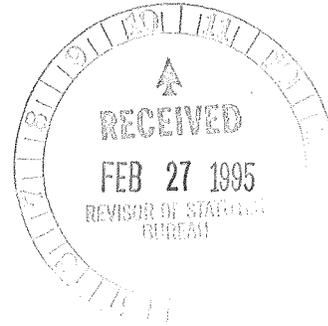


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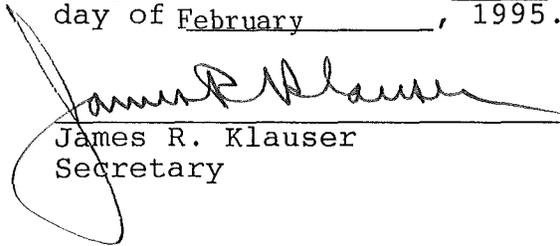


STATE OF WISCONSIN)
DEPARTMENT OF ADMINISTRATION) SS.

I, James R. Klauser, Secretary of the Department of Administration and custodian of the official records, certify that the annexed rule, relating to Small Cities Community Development Block Grants for Housing, were duly approved and adopted by this Department on February 24, 1995.

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

IN TESTIMONY WHEREOF, have hereunto set my hand at 101 East Wilson Street in the City of Madison this 24th day of February, 1995.


James R. Klauser
Secretary

ORDER OF THE DEPARTMENT OF ADMINISTRATION

The Wisconsin Department of Administration proposes an order to renumber Adm 19.02(1) through (5); to amend Adm 19.01, 19.02(6), Adm 19.04, Adm 19.05(intro.), 19.05(1) and 19.06(1); and to create Adm 19.02(1), 19.07 and Adm 19.08.

Analysis prepared by the Department of Administration:

Statute authority: ss. 16.004(1), 16.358(2), and 227.11, Stats.

Statute interpreted: s. 16.358, Stats.

SECTION 1. Adm 19.01 is amended to add a statutory reference.

SECTION 2. Adm 19.02(1) through (5) are renumbered and Adm 19.02(6) is amended to remove the requirement that 75% of program activity grant funds go to areas of a community with a greater concentration of low- and moderate-income families than the community as a whole. This amendment was made as a result of responses received from many applicants of CDBG funds. The Department already evaluates CDBG applications with a scoring emphasis placed on directing the money to communities with the greatest need. The 75% quota is redundant, it limits the flexibility of the department to award the funds to applicants best suited to effectively use the grants and limits the department's ability to modify the requirements of the program to match changing housing needs throughout the state. With the huge range of different types of communities eligible to participate in the CDBG small cities program, it would be unwise to dictate a one-size fits all formula. The department believes the evaluation criteria in Adm 19.05 provides the program with enough structure to ensure fairness while maintaining the flexibility necessary to accommodate the widely diverse housing needs represented around the state.

SECTION 3. Adm 19.02(1) is created to provide a definition for an acronym that is used in the rule.

SECTION 4. Adm 19.04 is amended to replace the word "distress" to "need" in order to distinguish between the method of evaluation for the program and that of a similar Department of Development program that evaluates on the basis of "distress."

Also, the word "community" is deleted because meaningful data for housing conditions, particularly for low and moderate income (LMI) households, is not available through the census or other statistical resources. The census did not collect household income figures in such a way that they can be matched up with LMI figures. Income data was not collected for all households in the census, but only for a small sample. Using this sample is not a reliable indicator

when dealing with small communities. Language has been added to include in the Department's consideration of all data for the program area which accurately provides a measure of LMI housing need.

SECTION 5. Adm 19.05 (intro.) has been rewritten to clarify that an applicant must provide each item of information discussed. Adm 19.05 (1) is amended to replace the word "distress" with "need."

SECTION 6. Adm 19.06(1) is amended to correct a cite omission.

SECTION 7. Adm 19.07 is created to give the department the option of using up to \$2,000,000 annually for emergency housing assistance. This provision parallels a provision in the Department of Development CDBG Public Facilities Program and provides the flexibility to respond more quickly to emergency needs that arise (i.e., tornadoes, floods, etc.) A reference to 24 CFR s. 570.483(b)(3) has not been included in this section because the department believes the 51% provision may scare away communities who have need and would be eligible under one of the other criteria.

Adm 19.08 is created to clearly stipulate that the Department has full flexibility to target recaptured CDBG funds to the use for which they are most needed, including hazard reduction.

Chapter Adm 19

SMALL CITIES COMMUNITY DEVELOPMENT BLOCK GRANTS FOR HOUSING

SECTION 1: Adm 19.01 is amended to read:

Adm 19.01 PURPOSE AND AUTHORITY. This chapter is promulgated under the authority of ss. 16.004(1), 16.358(2), and 227.11, Stats., to implement s. 16.358, Stats.

