

STATE OF WISCONSIN

Department of Administration



PRELIMINARY APPLICATION FOR COMMUNITY DEVELOPMENT NON- REGIONAL HOUSING PROGRAM (Small Cities Housing Program)

CDBG-HOUSING

2024

STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
DIVISION OF ENERGY, HOUSING AND COMMUNITY RESOURCES
BUREAU OF COMMUNITY DEVELOPMENT



Table of Contents

Section I	Introduction	3
Section II	CDBG Housing Eligibility Criteria	4
Section III	Initial Application Process	11
Section IV	2024 CDBG Housing Grant Timeline	13
Section V	Forms and Instructions	14

SECTION I
INTRODUCTION

Funding for the Community Development Block Grant (CDBG) Small Cities Housing Program is provided to the State of Wisconsin by the U.S. Department of Housing and Urban Development (HUD). CDBG funds are under the oversight of the Department of Administration (DOA), Division of Energy, Housing and Community Resources (DEHCR).

Letter of Intent (see Section VI) must be submitted electronically via email and received by DEHCR by 4:00 p.m. March 25, 2024.

This document provides basic information about the Wisconsin CDBG Small Cities Non-Regional Housing application process.

For more information, please contact:

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SECTION II

CDBG HOUSING ELIGIBILITY CRITERIA

This publication is for the 2024 Community Development Block Grant (CDBG) Small Cities Non-Regional award process. It includes the Letter of Intent and explanation for determining awards for applications submitted under the Wisconsin CDBG Small Cities Non-Regional Housing program.

I. Definitions

A. **Division of Energy, Housing and Community Resources (DEHCR)**

The Division of Energy, Housing and Community Resources (DEHCR) is the agency responsible for the administration of the CDBG Housing Program.

B. **Entitlement City/County**

A city or urban county which receives CDBG funds directly from the U.S. Department of Housing and Urban Development (HUD) are not eligible to receive CDBG funds as a part of the Wisconsin CDBG Small Cities Housing Program. A list of entitlement cities and counties may be found under the following link:

[Entitlement Communities](#)

C. **Accessibility Improvements**

Rehabilitation to permit improved access to low – and moderate - income (LMI) persons with physical challenges.

D. **Low Income (LI)**

LI means 50% of the county median income, or 50% of the state median income, whichever is greater, by family size as annually determined by HUD. The 2023 Income Levels are now available on the DOA website under this link:

[Income limits](#)

E. **Moderate Income (MI)**

MI means 80% of the county median income, or 80% of the state median income, whichever is greater, by family size as annually determined by HUD. The 2023 Income Levels are now available on the DOA website under this link:

[Income Limits](#)

II. Eligible Applicants

- A. To be eligible to request funding under this grant program, the applicant must be a general-purpose unit of local government not participating in the CDBG Entitlement Program. Indian Tribes are not eligible for the CDBG Small Cities Housing Program. Tribes receive funding under a special Indian Block Grant administered by the Department of Housing and Urban Development.
- B. An applicant with past CDBG housing awards must show evidence of project completion or satisfactory progress and must be compliant with all CDBG projects (not limited to housing). Any and all identified violations of CDBG

administrative rules, and regulations must be resolved to DEHCR's satisfaction prior to making a funding award.

- C. An applicant's past performance may impact eligibility and/or the level of funding committed to a unit of local government.
- D. An applicant may submit only one application for CDBG Housing funds per funding cycle.

