

APPENDIX 3-1 HOUSING PROGRAMS IN KENOSHA COUNTY

Government sponsored housing programs have been inventoried to assess government's potential to help the private sector meet housing needs. The full array of government sponsored programs and funding availability is almost continually changing, therefore, this section focuses on those programs that have the potential for increasing the availability of lower-cost housing and rehabilitation in Kenosha County. Many of the programs available in Kenosha County are administered through local and State agencies that receive funding from the Federal government. Agencies involved in administering housing programs include the U.S. Department of Housing and Urban Development (HUD), the Wisconsin Department of Commerce Division of Housing and Community Development, the Wisconsin Housing and Economic Development Authority (WHEDA), the U.S. Department of Agriculture (USDA) Rural Development program, the Kenosha County Housing Authority, and the City of Kenosha Housing Authority. Information on programs offered by federal and state agencies that defer or alleviate housing and rehabilitation costs, including Veterans Administration and State Historical Society programs, and information on private and quasi-public housing programs, including "green development" related programs, is also provided.

In addition, the Wisconsin Department of Commerce-Division of Housing and Community Development released a Household Housing Guide in February 2007 that provides contacts and a brief description of housing programs available for low- and moderate-income households in the State. The guide can be found at the Department of Commerce website at <http://commerce.wi.gov/CDdocs/BOH-Fact-Sheets/cd-boh-housing.pdf>.

HOUSING PROGRAM ADMINISTRATORS

U.S. Department of Housing and Urban Development (HUD)

HUD provides funding for a number of housing programs, including the Section 8 Low-Income Rental Assistance Program, the Home Investment Partnership Act (HOME), and the Community Development Block Grant program (CDBG). In order for units or agencies of government to apply for and receive HUD housing grants or public housing funds, they must prepare a Comprehensive Housing Authority Strategy (CHAS) and submit that strategy to HUD for approval. The purpose of the CHAS is to ensure that communities receiving funding from HUD have planned for the housing-related needs of low- and moderate-income households in a way that improves the availability and affordability of adequate housing. The CHAS must also include consideration of persons needing supportive services, identify the manner in which private resources will be incorporated in addressing identified housing needs, and provide for both rental and homeownership options.

The Federal Housing Administration (FHA)

The FHA was established by Congress in 1934 and became part of HUD's Office of Housing in 1965. The FHA insures mortgage loans for single family and multi-family homes from FHA-approved lenders throughout the Nation, including Kenosha County. FHA mortgage insurance provides approved lenders with protection against losses as the result of default on a loan. The lender bears less risk because the FHA will pay a claim to the lender in the event of a homeowner default. This allows FHA insured loans to be made with less cash investment than other loans, which increases accessibility to lower-income households.

U.S. Department of Agriculture (USDA) Rural Development

The USDA administers the Federal Government's primary program addressing America's need for affordable rural housing. USDA Rural Development provides loans and grants to develop rural community facilities in cities, villages, and towns with populations less than 20,000 that



are not part of an urban area. The USDA provides affordable housing opportunities for low- to moderate- income families in Kenosha County, but excludes the City of Kenosha, Village of Pleasant Prairie, and the eastern portion of the Town of Somers, which are part of the Kenosha urbanized area.

Wisconsin Department of Commerce, Division of Housing and Community Development (DHCD)

DHCD manages numerous Federal and State programs that provide housing assistance to elderly, disabled, and low- and moderate-income households, and the homeless throughout Wisconsin, including Kenosha County. DHCD manages and administers all HUD funding for those communities that do not get direct funding from HUD. This includes all communities in Kenosha County with the exception of the City of Kenosha whose Housing Authority gets much of its funding directly from HUD. DHCD provides funding and technical assistance to local governments and non-profit housing organizations that administer the programs at the local or county level, including WHEDA, the Kenosha County Housing Authority, and the City of Kenosha Housing Authority. Federal programs that DHCD administers include CDBG and CDBG-EAP funding, Development Projects Program, numerous programs under HUD's HOME Investment Partnerships Program (HOME). In addition, DHCD develops state housing policy and administers emergency housing assistance to communities that do not get direct funding from HUD.

Wisconsin Housing and Economic Development Authority (WHEDA)

WHEDA was created by the Wisconsin Legislature in 1972 as a nonprofit "public benefit corporation" to help meet the housing needs of lower-income households in the State. This purpose has expanded to include providing housing facilities to meet the needs of households with disabled or elderly members. The programs are financed through the sale of tax-exempt bonds and receive no State tax support. These programs involve the administration of several Federally-funded grants and housing tax credits.

