Summary of Distribution and Uses of NSP Funds:

In order to comply with the Dodd-Frank Act's stated objectives, the State of Wisconsin Department of Commerce established eligibility criteria for a sub-grantees’ eligibility to apply for NSP 3 funds with the NSP 3 Pre-Applications which were received November 29, 2010. The eligibility criteria for this NSP 3 Pre-Application included:

(A) Being a current Wisconsin Department of Commerce NSP 1 sub-grantee in order to allow rapid deployment of funds by experienced and knowledgeable high-capacity sub-grantees who have shown the ability to successfully comply with NSP 1 regulations and guidance.

(B) Having demonstrated satisfactory performance on NSP 1 of obligation of their funds per quarter as specified in their contracts. NSP 3 requires 50% of grant funds to be expended within 24 months of the contract between HUD and the State; proven capacity and this ability to structure their activities to meet this deadline are essential.

(C) Signing up for FHA “First Look” program to allow first access to FHA foreclosures, and to take advantage of the discount provided to NSP sub-grantees on these properties.

(D) Applying for one (or maximum of two) census tracts in order to distributed funds within the state to highest risk census neighborhoods:
   • That score of 13 or higher on HUD’s NSP 3 foreclosure need scores (from HUD Foreclosure Need Web site as linked to from http://www.hud.gov/nsp) that are either the same as the sub-grantee’s original NSP 1 census tracts or adjacent to one. If the sub-grantee proposes a census tract adjacent to an original NSP 1 census tract in their contract, the sub-grantee must have obligated NSP 1 funds in that original census tract.
   • Must request sufficient funds to address at least minimum the number of units stipulated by HUD datasets (or five units, whichever is greater) to create a robust and durable impact in the census tract.
   • Must be able to obligate a minimum of $750,000 (up to a maximum of $1,250,000) per census tract on eligible NSP3 housing activities. The minimum was established to assure sufficient funds to create the impact, and the maximum to allow as wide a distribution of the NSP 3 funds as feasible.

NSP 3 Pre-Applications will be reviewed to determine the percent of total grant funds requested per activity and review market justification for these activities based on the HUD demographic data. The State will have discussions with sub-grantees in January, 2011 to finalize the proposed activities. Final Applications were due into the State in February, 2011. If more funds are requested on the Final Applications than is available, the applications were ranked and grant amounts determined by criteria, including:
   • Percent of households served < 50% CMI
   • High needs risk score
   • Affordable rental housing emphasis
   • Exceeding Section 3 recruitment and hiring requirements
   • Serving high needs populations: homeless, physical or mental disability, etc.
   • Incorporation of green/energy efficient elements, access to transit, deconstruction, passive solar design features, etc.
   • Percent of total NSP 3 funds requested being leveraged by other sources
   • Cost per unit
   • Exceeding minimum period of affordability requirements

How Fund Use Addresses Market Conditions:

Ensuring Continued Affordability:

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 the Dodd-Frank Act, housing must serve a household with incomes <120% of area median income.
- The housing must be the principal residence of the family throughout the affordability period.
- Periods of affordability:
  Homeownership Activity Minimum Period of Affordability
  Rehab or acquisition of existing housing per unit assistance: Years
  <$15,000 = 5 Years
  $15,000 - $40,000 = 10 Years
> $40,000 or rehab involving financing = 15 Years
New Construction or acquisition of newly constructed housing = 20 Years

Recapture requirements must be imposed to ensure affordability. The recapture provisions will ensure that all or a portion of the NSP3 assistance to homeowners, 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 sub-grantee 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.

**Definition of Blighted Structure:**
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….”

**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 NSP3 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:

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

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.

**Housing Rehabilitation/New Construction Standards:**
The State's HOME Program Rehab Standards will apply to NSP3-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.

**Vicinity Hiring:**
The State of Wisconsin NSP3 sub-grantee applications were ranked and awarded funds based on an emphasis, to the maximum extent feasible, that sub-grantees provide for hiring of employees that reside in the vicinity of NSP3 funded projects or contract with small businesses that are owned and operated by persons residing in the vicinity of NSP3 projects.

**Procedures for Preferences for Affordable Rental Dev.:**
The State of Wisconsin NSP3 sub-grantee applications were ranked and awarded funds based on an emphasis for the development of affordable rental housing for properties assisted with NSP3 funds.

