

# State of Wisconsin Homeowner Assistance Fund (HAF) Needs Assessment and Plan

Amendment #1, January, 2022



# DEHCR

Division of Energy, Housing and Community Resources

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## Executive Summary

The Homeowner Assistance Fund (the “HAF”) was established under section 3206 of the American Rescue Plan Act of 2021 (the “Act”) and provides \$92,705,301 in financial assistance to the State of Wisconsin, through the United States Department of the Treasury (“US Treasury”). Governor Tony Evers directed the Department of Administration, Division of Energy, Housing and Community Resources (DEHCR) to manage and operate the HAF on behalf of the State of Wisconsin. The aim of the HAF is to mitigate financial hardships associated with the Coronavirus pandemic by preventing homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacement. For more information related to the HAF and the US Treasury’s guidance to recipients, please visit: <https://home.treasury.gov/system/files/136/HAF-Guidance.pdf>.

This Needs Assessment and Plan (the “Plan”) outlines the homeownership landscape in Wisconsin and estimates the impact that the Coronavirus pandemic has had on homeowners. There are an estimated 1.6 million homeowners in Wisconsin, across multiple market segments. They include mortgaged homeowners who are in forbearance or delinquent on their mortgage; non-mortgaged homeowners who may be delinquent on their property taxes; condominium owners who may be behind on their monthly maintenance or HOA fees; and manufactured homeowners who may have other types of housing debt, such as chattel loans or retail installment contracts, which also may be in arrears due to the impacts of the Coronavirus pandemic.

The Plan proposes relief programs aimed at avoiding foreclosure and/or displacement of low- and moderate-income households including those considered Socially Disadvantaged <sup>1</sup>. Proposed relief includes two core programs - the Mortgage Reinstatement and Principal Reduction Program and the Non-Mortgage Arrears Satisfaction Program. The State will design marketing and outreach efforts to identify eligible applicants, with a particular emphasis on encouraging Socially Disadvantaged homeowners to apply for funds.

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<sup>1</sup> Socially Disadvantaged Individuals is defined, per US Treasury guidance, as “individuals are those whose ability to purchase or own a home has been impaired due to diminished access to credit on reasonable terms as compared to others in comparable economic circumstances, based on disparities in homeownership rates in the HAF participant’s jurisdiction as documented by the U.S. Census. The impairment must stem from circumstances beyond their control.” Treasury guidance lists indicators that the agency believes may demonstrate such an impairment, and also allows HAF participants to develop their own processes to determine whether an individual is socially disadvantaged based on Treasury’s definition.

## Introduction

### Background on DEHCR

The Department of Administration, Division of Energy, Housing and Community Resources (DEHCR) develops housing policy and offers a broad range of program assistance and funds to address homelessness and support affordable housing, public infrastructure, and economic development opportunities. The Division partners with local governments and service providers, non-profit agencies, housing authorities, and developers. In addition, DEHCR administers the statewide program to assist eligible households by providing electric and heating bill payment assistance, as well as benefits and services to assist with energy crisis situations. Eligible households may also receive weatherization services.

### Homeownership Landscape in Wisconsin

Wisconsin is home to more than 5.8 million (5,800,000) people, living in approximately 2.725 million (2,725,000) housing units. The State is administratively divided into seventy-two (72) counties, one thousand two hundred and sixty (1,260) towns, four hundred thirteen (413) villages, and one hundred and ninety (190) cities.

Since 2013, Wisconsin has also been organized into eight (8) Congressional Districts. (See Map 1.) The districts are used in this document to describe the State's demographic, economic, and housing conditions and how they vary geographically.

**Map 1: Wisconsin's Congressional Districts**



Approximately sixty-seven percent (67%) of households own their homes in Wisconsin, with homeownership rates varying by District. In District four, which encompasses the city of Milwaukee WI – Wisconsin's largest city – only forty-five percent (45%) of households are homeowners; while in District seven in northern Wisconsin, homeownership rates top seventy-five percent (75%). Of Wisconsin's almost 1.6 million homeowners, just over 1 million have a mortgage on their property. Outside of the Milwaukee and Madison metropolitan areas, homeownership rates are generally high, typically exceeding the national average of sixty-five percent (65%).<sup>4</sup>

Across Wisconsin, households of color are significantly less likely to own their homes than the general population.