III. Eligible Activities

Activities eligible under the CDBG Small Cities Housing program include but are not limited to:

- 0% deferred payment housing rehabilitation loans, including reconstruction to low- and moderate-income (LMI) owner-occupants.
- 0%, monthly repayment, rehabilitation loans, including reconstruction to owners of LMI renter-occupied units.
- Accessibility improvements for LMI persons with disabilities.
- Sewer and water laterals from the lot line to the LMI-occupied dwelling unit.
- Wells and septic systems for LMI-occupied dwelling units.
- Direct assistance to LMI households to facilitate and expand homeownership (e.g., reasonable closing costs and up to 50% of the required down payment). Applicants for homebuyer assistance funds should be aware that homebuyer education will be a required component of this activity.
- Conversion of structures into dwelling units to be occupied by LMI households.
- Neighborhood code enforcement activities which will result in improvements to LMI occupied units.
- Hazard mitigation activities such as floodproofing, landscaping to improve drainage, or sewer back flow prevention.
- Lead based paint reduction and abatement activities for LMI owner occupied and renter occupied households. CDBG funds used to address lead-based paint will be provided as a grant to the household.

IV. Ineligible Activities

Activities NOT eligible for funding under the CDBG Small Cities Housing program include:

- New housing construction (digging basement, drain tiles, foundation, backfill, driveway, parking lot, private sidewalk).
- Additions or the converting/finishing of vacant or under-used space (except as necessary to relieve overcrowding).
- Personal Property furnishings (excludes stoves and refrigerators).
- Mechanicals in new construction (water heaters, furnaces).

V. Estimated Funding Level

It is estimated that approximately \$500,000 will be available for funding CDBG Small Cities Non-Regional Housing applications in 2024. Reference the multiplier on pg. 11.

VI. Grant Award Modification

DEHCR reserves the right to adjust the award amount from the amount requested in the application based on the following criteria:

- Funding availability/Federal budget;
- Performance and progress in any and all other DEHCR programs;
- Capacity to complete the proposed activities;
- LMI benefit of the proposed activities;
- Other Housing grants currently in force in the community; and
- Financial and programmatic audit results from any and all other DEHCR programs.

VII. CDBG Housing Contract

The CDBG Housing contract performance period will be approximately 12 months.

VIII. Funding Cycle

Letter of Intent for the 2024 CDBG Housing program must be received no later than 4:00 p.m., March 25, 2024. Final applications will be due May 27, 2024.

IX. Other Considerations

DEHCR reserves the right to amend, modify, or withdraw this application package and any of the grant program instructions, procedures, or rules contained herein and may exercise such right at any time and without notice and without liability to any applicant or other parties for their expenses in the preparation of an application or otherwise.

X. Disbursal of Funds

Successful applicants receiving CDBG grant awards will be required to manage their funds so that the disbursal of funds takes place within three days of receipt.

ATTACHMENT 1

DAVIS BACON - LABOR STANDARDS QUESTIONS AND ANSWERS

Q: Do Davis-Bacon wage rates ever apply to single-family home or duplex rehabilitation?

A: No.

Q: Do Davis-Bacon wage rates ever apply to apartment rehabilitation?

A: Yes. They apply to rehabilitation and/or conversion work in mixed-use buildings and to rehabilitation work in apartment buildings that contain eight or more apartments.

Q: What is a mixed-use building?

A: A mixed-use building is one that contains or will contain both residential and commercial or industrial uses after the rehabilitation/ conversion work is completed.

Q: Is rehabilitation work in a mixed-use building ever exempt from Davis-Bacon wages?

A: Yes. If there are less than eight apartments in the building, and the rehabilitation work is confined to the interior of the apartment(s) or the areas common to the apartments only (e.g., residential hallways, stairways) Davis-Bacon wage rates will not apply. However, no work can be done, on siding or utilities, or public areas that serve the entire building.

Q: We have a ten-unit apartment building where the owner wants to do the rehabilitation work himself. Will Davis-Bacon Labor Standards apply?

A: Yes. Since there are more than seven apartments, Davis-Bacon regulations will apply. The owner must submit a payroll form showing how many hours a day he works on the project but need not show any wage information for himself. If he hires someone to help him for any of the work, that person must be paid Davis-Bacon wages. If he subcontracts any part of the work (e.g., plumbing or electrical) the contractor(s) must pay Davis-Bacon wages and file all the required reports.

Q: Would the same rule apply to the owner of a mixed-use building working on his own apartments?