The Kenosha County Housing Authority

The Kenosha County Housing Authority administers housing programs that help conserve, rehabilitate, or improve properties owned or occupied by low- and moderate-income residents in Kenosha County, outside of the City of Kenosha. The Kenosha County Housing Authority offers two loan programs, the Housing Rehabilitation Loan Program and the Homestead Opportunity Loan Program. The Kenosha County Housing Authority also administers the Fox River Flood Mitigation Program, a program to acquire and demolish residential structures and relocate displaced residents from the 1 percent annual recurrence (100 year) floodplain of the Fox River.

GOVERNMENT SPONSORED HOUSING PROGRAMS

The following sections describe programs funded by the State and Federal governments for construction of single- and multi-family housing and programs that provide financial assistance for down payments, loan guarantees, or rental assistance.

HUD Programs

Wisconsin Community Development Block Grant (CDBG) Program

HUD provides community development block grants to entitled counties, entitlement communities, and States (for distribution to non-entitlement communities) for housing programs that principally benefit low- and moderate-income households and other community development purposes. Counties, entitlement communities, and States develop their own specific programs and funding priorities under the CDBG program; however, maximum priority must be given to activities which either benefit low- and moderate-income persons or aid in the

prevention or elimination of blight or slums. States must ensure that over a three year period, at least 60 percent of CDBG funds awarded to non-entitlement communities are used for activities that benefit low- and moderate-income households. HUD defines communities entitled to grants as principal cities of a metropolitan statistical area (MSA), other metropolitan cities with a population of at least 50,000, and urban counties with a population of at least 200,000, excluding the population of any entitlement communities within the county. The City of Kenosha is designated an entitlement community and currently receives and administers CDBG funding directly from HUD. Although the City of Kenosha is designated an entitlement area, the remainder of Kenosha County is not designated an entitlement area, so local governments or the County must apply for CDBG Small Cities Housing Program grant funding from DHCD, which administers the CDBG program for non-entitlement areas.

The Federal HOME Investment Partnership Program (HOME)

HOME is the largest Federal block grant to State and participating local governments and HOME consortiums designed to create affordable housing for low- and very-low income households. Each year, HUD distributes about \$2 billion in HOME funding to State and local governments and HOME consortiums based on formula grants to fund a wide range of activities including building, buying, and rehabilitating affordable housing for rent or homeownership, and for the direct provision of rental assistance to low-income households. States are automatically eligible for HOME funds and receive either their formula allocation or \$3 million, whichever is greater. Based on eligibility, local jurisdictions can qualify for up to \$500,000 under the formula (or less depending upon the annual amount allocated by Congress in the federal budget). The City of Kenosha is designated as an entitlement community for the HOME program and currently receives and administers HOME funding directly from HUD. Communities that do not qualify for an individual allocation under the formula have two methods in which to receive HOME funds; these communities can join with neighboring communities in a legally binding HOME consortium (where combined membership meets the threshold for direct funding), or can apply for funding from the State, in this case through either WHEDA or the DHCD.

The HOME program allows states and local governments to use HOME funds for grants, direct loans, loan guarantees or other forms of credit assistance, or rental assistance or security deposits for eligible households. Eligible activities include the provision of funds to qualifying homeowners and new homebuyers for home purchasing or rehabilitation finance assistance; financial assistance to build or rehabilitate housing for rent or ownership; site acquisition or improvement; demolition costs to make way for HOME-assisted development; and payment of relocation expenses. In addition, local communities may use HOME funds to provide tenant-based rental assistance. For rental housing and assistance, at least 90 percent of benefiting families must have incomes that are no more than 60 percent of the HUD-adjusted median family income for the area. In rental projects with five or more assisted units, at least 20 percent of the units must be occupied by households with incomes that do not exceed 50 percent of the HUD-adjusted median income. The incomes of households receiving HUD assistance must not exceed 80 percent of the area median income. The HOME program requires that each participating local government match 25 cents of every dollar in program funds to support affordable housing.

