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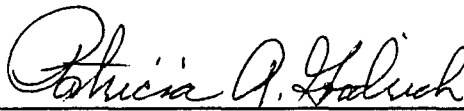
CERTIFICATE

STATE OF WISCONSIN )  
 ) SS  
DEPARTMENT OF HEALTH AND SOCIAL SERVICES )

I, Patricia A. Goodrich, Secretary of the Department of Health and Social Services and custodian of the official records of the Department, do hereby certify that the annexed rules relating to housing loans made to groups of 4 or more individuals who are recovering from alcohol abuse or drug abuse were duly approved and adopted by this Department on October 15, 1990.

I further certify that this copy has been compared by me with the original on file in the Department and that this copy is a true copy of the original, and of the whole of the original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of the Department at the State Office Building, 1 W. Wilson Street, in the city of Madison, this 15th day of October, 1990.



Patricia A. Goodrich, Secretary  
Department of Health and Social Services

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ORDER OF THE  
DEPARTMENT OF HEALTH AND SOCIAL SERVICES  
CREATING RULES

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To create HSS 70, relating to housing loans made to groups of 4 or more individuals who are recovering from alcohol abuse or drug abuse.

Analysis Prepared by the Department of Health and Social Services

This order implements s. 46.976, Stats., as created by 1989 Wisconsin Act 31, which directs the Department to establish a revolving fund in the amount of \$100,000 from which to make two-year loans of up to \$4,000 each to help finance housing for groups of four or more individuals who are recovering from alcohol abuse or other drug abuse.

The rules cover who is eligible for a loan, how to apply for a loan, what a loan can be used for, how a loan is to be repaid, and how a decision that goes against a loan applicant or recipient may be appealed.

The Department's authority to create these rules is found in s. 46.976(4), Stats., as created by 1989 Wisconsin Act 31. The rules interpret s. 46.976, Stats., as created by 1989 Wisconsin Act 31.

SECTION 1. HSS 70 is created to read:

GROUP HOMES FOR RECOVERING SUBSTANCE ABUSERS

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|---------------------------------|--|
| HSS 70.01 Purpose and Authority | HSS 70.06 Conditions on Use of<br>Loaned Funds |
| HSS 70.02 Applicability         | HSS 70.07 Repayment of Loan                    |
| HSS 70.03 Definitions           | HSS 70.08 Appeals                              |
| HSS 70.04 Program Objectives    |  |
| HSS 70.05 Applying for a Loan   |  |

HSS 70.01 PURPOSE AND AUTHORITY. This chapter is promulgated under the authority of s. 46.976(4), Stats., to make funds available in the form of loans from the revolving fund established pursuant to s. 20.435(7)(ma) Stats., and continued pursuant to s. 20.435(7)(gd), Stats., to help pay for housing in which individuals recovering from alcohol abuse or drug abuse may reside in groups of 4 or more persons. The loans are to be made to eligible non-profit entities for the provision of housing for 4 or more recovering individuals who want to rent a house or use other housing as a self-supported and self-run recovery program free of alcohol and drugs.

HSS 70.02 APPLICABILITY. This chapter applies to all applicants for a loan to help underwrite the cost of establishing a housing program under this chapter, to the department, and to any non-profit private agency that administers the loan program on behalf of the department.

HSS 70.03 DEFINITIONS. In this chapter:

- (1) "Administrative agency" means the department or an agency designated by the department to administer the revolving fund for this program.
- (2) "Alcoholic" means a person who is suffering from alcoholism.
- (3) "Alcoholism" means a disease which is characterized by the dependency of a person on the drug alcohol, to the extent that the person's health is substantially impaired or endangered or his or her social or economic functioning is substantially disrupted.
- (4) "Applicant" or "applicant group" means a group of 4 or more recovering persons interested in living in an alcohol and drug-free environment who make application for a loan under this chapter.
- (5) "Department" means the Wisconsin department of health and social services.
- (6) "Drug dependent" means a person who uses one or more drugs to the extent that the person's health is substantially impaired or his or her social or economic functioning is substantially disrupted.
- (7) "Loan agreement" means a written and signed agreement between the approved loan applicant and the administrative agency for the use of a loan made under this chapter and the conditions for repayment of the loan.
- (8) "Non-profit entity" means an organization of 4 or more recovering persons who are interested in living in an alcohol and drug-free environment, and which is an organization described in s. 501(c)(3) of the internal revenue

code as one that is exempt from federal income taxation under s. 501(a) of the code.

(9) "Recovering person" means a person recovering from alcoholism or drug dependency.

(10) "Substance abuser" means a person who is alcoholic or drug dependent.