A: Yes.

Q: We have an empty warehouse which the owner wants to convert to apartments. The building will be all residential when it is done. Will Davis-Bacon Labor Standards apply?

A: It depends on the number of apartments the owner will create. If there will be eight or more units, Davis-Bacon wages will apply. If there will be seven or less, they will not apply.

Q: We have an eight-unit apartment, but only four units need rehabilitation. Will Davis-Bacon Labor Standards apply?

A: Yes. Coverage is determined by the number of units in the building, not by the number to be rehabilitated.

Q: Is a single-family dwelling containing a home occupation a mixed-use building?

A: Technically, yes. In practical terms, we do not consider it a mixed-use building unless there have been additions or permanent modifications to the building which make part of it useable only for the business purpose. A spare bedroom used as an office would not count. A beauty parlor added to the side of a home and useable only for that purpose would make the building a mixed-use building.

Q: Our program includes purchasing vacant homes and duplexes and renovating them for resale. Will Davis-Bacon Labor Standards apply?

A: No, Davis-Bacon will not apply.

ATTACHMENT 2

LENDING OPTIONS FOR LANDLORDS AND DEVELOPERS

Loans to landlords and/or developers must be repaid in monthly installments. Repayment of installment rehab loans must begin within 60 days of the completion of the rehabilitation. All loans are provided at 0% interest.

1. RE: ALL LOANS FOR RENTER-OCCUPIED UNITS

Property owners must guarantee LMI occupancy for a minimum of 5 years. If the term of the loan is extended beyond 5 years, the property owner must guarantee the LMI occupancy for at least half the term years of the loan. For example, if the CDBG repayment is extended over 12 years, the unit must be rented to LMI households for at least 6 years.

The length of time given for repayment of the CDBG funds is left to the grantee's discretion.

ATTACHMENT 3

CDBG HOMEBUYER OPPORTUNITY LENDING PROGRAM

A unit of local government receiving a Community Development Block Grant (CDBG) for housing may use a portion of the CDBG funds to offer low- and moderate-income (LMI) renter households the opportunity to become owner-occupants.

CDBG funds may be used to pay for reasonable closing costs and up to one-half of the required down payment (CDBG to pay no more than 10% of the purchase price) to enable an LMI household to purchase a home. CDBG funds may be used to pay eligible down payment and closing costs for new construction projects as well as existing housing units.

All down payment loans must be matched 1:1. The matching down payment may be from other grant funds or the homebuyer's contribution. The matching sources must be documented with the project file.

The CDBG funds are secured with a second mortgage and are required to be paid back only when the house ceases to be the owner's principal place of occupancy.

LMI households participating in the Homebuyer Program must contribute at least \$1,000 in personal funds toward the purchase of the property.

All participants in the Homebuyer Program must receive pre-purchase homebuyer education from an approved HUD certified housing counselor in the following areas:

- Homebuyer Education;
- Basics of the Home Purchase Process; and
- Post-purchase Expectations.

SECTION III

INITIAL APPLICATION PROCESS

1. All counties (except Dane*, Milwaukee and Waukesha** which receive funds directly from HUD) are currently a part of a CDBG region. (Map is found at [Regional Housing Map](#)) CDBG funds are currently available for ALL low- and moderate-income households in Wisconsin. If your local unit of government applies and receives funds through this non-regional application, you will no longer be a part of the CDBG region and will NOT have access to the regional CDBG Housing funds until June 2026.
2. The CDBG Small Cities Non-Regional Housing program has a total of \$500,000 available for this non-regional application.
3. Funds will be determined using a formula that includes the following factors:
 - Affordability rate;
 - Households below 80% of the County Median Income paying more than 30% of their income on housing;
 - Unemployment rate;
 - Number of LMI households; and
 - Number of structures built prior to 1960.

DEHCR will use the multiplication factor for your region times the number of LMI households in your local unit of government. The 2011-2015 American Community Survey will be used to determine the number of LMI households in your local unit of government. This data can be found at <https://www.hudexchange.info/manage-a-program/acs-low-mod-summary-data-local-government/>.