There are numerous programs under the HOME Investment Partnership Program that are administered by either WHEDA or DHCD, including the following sub-programs:

- HOME Ownership Mortgage Loan Program

The HOME Loan Program administered by WHEDA, offers long-term, below-market, fixed-rate financing for low- to moderate-income, first-time homebuyers. Features and benefits of this program include a below-market, fixed interest rate with up to a 30-year term; a low down payment required with down-payment assistance available; lower mortgage insurance premiums; and Mortgage Guardian mortgage payment protection in



the event of involuntary job loss. For Kenosha County, eligible properties include new or existing single-family detached dwellings; manufactured housing on land owned by the applicant and taxed as real estate; condominiums; and two, three, or four unit dwellings which are least five years old.

- HOME Plus Loan Program

The HOME Plus Loan Program, administered by WHEDA, provides financing of up to \$10,000 for down payment and closing costs, and a line of credit for future home repairs. Borrowers must have less than \$4,500 in liquid assets to be eligible to receive HOME Plus funds for down payment and closing costs. Those with liquid assets exceeding \$4,500 may still request the line of credit for future home repairs. Eligible properties must be occupied by the owner and can be anywhere from one to four units.

- American Dream Downpayment Initiative (ADDI)

ADDI provides financing of up to \$10,000 to first-time low- to moderate-income homebuyers for down payment, closing costs, and rehabilitation costs carried out in conjunction with the home purchase. Rehabilitation may include, but are not limited to, the reduction of lead paint hazards and remediation of other home health hazards, and must be completed within one year of home purchase. To be eligible for ADDI assistance, buyers must have incomes at or below 80 percent of the County median income. ADDI assistance is administered by the DHCD through the HOME Homebuyer and Rehabilitation (HHR) Program.

Housing Choice Voucher Program - Section 8

The Housing Choice Voucher Program, better known as Section 8, increases affordable housing choices for low-income households by allowing families to choose privately-owned rental housing. This is also referred to as "Tenant-Based Assistance". A public housing authority (PHA) generally pays the landlord the difference between 30 percent of a family's gross household income and the PHA-determined payment standard, about 80 to 100 percent of the fair market rent (FMR). Housing authorities may be established by counties and local governments. There are two housing authorities in the County; they include the Kenosha County Housing Authority and the City of Kenosha Housing Authority. Of the two housing authorities, only the City of Kenosha Housing Authority administers and provides vouchers directly to clients in the City of Kenosha.

WHEDA administers the Section 8 program outside the City of Kenosha. In recent years, WHEDA has contracted with Horizon Management Group, Inc., based in La Crosse County with an office in Sheboygan County, to administer the program in Kenosha County and provide vouchers directly to clients.

Prior to 1981, another portion of Section 8 rental assistance was disbursed directly to individual property owners. This was referred to as "Project-Based Assistance." HUD entered into 20-year contribution contracts with individual property owners to provide subsidies for lower-income tenants. Because this component of the Section 8 program was eliminated in 1981, the number of rental housing units subsidized in this manner has been decreasing as contracts with property owners expire. Contracts remaining in effect are the result of "renewal" of contracts initiated prior to 1981.

Section 202 Supportive Housing for the Elderly Program

HUD provides interest-free capital advances to private, nonprofit sponsors to finance the development of supportive housing for the elderly. Supportive housing allows the elderly to live independently, but in an environment that provides support services including transportation, cooking, and cleaning. The capital advance does not have to be repaid as long as the project serves very low-income elderly persons for 40 years. Project rental assistance funds are



provided to cover the difference between the HUD-approved operating cost for the project and the tenants' contribution towards rent. Project rental assistance contracts are approved initially for five years and are renewable based on the availability of funds. Private nonprofit organizations can apply to develop a Section 202 project if they can, among other requirements, submit a resolution that they will provide a minimum capital investment equal to 0.5 percent of the HUD-approved capital advance. Public entities are not eligible for funding under this program. Occupancy in Section 202 housing is open to any very low-income household comprised of at least one person who is at least 62 years old at the time of initial occupancy.

Section 811 Supportive Housing for Persons with Disabilities

HUD provides interest-free capital advances to private nonprofit sponsors to finance the development of rental housing such as independent living projects, condominium units, and small group homes that will provide supportive services for people with disabilities. The capital advance does not have to be repaid as long as the project serves very low-income persons with disabilities for 40 years. Project rental assistance funds are provided to cover the difference between the HUD-approved operating cost for the project and the tenants' contribution towards rent. Project rental assistance contracts are approved initially for five years and are renewable based on the availability of funds. Nonprofit organizations with a Section 501 (c) (3) tax exemption from the IRS can apply to develop a Section 811 project if they can, among other requirements, submit a resolution that they will provide a minimum capital investment equal to 0.5 percent of the HUD-approved capital advance, up to a maximum of \$10,000. Occupancy in Section 811 housing is open to any very low-income household comprised of at least one person who is at least 18 years old and has a disability, such as a physical or developmental disability or chronic mental illness.