HSS 70.04 PROGRAM OBJECTIVES. The objectives of the loan program under this chapter are:

(1) To establish, directly or through the provision of a grant or contract to a non-profit private entity, a revolving fund to make loans for the costs of establishing programs for the provision of housing in which individuals recovering from alcohol or drug abuse may reside in groups of not less than 4 individuals;

(2) To ensure that not less than \$100,000 will be available for the revolving fund;

(3) To ensure that each loan made from the revolving fund does not exceed \$4,000 and that each loan is repaid to the revolving fund not later than 2 years after the date on which the loan is made;

(4) To ensure that each loan is repaid through monthly installments and that a reasonable penalty is assessed for each failure to make a payment by the date specified in the loan agreement; and

(5) To ensure that loans are made only to nonprofit private entities which agree that, in the operation of the program established pursuant to the loan:

(a) The use of alcohol or any illegal drug by a resident whether on or off the premises will be prohibited, and any resident who violates this prohibition will be expelled from the housing;

(b) Rent and utilities, will be paid by the residents of the housing; and

(c) Residents of the housing by majority vote will otherwise establish policies governing residence in the housing, including the manner in which applications for residence are approved.

HSS 70.05 APPLYING FOR A LOAN. (1) ELIGIBILITY. (a) To be eligible for a loan, an applicant shall:

1. Be a nonprofit entity; and

2. Agree in writing:

a. To maintain the house as an alcohol and drug-free environment;

b. That residents of the house will remain alcohol and drug-free, whether they are in the house or not;

c. That any resident of the house who violates the alcohol and drug-free requirement will be expelled from the house;

d. That the costs of the housing, including rent and utilities, will be borne by the residents; and

e. That the house will be operated by the residents in a self-run, self-supported manner through shared decision-making.

(b) It is not necessary for an applicant group to acquire sponsorship or be affiliated with a treatment, rehabilitation or other program in order to be eligible for a loan.

(2) APPLICATION PROCESS. (a) An applicant for a loan under this chapter shall apply to the administrative agency on a form provided by the administrative agency. The administrative agency may, in addition to an application form, require face-to-face interviews with members of the applicant group. The administrative agency may require an applicant to submit written evidence to support assertions made as part of the application and may verify the information provided by the applicant.

(b) The administrative agency shall have written procedures on making application for a loan, which shall identify any deadlines and required documentation, and shall make the procedures available to prospective applicants upon request.

(3) REVIEW OF APPLICATIONS. (a) In its review of an application, the administrative agency shall determine that the applicant is eligible, taking into consideration:

1. Assurances that the intended use of the funds is in accordance with s. 46.976(4), Stats., and s. HSS 70.06;

2. Assurances that the applicant group can manage its own housing;

3. The group's ability to repay the loan; and

4. The needs of special populations, such as alcoholic and drug dependent individuals who are homeless.

(b) Within 45 days after receiving a complete application for a loan, the administrative agency shall either approve or deny the application and send a written, dated notice to the applicant of the approval or denial. If the application for a loan is denied, the administrative agency shall include in the notice the reasons for the denial.

Note: For a copy of the application form, write or phone the Office of Alcohol and Other Drug Abuse, Division of Community Services, Department of Health and Social Services, P.O. Box 7851, Madison, WI 53707, 608/266-2717.

HSS 70.06 CONDITIONS ON USE OF LOANED FUNDS. (1) The maximum amount of a loan shall be \$4,000.

(2) The loaned amount shall be used exclusively to pay for the cost of housing for recovering persons, and may be used only for the following purposes:

(a) Security deposit;

(b) First month's rent;

(c) Furniture purchase or rental;

(d) Home modifications, such as conversion of a basement into a game room or extra bedroom;

(e) The purchase of amenities which foster group living, such as a dishwasher, subject to the approval of the administrative agency; and

(f) Any other purpose reasonably related to acquisition, modification, maintenance, repair or furnishing of the home.

HSS 70.07 REPAYMENT OF LOAN. (1) The interest rate on a loan may not exceed the prime interest rate. In this subsection, "prime interest rate" means the lowest rate of interest on bank loans offered to preferred borrowers in Madison, Wisconsin, on the date that the loan application is approved.

(2) A loan shall be repaid to the revolving fund through monthly installments covering principal and interest over a 24-month period beginning on the date the loan is made.

(3) A reasonable penalty as specified in the loan agreement shall be assessed for each failure to pay the monthly installment by the date specified in the loan agreement. The amount paid as a penalty shall be paid to the revolving fund.

HSS 70.08 APPEALS. An applicant for a housing loan under this chapter whose loan application is either not approved or not approved in the amount requested may appeal that decision by requesting a hearing on it. The request for a hearing shall be in writing, shall be addressed to the department's office of administrative hearings and shall be received in that office within 45 days after the date of the action for which review is sought.

Note: The mailing address of the Office of Administrative Hearings is P.O. Box 7875, Madison, Wisconsin 53707-7875.

The rules contained in this order shall take effect on the first day of the month following their publication in the Wisconsin Administrative Register as provided in s. 227.22(2), Stats.

Wisconsin Department of Health and  
Social Services

Dated: October 15, 1990

By: Patricia A. Goodrich  
Patricia A. Goodrich, Secretary

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