Wisconsin Partnership for Housing Development


Our Mission:
The Wisconsin Partnership for Housing Development expands access to affordable housing opportunities and revitalizes neighborhoods through partnerships among the public, nonprofit and private sectors.
Wisconsin Partnership for Housing Development

- Single-Family Development for Homeowners
- Affordable rental housing
- Program Administration & Technical Assistance for communities/partners
- Homeowner Rehabilitation for elderly, disabled, and low-income households
- Down Payment Assistance
- Advocacy
Housing Need in Wisconsin

- Existing housing stock is aging.
- Construction prices and housing costs are rising faster than inflation and incomes.
- Declining homeownership, particularly among younger families, first-time homebuyers, and African American and Hispanic families.
- Compared to our neighboring states, we have the highest rate of extreme rental cost burden for lower-income families and the second highest rate of extreme cost burden for lower-income homeowners.

Source: “Falling Behind – Special Report”, WI Realtors Association, 2019
Single Family Development

How can we create homeownership opportunities for more households?

- Over the past 10 years, WPHD has constructed and rehabbed 60 single-family homes and sold them to qualified households at or below 80% Area Median Income.
- All buyers attend Homebuyer Education Counseling from a HUD-certified counselor.
- All buyers receive down payment assistance.
- Extensive home rehab ensures home is safe, energy efficient, and affordable to maintain in the first years of homeownership.
- Subsidy is needed due to mismatch of costs and affordable house prices
Single Family Development: Funding

- Partnership with community utilizing HOME/CDBG funds
- Federal funds are allocated annually by the local PJ (Participating Jurisdiction) or the State
  - Cities of Eau Claire, Green Bay, Kenosha, La Crosse, Madison, Milwaukee, Racine
  - Dane County, Rock County Consortium, Milwaukee County, Waukesha County Consortium (Waukesha, Jefferson, Washington, Ozaukee Counties)
- Homes and vacant lots may be foreclosed
- Bridge Loan from third party lender for construction costs
## Example: New Construction

<table>
<thead>
<tr>
<th>Sources</th>
<th>Uses</th>
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<tbody>
<tr>
<td>HOME</td>
<td>Acquisition</td>
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<tr>
<td>Bridge Loan</td>
<td>Construction</td>
<td>$200,000</td>
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<tr>
<td>WPHD</td>
<td>Soft Costs</td>
<td>$20,000</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>TOTAL</strong></td>
<td><strong>$220,000</strong></td>
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### Sale to Homeowner

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td><strong>Sales Price</strong></td>
<td>$145,000</td>
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<tr>
<td>Seller Closing Costs</td>
<td>($11,000)</td>
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<tr>
<td>Bridge Loan Repayment</td>
<td>($100,000)</td>
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<tr>
<td>WPHD Reimbursement</td>
<td>($10,000)</td>
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<tr>
<td>Down Payment Assistance Left In</td>
<td>($5,000)</td>
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<tr>
<td><strong>Final Proceeds</strong></td>
<td>$19,000</td>
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Example: Acquisition + Rehab

<table>
<thead>
<tr>
<th>Sources</th>
<th>Uses</th>
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<tbody>
<tr>
<td>HOME</td>
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<tr>
<td>Bridge Loan</td>
<td>Construction</td>
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<tr>
<td>WPHD</td>
<td>Soft Costs</td>
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<td>TOTAL</td>
<td>TOTAL</td>
<td>$180,000</td>
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<table>
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<tr>
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<td>Bridge Loan Repayment</td>
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<td>WPHD Reimbursement</td>
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<tr>
<td>Down Payment Assistance Left In</td>
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<tr>
<td>Final Proceeds</td>
<td>$10,500</td>
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Single Family Development: Results

- Improvements in Housing Stock
- Creation of affordable workforce housing
- Long-term investment and wealth building
- Stability for families

Homeownership is not the best option for every family. However, for low-income households with consistent income, it can be an important pathway to financial success.
Example: City of Janesville

- Identified two downtown neighborhoods that had been devastated by the closure of the GM plant and then by the national foreclosure crisis.
- Numerous vacant homes created neighborhood instability and crime.
- Started with Neighborhood Stabilization Program (NSP) funds to demolish/repair homes, continued with HOME/CDBG
- WPHD has renovated and newly constructed over 20 homes and the City has completed many others.
- Vacancy rates are reduced and property values have increased significantly.
Homebuyer Readiness

- Homebuyer Education is required for certain housing programs, but is helpful to all buyers
- Establish a consortium of resources that potential homebuyers can easily access
- Home Buyers Round Table – Dane County
- Take Root Milwaukee - focused on “Buy,” “Keep,” and “Fix”
Down Payment Assistance

- Lack of wealth is one of main factors limiting households from becoming homeowners
- Variety of forms – deferred loans, low or no interest, shared appreciation
- Funds from federal sources, WHEDA, FHLB, and private sources
- Importance of education for lenders and realtors
- Opportunities for innovation – programs funded by employers, realtor associations, or targeted to specific neighborhoods
Homeowner Rehabilitation

- Grants and no-interest loans to single family homeowners. For those that are 55+, half of the loan is forgiven after five years.
- Funded with HOME, CDBG, and Lead hazard funds.
- Used to complete home modifications to improve accessibility, remediate lead, and allow individuals to remain living in their home as they age or face disability.
- Most applicants are elderly and on fixed incomes. The program allows them to make necessary repairs so that they can live safely in their home, and repay with proceeds when they sell the home.
- Improves the health and well-being of those living in the home.
- Preserves the housing stock for the next generation.
Other Homeowner Rehab Options

- WHEDA Home Improvement Loan Advantage Program
- Habitat for Humanity Critical Home Repair Program
- Focus on Energy / WI Weatherization Assistance Program (WAP)
- Small Cap TIF Programs – for renovation of owner occupancy of small-multi unit properties
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