Rehabilitation Mortgage Insurance - Section 203 (k)

This FHA (which became part of HUD in 1965) program insures mortgages designed for properties in need of rehabilitation. Property acquisition costs are combined with rehabilitation costs under one mortgage as opposed to two, which is the traditional method. The ability to consolidate the mortgages results in a single long-term mortgage with relatively low interest rates and a streamlined process for the borrower and lender. They are also available to those who might not otherwise qualify for conventional mortgages. Section 203 (k) insures mortgages covering the purchasing or refinancing and rehabilitation of a home that is at least one year old. A portion of the loan proceeds are used to pay the seller, or, in a refinance situation, to pay off the existing mortgage, and the remaining funds are placed in an escrow account and released as rehabilitation is completed. The rehabilitation cost must be at least \$5,000 and there are no income limits for eligibility.

Property Improvement Loan Insurance (Title I)

This FHA program insures loans made by private lenders to borrowers, many of whom might not be eligible for a traditional loan, for the purpose of making home improvements. Loans are insured for up to 20 years on single family or multi-family properties. The maximum loan amount is \$25,000 for a single family property and \$12,000 per housing unit not to exceed a total of \$60,000 for a multi-family property. Loan funds may be used for light to moderate rehabilitation of single family and multi-family structures, or to construct a non-residential structure on a single family property. Loans may also be used to purchase fire safety equipment. The intent of the program is to provide financing for permanent improvements that protect or improve the basic livability and utility of a property, including manufactured homes, single family and multi-family structures, non-residential structures, and preservation of historic homes.



USDA Rural Development Programs

Farm Labor Housing Loans and Grants

Farm Labor Housing Loans and Grants provide low-cost financing for the development of affordable rental housing for both year-round and migrant "domestic farm laborers" and their households. These programs may be used to build, buy, improve, or repair farm labor housing and provide related facilities, such as on-site child care centers.

Housing Preservation Grant

The Housing Preservation Grant program (HPG) provides assistance to public agencies and non-profit organizations, for the repair and rehabilitation of low- and very-low income housing. HPG funds are generally combined with funds from other programs and are used as loans, grants, or subsidies for recipient households based on a plan contained in the sponsoring agency or organizations application. Funds must be used within a two-year period. The sponsoring agency or organization must have matching funds available in order to receive a grant.

Rural Rental Housing Direct Loans

Rural Rental Housing Direct Loans provide loans for the development of affordable multi-family rental housing in rural communities. Low and very-low income households are targeted as tenants, but moderate income households are also eligible. Rural Development may also provide "Rental Assistance," a project-based tenant subsidy that pays a portion of tenant housing costs, reducing them to an affordable level (30 percent of adjusted income). Projects must be in a rural area and consist of at least two rental units.

Rural Rental Housing Guaranteed Loans

Rural Rental Housing Guaranteed Loans serve the rental housing needs of low- and moderate-income rural households by providing loan guarantees for newly constructed or rehabilitated multi-family rental property in eligible rural areas. Guarantees may be used in conjunction with other subsidy programs, such as the Low-Income Housing Tax Credit (LIHTC), HOME, or other state rental assistance programs. Loans can be made for a variety of rental housing types, for example: family, elderly, congregate housing, and mobile homes. Loans can be made for new construction, moderate or substantial rehabilitation, acquisition of buildings that provide for "special housing needs," and combination construction and permanent loans. Tenants' income cannot exceed 115 percent of the area median income, adjusted for family size. Rent (including tenant-paid utilities) for any unit at initial occupancy cannot exceed 30 percent of 115 percent of the area median income, adjusted for family size. The average rent (including tenant-paid utilities) for all units in a project cannot exceed 30 percent of area median income.

Rural Housing Repair and Rehabilitation Loans

Rural Housing Repair and Rehabilitation Loans are available to very low-income rural homeowners for repairs to improve or modernize a home or to remove health and safety hazards. Qualified homeowners can receive loans of up to \$20,000, and grants of up to \$7,500 for repairs and improvements that result in the removal of health and safety hazards.

Rural Housing Site Loans

Rural Housing Site Loans are short term loans to finance development costs of subdivisions located in rural areas. Developed lots are to be sold to families with low- to moderate-household income (up to \$5,500 above 80 percent of the county median income). Loans can be made to public or private local non-profit organizations with legal authority to buy, develop, and sell home sites to eligible applicants.