<sup>4</sup> <https://www.census.gov/housing/hvs/files/currenthvspress.pdf>

According to the National Association of Realtors<sup>1</sup>, 23% of African American households in Wisconsin are homeowners, 47% of Asian households are homeowners, 42% of Hispanic or Latino households are homeowners; however, 71% of White households are homeowners. Comparatively, the homeownership rate is sixty-seven percent (67%) for the population as a whole, as illustrated in the chart below.

**Table 1: Homeowners & Homeownership Rates by District (All Races/Ethnicities & Households of Color)**

District	Homeowning Households	Homeownership Rate	Median Household Income	% Households of Color	Households in Forbearance	Households in Delinquency
District 1	194,441	69.64%	\$67,231	19.87%	9,621	5,553
District 2	196,927	61.70%	\$67,394	18.45%	7,324	3,951
District 3	201,172	68.73%	\$57,953	8.66%	5,097	2,765
District 4	127,275	45.23%	\$45,057	58.66%	19,487	12,595
District 5	209,089	70.27%	\$70,271	13.71%	12,462	6,118
District 6	210,792	71.50%	\$59,868	11.28%	6,582	3,459
District 7	231,702	75.78%	\$57,200	8.66%	7,185	3,564
District 8	221,042	73.36%	\$61,423	13.56%	8,957	4,673
<b>Statewide</b>	<b>1,592,440</b>	<b>67.14%</b>	<b>\$60,800</b>	<b>19.02%</b>	<b>76,715</b>	<b>42,678</b>

Source: U.S. Census Bureau, American Community Survey (ACS) 5-Year Estimates 2015-2019; Atlanta Fed calculations using Black Knight's McDash Flash daily mortgage performance data (available with a two-day lag)

Most homeowners in Wisconsin live in single-family homes; nearly sixty-seven percent (67%). Of 2.6 million (2,600,000) housing units, about 1.9 million (1,900,000) are one-unit detached or attached dwellings. Another six hundred seventy thousand (670,000) units are in small and large multifamily buildings, and about one hundred thousand (100,000) homeowning households live in manufactured homes, both in manufactured home communities (MHCs) or on privately-owned land. (See Table 2.)

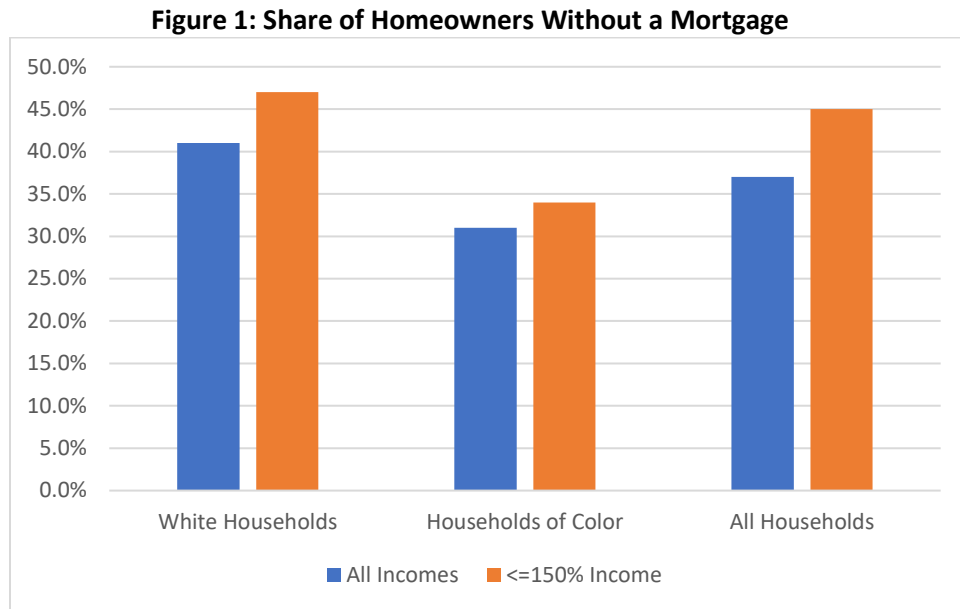
**Table 2: Residential Housing Types in Wisconsin**

Property Type	Number	Percentage
1-unit, detached structure	1,761,206	67%
1-unit, attached structure	113,940	4%
2-4 units	272,958	10%
5-19 units	218,861	8%
20 or more units	179,061	7%
Mobile Home, boat, RV, van, etc.	95,601	4%
<b>Total:</b>	<b>2,641,627</b>	<b>100%</b>

