle-income persons benefit as defined in the NSP Notice ( $\leq$  120% of area median income).

**(4) Activity Description:** The Department anticipates distributing the administrative funds as follows:

- 3% will be reserved for Department of Administration (including pre-award activities as allowed under 24 CFR 570.200(h)), training and technical assistance, and environmental reviews).
- 7% will be available for local project administration and WHEDA program administration.  
[Local grantees will receive up to 7.5% administrative funds due to how overall NSP administrative dollars are calculated. The state will allow grantees to retain and reuse NSP program income and deduct 10% of these amounts for administrative purposes at least through February 2013.]

**(5) Location Description:** Department of Administration, WHEDA, & to be determined once local grants are awarded.

**(7) Total Budget:** \$3,555,727.78

**(8) Responsible Organization:**

Department of Administration  
NSP Program Manager  
Division of Housing  
101 East Wilson St., 5<sup>th</sup> Floor  
P.O. Box 7970  
Madison, WI 53707-7970  
Telephone: (608) 264-7839 FAX: (608) 266-5381

**(9) Projected Start Date:** February 2009

**(10) Projected End Date:** February 2013 - extended due to program income receipts