Single Family Housing Direct Loans

Single Family Housing Direct Loans are for low- and very low-income households seeking financing to purchase new or existing homes or to repair or improve a home in eligible rural areas. This subsidized housing program offers loan benefits as down payment assistance to enable purchase with a loan through a private lending source (Rural Development accepts a junior lien behind the primary lender) or as a sole source of assistance for purchase, repair, or improvement. Sole source assistance is limited to families who are unable to obtain any part of the needed credit from another lending source. To be eligible an applicant must have the ability to repay the loan, live in the home, and be a citizen or be legally admitted to the U.S. for permanent residence, among other requirements. Family income can not exceed 80 percent of the county median income. Housing cost, size, and design must meet HUD and Section 502 loan guidelines.

Single Family Housing Guaranteed Loans

The Guaranteed Rural Housing (GRH) loan program provides low- to moderate-income families with access to affordable home ownership in eligible rural areas. Approved GRH lenders provide home purchase financing requiring no down payment and can finance loan closing costs and repairs up to the property's appraised value. To be eligible, an applicant must have adequate and dependable income; be a citizen or be legally admitted to the U.S. for permanent residence; have an adjusted annual household income that does not exceed 115 percent of the median income limits for the area; and demonstrate adequate repayment ability. The home must be a new or existing stick-built or modular home that meets HUD guidelines; a new manufactured home on a permanent foundation; owner occupied and not income producing; and located in an eligible rural area or community.

Department of Veteran Affairs Home Loan Program

This program is available to veterans, active duty military personnel, and certain members of the reserves and National Guard. The program offers advantages to applicants including loans with no money down and no private mortgage insurance payments. Applicants must meet income and credit requirements for the loans, which are generally administered by lenders approved by the Department of Veteran Affairs.

DHCD Programs

Housing Cost Reduction Initiative (HCRI) Homebuyer Program

The HCRI Homebuyer Program provides down payment, closing cost, and gap financing assistance to low- to moderate-income households for affordable housing. Eligible organizations may include housing authorities, local governments, and elected governing bodies of federally-recognized American Indian tribes, non-profit groups, religious organizations, for-profit corporations, and cooperatives. To be eligible for assistance, households must have incomes at or below 80 percent of the County median income, adjusted for family size, and homebuyers must be single-family and the unit must be the primary residence of the owner.

Programs Using HOME Funds

Although some communities and counties in Wisconsin are entitled to receive funding directly from HUD, including the City of Kenosha, most communities and counties need to apply for HUD funding through the DHCD. DHCD has developed several programs using HOME funds to distribute housing assistance based on the Federal HOME Investment Partnership Program (HOME) guidelines to non-entitlement communities throughout Wisconsin.

- HOME Homebuyer and Rehabilitation (HHR) Program

The HHR program, developed and administered by DHCD, provides assistance to eligible low- to moderate-income homebuyers and homeowners for the construction, acquisition,



and rehabilitation of housing, and to eligible landlords for making essential repairs to units rented to low-income tenants. Under HHR, first-time low- to moderate-income homebuyers are eligible for assistance from the ADDI program to cover down payment, closing, and rehabilitation costs. In addition, low- to moderate-income homeowners may receive assistance to make improvements in energy-efficiency and accessibility, for lead-based paint reduction, and to repair code violations. Landlords whose tenant's income is at or below 60 percent of the county median income may also receive HHR assistance for essential repairs and rehabilitation of rental properties. Eligible landlords are further required to lease such units at or below the HUD established Fair Market Rent (FMR) value for the County. Funding for HHR comes from both the HOME program and from the ADDI sub-program under the HOME program. The City of Kenosha, an entitlement community, is not eligible for HHR funding.

- HOME Rental Housing Development (RHD) Program

In Wisconsin, the DHCD has developed a Rental Housing Development Program (RHD) to assist eligible public and private housing organizations with funding to develop affordable rental housing using funds from the HOME program. Eligible organizations include housing authorities, local governments, non-profit groups such as Community Housing Development Organizations (CHDOs)¹, and for-profit developers. Funds, which can be either grants or loans, may be used for acquisition, rehabilitation, and new construction costs, must serve households at or below 60 percent of the County median income, and projects receiving such funds are subject to rent limitations for a specified period. In addition, RHD funds can be combined with Low-Income Housing Tax Credits (LIHTC). The City of Kenosha, an entitlement community, is not eligible for RHD funding.