Region	Counties	Multiplication Factor
Northwest Housing Region	Ashland, Bayfield, Burnett, Douglas, Iron, Price, Rusk, Sawyer, Taylor and Washburn	\$2.80
Northwoods Housing Region	Florence, Forest, Langlade, Lincoln, Menomonee, Oconto, Oneida, Shawano and Vilas	\$2.85
West Central Housing Region	Barron, Buffalo, Chippewa, Clark, Dunn, Eau Claire, Pierce, Pepin, Polk and St. Croix	\$1.98
Central Housing Region	Adams, Green Lake, Juneau, Marathon, Marquette, Portage, Waupaca, Waushara, Wood	\$2.13
Northeastern Housing Region	Brown, Calumet, Door, Fond du Lac, Kewaunee, Manitowoc, Marinette, Outagamie, Sheboygan, Winnebago	\$1.89

South West Housing Region	Crawford, Grant, Green, Iowa, Jackson, Lafayette, La Crosse, Monroe, Richland, Trempealeau, Vernon	\$2.11
Southern Housing Region	Columbia, Dodge, Jefferson, Kenosha, Ozaukee, Racine, Rock, Sauk, Walworth, and Washington	\$2.05

Note: This award amount may be reduced if applications are received with totals exceeding the \$500,000 available.

4. After the Letters of Intent are reviewed, DEHCR will send an “Invitation to Apply” letter to applicants. This letter will invite applicants to submit a final application for funds.
5. The final application will be due by 4:00 p.m., May 27, 2024.
6. Final applications will be reviewed to ensure that all required documentation is satisfactory and complies with CDBG requirements.
7. Local units of government submitting a final application will be awarded funds based, in part, on available funding.

**Cottage Grove, Dane, De Forest, Edgerton, Maple Bluff, Mazomanie, Rockdale are non-entitlement municipalities*

*** Chenequa, Oconomowoc Lake, and Village of River Hills are non-entitlement municipalities*

SECTION IV

2024 GRANT TIMELINE

Preliminary Application Release and Publication	February 23, 2024
Preliminary Application Deadline (Letter of Intent)	March 25, 2024
Final Application Deadline	May 27, 2024
Final Award Letters	June 2024
Implementation Training for Program Administrators	July 2024
CDBG Housing Contracts	July 2024

Please note:

The Department reserves the right to adjust the deadlines throughout the grant cycle. Please check our web site for updates.

SECTION V

FORMS and INSTRUCTIONS

Complete the Letter of Intent form enclosed and email to:

Doadehcrcommunitydevelopment@wisconsin.gov

**All Letters of Intent must be received via email by 4 p.m. on
March 25, 2024.**

(PLACE THE FOLLOWING ON THE UGLG'S LETTERHEAD)

LETTER OF INTENT

I _____ of the
(Chief Elected Official's name) (Title)
_____(Community name),
_____County, Wisconsin,

Hereby express our interest in participating in the Wisconsin Community Development Block Grant (CDBG) housing program.

I understand that federal monies are available under the Wisconsin Community Development Block Grant Housing program, administered by the State of Wisconsin, Department of Administration, Division of Energy, Housing and Community Resources, for the purpose of housing activities.

By means of this letter, I am requesting that the Division of Energy, Housing, and Community Resources, Department of Administration, include the _____(Community name) in the 2024 CDBG Small Cities Non-Regional Housing Application Selection process.

I understand that if the _____(Community name) is funded for a 2024 CDBG grant award, CDBG requirements must be met.

I understand that upon award of a 2024 CDBG Small Cities Non-Regional Housing grant my community will NOT have access to the regional CDBG Housing funds until June 30, 2026.

I hereby attest that the _____(Community name) will comply with all of the provisions of the Community Development Block Grant program.

Chief Elected Official's Signature

Title

Print name

Date