Source: U.S. Census Bureau, American Community Survey (ACS) 5-Year Estimates 2015-2019

Approximately sixty-three percent (63%) or one million (1,000,000) households have a mortgage. White households are more likely than households of color to own their homes unencumbered from debt; forty-seven percent (47%) versus thirty-one percent (31%), respectively. In addition, lower income households, regardless of their race and ethnicity, are slightly more likely to own their homes without a mortgage; forty-five percent (45%) for households making less than one hundred fifty percent (150%) of the AMI versus thirty-seven percent (37%) for households of all incomes. (See Figure 1.)

<sup>1</sup> National Association of Realtors, "A Snapshot of Race & Home Buying in America" 2019



Source: U.S. Census Bureau, American Community Survey (ACS) 5-Year Estimates 2015-2019, Public Use Microdata Sample (PUMS)

About fourteen percent (14%) of Wisconsin's homeowners with mortgages financed their homes using non-conventional loans secured by the Federal Housing Administration (FHA), the U.S. Department of Veterans Affairs (VA) or the United States Department of Agriculture's (USDA) Rural Housing Service or Farm Service Agency (RSA/FSA). As these loan programs generally offer more flexible qualification requirements, non-conventional loans are more prevalent among lower income and Socially Disadvantaged borrowers.

**Figure 2: Government-Secured Mortgages by Income, Forbearance Rate and Delinquency Rate**

Number of Mortgages (all active loans in sample)							
	Statewide	Rural	Urban	Low-Income	Non-Low-Income	High Minority	Low Minority
WISCONSIN	170,171	35,279	134,892	30,928	139,093	17,861	152,160
NATIONAL	14,134,435						

Forbearance Rate							
	Statewide	Rural	Urban	Low-Income	Non-Low-Income	High Minority	Low Minority
WISCONSIN	2.5%	2.6%	2.4%	3.5%	2.2%	4.4%	2.2%
NATIONAL	3.9%						

Delinquency Rate							
	Statewide	Rural	Urban	Low-Income	Non-Low-Income	High Minority	Low Minority
WISCONSIN	1.5%	1.6%	1.5%	2.5%	1.3%	3.2%	1.3%
NATIONAL	1.9%						

Source: Federal Reserve Bank Mortgage Dashboard, June 11, 2021 – Wisconsin Data. Atlanta Fed calculations using Black Knight’s McDash Flash daily mortgage performance data (available with a two-day lag)

The above Federal Reserve Bank Mortgage Dashboard data shows that over eighteen percent (18%) of loans sampled were for households with incomes less than the median.<sup>5</sup> The U.S. Census Bureau Pulse Survey, which measures the impact the COVID-19 pandemic has on households by state, reports that homeowners with incomes below 80% of AMI account for two-thirds of households that are behind on their mortgage payments, in other words, 80% AMI are twice as likely to be behind on their mortgage payments.

<sup>5</sup> Area median income varies based on location and household size. Treasury data includes the income of the borrower household and is available at the census tract level, but it does not include household size.



## Coronavirus Pandemic Impact

The first person in Wisconsin tested positive for the novel Coronavirus (COVID-19) on February 5, 2020. On March 12, 2020, Governor Tony Evers (the “Governor”) issued Executive Order #72 declaring a health emergency in response to the COVID-19 Coronavirus.<sup>6</sup> On March 13, 2020, the Governor closed schools statewide. Following the first deaths from COVID-19 on March 19, 2020, the Governor issued Emergency Order 12: Safer at Home on March 24, 2020, which required one hundred percent (100%) of non-essential businesses to close, banned non-essential gatherings and contact recreational activities, and instituted a six feet social distancing requirement.<sup>7</sup>

Throughout the Spring of 2020, the health system in the State and throughout the country strained against surging COVID-19 cases. Millions of Wisconsinites followed the Safer-at-Home Order. Many Wisconsinites were able to work from home, but for many, the closure of non-essential businesses and the Safer-at-Home Order meant temporary reduction or loss of income, and in some cases, long-term unemployment. During the period beginning with the issuance of the Safer-at-Home order through the end of April 2020, Wisconsin’s economy lost over four hundred and forty-two (442,000) jobs.<sup>9</sup> The State’s continued unemployment claims peaked in late-April at over four hundred fifty-three thousand (453,000) – creating an insured unemployment rate of 14.8%.<sup>10</sup> The retail trade, accommodation and food services industries were hit particularly hard, accounting for more than forty percent (40%) of jobs lost in April 2020.<sup>11</sup> Almost no industry in Wisconsin was unaffected.