- HOME Tenant Based Rental Assistance (TBRA) Program

The TBRA program, administered by DHCD, provides funds for rental assistance programs to local governments, housing authorities, and non-profit organizations to provide rental assistance to help homeless persons and to prevent homelessness. Although grantees must comply with funding requirements set forth in the HOME program including the 25 percent matching grant and tenant occupancy and income requirements, DHCD allows each grantee to develop a community-specific program, allowing for flexibility in program design. The City of Kenosha, an entitlement community, is not eligible for TBRA funding.

Continuum of Care Supportive Housing

Each year, DHCD applies for funding from the HUD Continuum of Care Supportive Housing program, which supports a variety of transitional and permanent housing and supportive services for homeless people. The funds originate from a national HUD competition and the grant proposal covers 69 counties, including Kenosha County. Proposals submitted each year have acquired between \$3.6 million to \$5.7 million in grant funds which is then dispersed to organizations throughout the State. The DHCD application process is coordinated with state agencies as well as hundreds of local organizations.

Housing Opportunities for People with AIDS (HOPWA)

Authorized under the AIDS Housing Opportunity Act and the Housing and Community Development Act of 1992, the HOPWA program provides federal housing assistance and

¹ CHDO is an official designation of selected private non-profit housing development corporations that meet requirements set by HUD. A CHDO can potentially qualify for HOME funding through the State for affordable housing aimed at low- to moderate-income households. Based on information provided by the Wisconsin Department of Commerce, designated CHDO's operating in Kenosha County in 2007 eligible for applying for HOME program funding are the Franciscan Ministries, Inc. from Wheaton, Illinois, and the Southeastern Wisconsin Housing Programs, Inc. from Burlington, Wisconsin.

services to people with AIDS or AIDS-related diseases and their families. HOPWA funds may be used to assist all forms of housing designed to prevent homelessness including emergency housing, shared housing arrangements, apartments, single-room occupancy (SRO) dwellings, and community residences. Public housing agencies and non-profit organizations may be eligible, and funding for this program is provided by HUD and administered by DHCD.

State Shelter Subsidy Grant Program (SSSG)

The SSSG program provides grants to eligible public agencies, community action agencies, or private non-profit organizations to expand eligible emergency shelter housing programs or increase voucher programs. The SSSG program can provide up to 50 percent of an emergency shelter or voucher program's annual operating budget. DHCD allocates about \$1.1 million in SSSG funds to programs throughout the State each year, with grants ranging from \$1,100 to \$60,000; grants can be enhanced through the use of IBRETA funds.

Emergency Shelter Grant (ESG), Transitional Housing Grant (THP), and Homeless Prevention Program (HPP)

HUD's Emergency Shelter Grant (ESG) and DHCD's Transitional Housing Grant and Homeless Prevention Program are a collection of programs that assist in providing shelter and transitional housing, homeless prevention programs, and essential social services to homeless people and families. ESG funding can be used to increase the capacity of existing shelters and transitional housing programs, to modify existing shelters and transitional housing in order to improve accessibility, and to develop additional shelter and transitional housing in areas where shelters do not exist. THP funds support the development or expansion of transitional housing for the homeless including the development of housing and support services, to enable participants to live as independently as possible. HPP funds are used for emergency rental assistance or rental assistance for up to one year for individuals and families who are homeless or who are at risk of being homeless. Participation in Wisconsin Service Point (WISP), a Homeless Management Information System program to track homeless individuals and families, is mandatory.

Interest Bearing Real Estate Trust Account (IBRETA)

Wisconsin requires real estate brokers to establish interest-bearing real estate trust accounts for the deposit of all down payments, earnest money, or other trust funds received by the broker related to the conveyance of real estate. Each year, the interest from the trust accounts is transferred to the State's IBRETA account, about \$200,000 to \$300,000 annually. DHCD allocates these funds to help existing emergency and transitional homeless shelter programs, and to organizations that provide services to homeless individuals or families. IBRETA funds generally are used to supplement funds from other programs, such as the SSSG or PATH programs.