**Grantee Contact Information:**
Kate Blood
Overall

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Required</th>
<th>To Date</th>
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<tr>
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<td>Overall Benefit Percentage (Actual):</td>
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<tr>
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<td>Limit on State Admin</td>
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Progress Toward Activity Type Targets

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<th>Target</th>
<th>Actual</th>
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<tbody>
<tr>
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Project Summary

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<th>Project Title</th>
<th>This Report Period</th>
<th>To Date</th>
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<tbody>
<tr>
<td></td>
<td>Program Funds Drawdown</td>
<td>Project Funds Budgeted</td>
<td>Program Funds Drawdown</td>
</tr>
<tr>
<td>9999, Restricted Balance</td>
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Overall Progress Narrative:

Grantees have been running into problems getting started due to municipal approval processes.

As of 9/30/11, $425,041 of NSP3 funds have been obligated, and almost $390,000 (7.8%) has been expended. The activities have all been for Prairie du Chien Downtown Revitalization, Inc., for B1 activities. Of the other three grantees, Racine, Rock County Consortium and Milwaukee Consortium, Racine and Rock did not meet their quarter’s expenditure projections (Milwaukee’s first expenditures were projected for this coming quarter ending 12/31/11).

Racine and Rock Co. have been contacted and plans outlined for them to be able to perform on both last quarter’s expenditures as well as this quarter. It is expected that they will be obligating and expending their 9/30/11 commitment by November 1, 2011, and will fulfill their 12/31/11 quarterly goals on time.
## Activities

**Grantee Activity Number:** NSP3 ADM 001  
**Activity Category:** Administration  
**Project Number:** NSPADM03  
**Projected Start Date:** 04/01/2011  
**National Objective:** N/A  
**Responsible Organization:** Commerce  
**Benefit Type:** N/A  

**Activity Title:** NSP Admin  
**Activity Status:** Under Way  
**Project Title:** NSP Admin  
**Projected End Date:** 03/08/2014  
**Completed Activity Actual End Date:** Jul 1 thru Sep 30, 2011 To Date

### Budget Details

- Total Projected Budget from All Sources: N/A 125,000  
- Total CDBG Program Funds Budgeted: N/A 125,000  
- Program Funds Drawdown: 3,029.41 3,029.41  
- Program Funds Obligated: 125,000 125,000  
- Program Funds Expended: 0 0  
- Match Contributed: 0 0  
- Program Income Received: 0 0  
- Program Income Drawdown: 0 0  

### Activity Description:

NSP Commerce Admin

### Location Description:

Statewide

### Activity Progress Narrative:

No Activity Locations Found

### Other Funding Sources Budgeted - Detail

**Match Sources**  
No Other Match Funding Sources Found

**Other Funding Sources**  
No Other Funding Sources
Grantee Activity Number:  
NSP3 ADM 002 PRAIRIE DU CHIEN

Activity Category:  
Administration

Project Number:  
NSPADM03

Projected Start Date:  
04/01/2011

National Objective:  
N/A

Responsible Organization:  
PRAIRIE DU CHIEN DOWNTOWN REVITALIZATION, INC.

Benefit Type:  
N/A

Activity Title:  
NSP Admin

Activity Status:  
Under Way

Project Title:  
NSP Admin

Projected End Date:  
03/08/2014

Completed Activity Actual End Date:

Total Projected Budget from All Sources  
N/A 52,326

Total CDBG Program Funds Budgeted  
N/A 52,326

Program Funds Drawdown  
9,623 9,623

Program Funds Obligated  
0 52,326

Program Funds Expended  
9,833 9,833

Program Income Drawdown  
0 0

Match Contributed  
0 0

Program Income Received  
0 0

Activity Description:  
NSP Admin

Location Description:  

Activity Progress Narrative:  

Activity Location:  