SECTION 2: Adm 19.02(1) to (5) are numbered Adm 19.02(2) to (6) and Adm 19.02(6), as renumbered, is amended to read:

(6) "Program area" means the area of a community which has a greater proportion of LMI households than the community as a whole ~~and that will receive at least 75% of program activity funds.~~ An eligible applicant may choose to designate the entire community as a program area.

SECTION 3 Adm 19.02(1) is created to read:

(1) "CDBG" means community development block grant.

SECTION 4: Adm 19.04 (title) is amended to read:

Adm 19.04 PROGRAM AREA NEED. The department shall consider the condition of housing, ~~and the income levels of households, in a community and other data available for all applicants which provides a measure of the LMI housing need~~ when making grant awards. ~~The department may also consider other factors, including information obtained from the 1990 census, in determining the level of community distress. The eligible applicant shall present evidence in its grant application that describes the condition of housing and the income levels of households in the program area.~~

SECTION 5: Adm 19.05 (intro.) and (1) are amended to read:

Adm 19.05 EVALUATION CRITERIA. Applicants shall be compared and rated by the department based upon the department's evaluation of the proposal's consistency with s. 16.31, Stats., and 24 CFR part 570. ~~and Applicants shall also be compared and rated by the department based on the applicant's discussion and documentation of the following:~~

(1) ~~Community and Program area distress need~~ as outlined in s. Adm 19.04.

SECTION 6: Adm 19.06(1) is amended to read:

(1) The application shall contain information required by 24 CFR part 570, ~~and~~ s. Adm 19.04 and Adm 19.05.

SECTION 7: Adm 19.07 and Adm 19.08 are created to read:

Adm 19.07 EMERGENCY GRANTS. The department may use up to \$2,000,000 annually from the program for emergency housing needs. The department shall develop emergency fund application requirements as necessary. Applications will be evaluated based on:

- (1) The nature of the emergency.
- (2) The amount of emergency-related housing need.
- (3) The availability of program funds.
- (4) Other mitigating circumstances the department deems significant.
- (5) The inability of the applicant to finance the activity on its own.
- (6) The unavailability of other funding sources to address the need.

Note: The application requirements can be obtained by writing to: Department of Administration, Division of Housing, P.O. Box 8944, Madison, WI 53708-8944

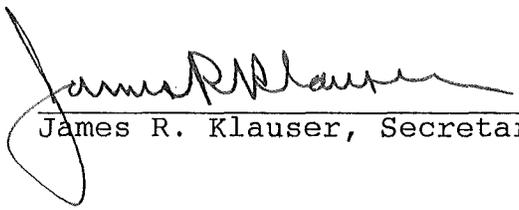
Adm 19.08 RECAPTURED FUNDS AND PROGRAM INCOME. The department may use CDBG funds received as recaptured program funds or program income as defined in 24 CFR 570, to fund specific hazard reduction activities in homes with low and moderate income occupants.

Initial Regulatory Flexibility Analysis:

Pursuant to s. 227.114, Stats., the rule herein is not expected to negatively impact small businesses.

This rule shall take effect on the first day of the month commencing after the date of publication as provided in s. 227.22(2)(intro.), Stats.

Dated: February 24, 1995



James R. Klauser, Secretary

1993 Session

FISCAL ESTIMATE
DOA-2048 (R10/92)

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.
Adm 19
Amendment No. if Applicable

Subject
Small Cities Community Development Block Grant: Housing

Fiscal Effect
State: No State Fiscal Effect
Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.
 Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation
 Increase Costs - May be possible to Absorb Within Agency's Budget Yes No
 Decrease Costs

Local: No local government costs
1. Increase Costs
 Permissive Mandatory
2. Decrease Costs
 Permissive Mandatory
3. Increase Revenues
 Permissive Mandatory
4. Decrease Revenues
 Permissive Mandatory
5. Types of Local Governmental Units Affected:
 Towns Villages Cities
 Counties Others _____
 School Districts VTAE Districts

Fund Sources Affected Affected Ch. 20 Appropriations
 GPR FED PRO PRS SEG SEG-S

Assumptions Used in Arriving at Fiscal Estimate

Amendments to Chapter Adm 19 increase flexibility for the department's distribution of CDBG: Housing funds. The amount received by the department and the amount distributed to local governments are not affected by these amendments.

Long-Range Fiscal Implications
NONE

Agency/Prepared by: (Name & Phone No.)
DOA / Steve Baas (608) 267-2712
Authorized Signature/Telephone No. Date
Steve Baas 6-3508 3/23/94