WHEDA Programs

Low-Income Housing Tax Credit Program (LIHTC)

Created by the Tax Reform Act of 1986, the LIHTC program gives states the equivalent of nearly \$5 billion in annual budget authority to issue tax credits for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households. The program provides an incentive by providing credit against Federal income tax liability. As a basic program requirement, rental property owners either make at least 20 percent of their housing units available to households with incomes not exceeding 50 percent of the area median family income as adjusted for family size or make at least 40 percent of their housing units available to household with incomes not exceeding 60 percent of an area's median family income as adjusted for family size. Property owners must agree to maintain these percentages for at least 30 years. The LIHTC program is administered by WHEDA in Wisconsin.



Fixed-Interest Only Loan Program

The Fixed-Interest Only Loan Program administered by WHEDA and funded by HUD, offers below-market, fixed-rate financing with reduced payments during the first seven years for eligible first-time homebuyers. The home purchase price must be at least \$150,000 and cannot exceed the purchase price limits listed above for the HOME Loan Program.

WisLoan

This program provides loans for a wide variety of residential modifications to improve accessibility for disabled persons, including ramps and home accessibility modifications for non-rental units. Individuals applying for a loan must be a Wisconsin resident, at least 18 years old (parents and other relatives can apply on behalf of disabled people under age 18), and have a disability. Applicants can request any amount needed for the modifications, but the loan amount is dependent on ability to repay the loan and availability of loan funds. The loan is available to Kenosha County residents and administered by Independence First with oversight by the Independent Living Unit of the State Bureau of Aging and Long Term Care Resources (part of the Wisconsin Department of Health and Family Services). The Independence First office located in the City of Milwaukee serves Kenosha County.

Wisconsin Historical Society's Historic Homeowners Income Tax Credit Program

The Wisconsin Historical Society administers a 25 percent tax credit program to assist in the repair and rehabilitation of private residences that are listed on the State or National Register of Historic Places, listed as contributing properties to a State or National Historic District, or deemed eligible for listing on the State register through the tax credit application process. To qualify, a minimum expenditure of \$10,000 must be made over a two- to five-year period, and credits for the repair and rehabilitation are limited to structural work, such as roof replacement, painting, floor leveling, electrical wiring, plumbing, heating, and cooling.

Housing Trust Funds

Housing trust funds can be established by county or local governments (or state governments) to support the preservation and production of affordable housing through a dedicated source of public financing. As of 2006, over 350 county and local government and 38 state housing trust funds had been established nationwide. They have combined to dedicate over \$750 million annually towards addressing affordable housing needs across the Country. As of 2007, there was only one established housing trust fund within the Region; in late 2006, the City of Milwaukee Common Council passed an ordinance creating the City of Milwaukee Housing Trust Fund. It started with base funds of \$2.5 million in 2007 from bonding. Ongoing revenue is generated from gaming proceeds, Tax Increment Financing (TIF) revenue (see Chapter XIII for additional information regarding TIF), and designated PILOT funds.² Community support for the trust fund was championed by the Milwaukee Housing Trust Fund Coalition, which was comprised of many faith and community based organizations such as the Interfaith Conference of Greater Milwaukee.

Kenosha County Housing Authority Programs*Housing Rehabilitation Loan Program*

The Housing Rehabilitation Loan Program provides no-interest, deferred payment home improvement loans to low- and moderate-income homeowners, and no-interest, installment payment loans to investment property owners who rent to low- and moderate-income households. Loans may be used for property improvements including improvement of energy-efficiency, structural repair, lead-based paint remediation and abatement, and for the

² PILOT funds are 'payments in lieu of taxes' received by the City.



conversion of properties to rental units. Properties must be within Kenosha County, but outside of the City of Kenosha.

Homestead Opportunity Loan Program

The Homestead Opportunity Loan Program offers no-interest deferred payment loans to low- to moderate-income renters for the purchase of a home. Loans may be used for payment of bank fees, closing costs, property rehabilitation, and up to 50 percent of the downpayment. Maximum downpayment assistance is 10 percent of the purchase price of the home. Properties must be within Kenosha County, but outside of the City of Kenosha.

PRIVATE AND QUASI-PUBLIC HOUSING PROGRAMS

Habitat for Humanity

Habitat for Humanity (HFH) builds and renovates homes with the help of future home owners through donations of money, materials, and volunteer labor and sells the homes to the partner families at no profit. HFH Chapters exist in adjacent Racine, Walworth, Lake, and McHenry Counties, but not in Kenosha County. The Chapters are locally run affiliates of Habitat for Humanity International, a nonprofit, ecumenical Christian housing ministry. Habitat for Humanity works in partnership with people in need to build simple, decent, affordable housing. The houses are sold to those in need at no profit and with no interest charged.