Address City State Zip

No Activity Locations Found

Other Funding Sources Budgeted - Detail
Match Sources Amount

No Other Match Funding Sources Found

Other Funding Sources Amount

No Other Funding Sources Found

Grantee Activity Number:  
NSP3 B1 001 PRAIRIE DU CHIEN

Activity Category:  
Rehabilitation/reconstruction of residential structures

Activity Title:  
PRAIRIE DU CHIEN HBR 25%

Activity Status:  
Under Way
**Project Number:**
NSPBARRR03

**Projected Start Date:**
04/01/2011

**Projected End Date:**
03/08/2014

**National Objective:**
NSP Only - LH - 25% Set-Aside

**Responsible Organization:**
PRAIRIE DU CHIEN DOWNTOWN REVITALIZATION, INC.

**Benefit Type:**
Direct Benefit (Households)

---

## Project Title:
NSP Eligible Use B Acquisition Rehab and Resale and Rental

## Completed Activity Actual End Date:
Jul 1 thru Sep 30, 2011 To Date

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<th>Total Projected Budget from All Sources</th>
<th>Jul 1 thru Sep 30, 2011</th>
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<tbody>
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<th>Total CDBG Program Funds Budgeted</th>
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<th>To Date</th>
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<tr>
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<th>PRAIRIE DU CHIEN DOWNTOWN REVITALIZATION, INC.</th>
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<th>To Date</th>
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<tbody>
<tr>
<td>Match Contributed</td>
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<table>
<thead>
<tr>
<th>Program Income Received</th>
<th>Jul 1 thru Sep 30, 2011</th>
<th>To Date</th>
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<tr>
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<thead>
<tr>
<th>Program Income Drawdown</th>
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<th>To Date</th>
</tr>
</thead>
<tbody>
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### Accomplishments Performance Measures

<table>
<thead>
<tr>
<th># ELI Households (0-30% AMI)</th>
<th>Jul 1 thru Sep 30, 2011</th>
<th>To Date</th>
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</thead>
<tbody>
<tr>
<td>0</td>
<td>0/0</td>
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### Beneficiaries Performance Measures

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<thead>
<tr>
<th># of Households</th>
<th>Jul 1 thru Sep 30, 2011</th>
<th>To Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0/3</td>
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### Location Description:
City of Prairie du Chien

### Activity Description:
Acquisition Rehab & Resale to households <50% CMI

### Activity Progress Narrative:
No Activity Locations Found

### Other Funding Sources Budgeted - Detail

<table>
<thead>
<tr>
<th>Match Sources</th>
<th>Amount</th>
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<tbody>
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<td>No Other Match Funding Sources Found</td>
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Grantee Activity Number: NSP3 B1 002 PRAIRIE DU CHIEN

Activity Category: Rehabilitation/reconstruction of residential structures

Project Number: NSPBARR03

Projected Start Date: 04/01/2011

National Objective: NSP Only - LMMI

Responsible Organization: PRAIRIE DU CHIEN DOWNTOWN REVITALIZATION, INC.

Benefit Type: Direct Benefit (Households)

Activity Title: PRAIRIE DU CHIEN HBR

Activity Status: Under Way

Project Title: NSP Eligible Use B Acquisition Rehab and Resale and Rental

Projected End Date: 03/08/2014

Completed Activity Actual End Date: Jul 1 thru Sep 30, 2011 To Date

Total Projected Budget from All Sources: N/A 258,620
Total CDBG Program Funds Budgeted: N/A 258,620
Program Funds Drawdown: 130,000 130,000
Program Funds Obligated: 114,095 208,465
Program Funds Expended: 124,624 204,624

Match Contributed: 0 0
Program Income Received: 66,000 66,000
Program Income Drawdown: 0 0

Accomplishments Performance Measures

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<th>Performance Measure</th>
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<tr>
<td># of Singlefamily Units</td>
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Beneficiaries Performance Measures

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<th>Cumulative Actual Total / Expected</th>
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<td>Low 0 Mod 1 Total 1 Low/Mod% 100</td>
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<tr>
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<td>Low 0 Mod 1 Total 1 Low/Mod% 100</td>
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Cumulative Race Total

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<td></td>
<td>Owner</td>
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<td>Total Hispanic/Latino</td>
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<tr>
<td>Households</td>
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Activity Description:
Acquisition Rehab & Resale to households >50% CMI

Location Description:
City of Prairie du Chien

Activity Progress Narrative:
### Activity Location:

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<tr>
<th>Address</th>
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<th>State</th>
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<tbody>
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<td></td>
<td>Prairie du Chien</td>
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### Other Funding Sources Budgeted - Detail

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<table>
<thead>
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