There are several criteria that are considered when determining if families are eligible for a Habitat for Humanity home, including:

Need

- Applicant's present housing must be considered inadequate as per the following:
 - applicant is unable to meet local government maintenance standards
 - the building has structural problems
 - the water, electrical, sewage, or heating systems are not functioning properly
- Applicant has not been able to obtain housing by conventional means

Ability to Pay

- Home is actually bought from the Habitat for Humanity Chapter
- Applicant must demonstrate the ability to pay to the HFH Chapter:
 - the monthly mortgage
 - real estate taxes
 - insurance
- Applicant must be able to meet all other family financial obligations
 - HFH Chapters can help develop a budget in order to determine eligibility

Willingness to Participate

- 12 hours of "sweat equity" must be completed prior to review of application
- 500 hours of "sweat equity" must be completed before house can be occupied
 - this can include hours worked by extended family or friends
- 50 hours of "sweat equity" must be donated after home is completed
 - this assures that Partner Families pass on what they have experienced



- Maintenance and repairs are the participant’s responsibility after move in
- Maintain an ongoing relationship with HFH Chapters after moving in, and includes:
 - financial counseling
 - household maintenance education

Habitat for Humanity also operates Habitat ReStores that accept donated new and used materials from individuals, contractors, and retail building supply stores. Contributors avoid hauling costs, divert materials otherwise sent to landfills, and receive a tax deduction since Habitat for Humanity is a charitable organization. The merchandise is then priced anywhere from 50 to 70 percent less than typical retail cost, thereby allowing homeowners purchasing such materials an opportunity to maintain their property. The profits from the sales are used to fund Habitat for Humanity’s mission of providing quality homes for low-income families. Habitat Restores are located in nearby the City of Racine, Wisconsin, and the Village of Gurnee, Illinois.

"Green" Development Related Programs

Energy Star Qualified Homes

Homes that earn the ENERGY STAR must meet guidelines for energy efficiency set by the U.S. Environmental Protection Agency. ENERGY STAR qualified homes are at least 15 percent more energy efficient than homes built to the 2004 International Residential Code (IRC) and include additional energy-saving features that typically make them 20 to 30% more efficient than standard homes. ENERGY STAR qualified homes can include a variety of energy-efficient features, such as effective insulation, high performance windows, tight construction and ducts, efficient heating and cooling equipment, and ENERGY STAR qualified lighting, water heaters, and appliances.

Through ENERGY STAR, builders and other home industry professionals can differentiate themselves in the market. New homes that qualify as ENERGY STAR provide greater comfort and durability for home buyers as well as savings in utility costs. Information on ENERGY STAR homes, products, and incentives can be obtained at the following website: www.energystar.gov.

Focus on Energy-Energy Star Mortgages

Through the Focus on Energy program and participating lenders, Energy Star Mortgages are available to those who purchase a Wisconsin Energy Star home. Benefits include reduced closing costs and qualifying for a slightly higher mortgage due to increased energy savings. For more information on ENERGY STAR Mortgages, the Wisconsin ENERGY STAR Homes program, or other ENERGY STAR programs see the following website: www.focusonenergy.com.

Green Built Home

Green Built Home is a national award winning green building initiative that reviews and certifies new homes and remodeling projects that meet sustainable building and energy standards. The program was founded in 1999 by Wisconsin Environmental Initiative (WEI) in partnership with the Madison Area Builders Association and is implemented in cooperation with other participating builders associations and leading utilities and organizations that promote green building and energy efficiency. Green Built Home is administered throughout Wisconsin and is the only such program in the upper Midwest. As a product of a non-profit organization, Green Built Home provides neutral third party certification of green building practices that meet environmental, health, and energy standards. Support for Green Built Home comes from builder enrollment and home registration fees as well as organizations that promote green building and energy efficiency for Wisconsin. Information on this program is available at the following website: www.greenbuiltime.org.

LEED Program

The Leadership in Energy and Environmental Design (LEED) Green Building Rating System™, created by the U.S. Green Building Council (USGBC), is a nationally recognized benchmark or standard for the design, construction, and operation of high performance green buildings. LEED gives building owners and operators the tools they need to have an immediate and measurable impact on their buildings' performance. LEED promotes a whole-building approach to sustainability by recognizing performance in five key areas of human and environmental health: sustainable site development, water savings, energy efficiency, materials selection, and indoor environmental quality. More information is available at the website: www.usgbc.org.

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