The State has undertaken an analysis to estimate the impact of these job losses on homeowners and renters. Using data from the United States Census Bureau (US Census) on households and individuals in the year 2019,<sup>12</sup> and an analysis of Wisconsin’s Labor Market Information, Employment and Wages by Industry comparison of pandemic-impacted occupation codes,<sup>13</sup> the State has estimated that about fifty-five percent of households - five hundred sixty-four thousand (564,000) households - have at least one (1) family member working in a COVID-impacted industry, and therefore, were vulnerable to job loss or loss of income, including approximately three hundred seventy-eight thousand (378,000) homeowners.

The pandemic’s impact on job loss, as well as the pace of the ongoing recovery, has varied across district, industry, and demographics. Milwaukee suffered a steeper drop in jobs and has seen a slower recovery than the rest of the State. As stated above, employment levels bottomed out in April 2020, when un-employment rates hit fourteen-point eight percent (14.8%) statewide as compared to three-point two percent (3.2%) in February 2020, before the pandemic hit. As of May 2021, un-employment has fallen to just three-point nine percent (3.9%) slightly above pre- pandemic levels. (See Figure 3.)

<sup>6</sup> <https://evers.wi.gov/Documents/EO/EO072-DeclaringHealthEmergencyCOVID-19.pdf>

<sup>7</sup> <https://evers.wi.gov/Documents/COVID19/EMO12-SaferAtHome.pdf>

<sup>8</sup> <https://www.governor.ny.gov/news/no-2027-continuing-temporary-suspension-and-modification-laws-relating-disaster-emergency>

<sup>9</sup> U.S. United States Department of Labor, State and Area Employment (SAE), Seasonally Adjusted Nonfarm employment estimates for Wisconsin. <https://www.bls.gov/sae/data/>

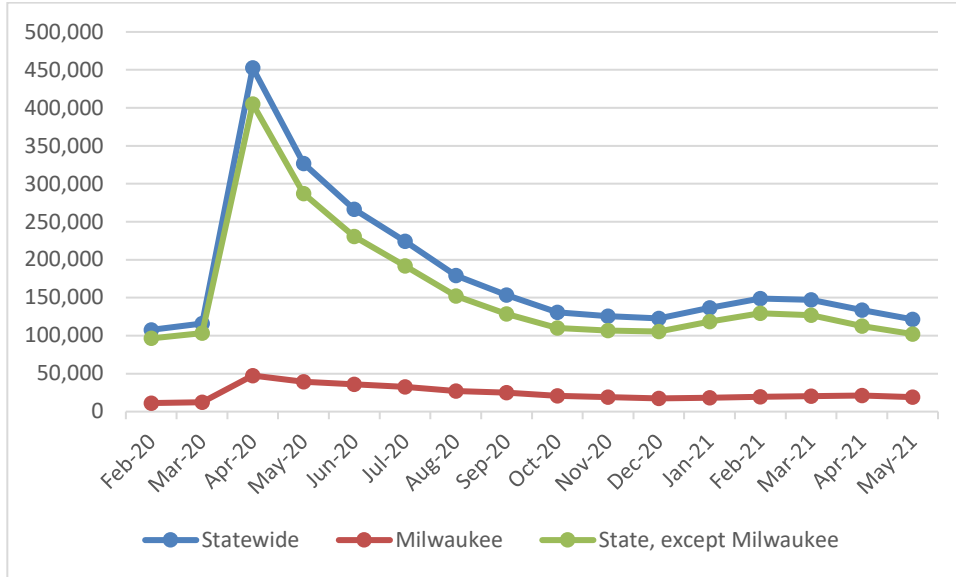
<sup>10</sup> <https://oui.doleta.gov/unemploy/wkclaims/report.asp>

<sup>11</sup> Wisconsin Labor Market Information Data Access, April 2020.

<sup>12</sup> Primary data source for this analysis is the U.S. Census Bureau American Community Survey (ACS) Public Use Microdata Sample (PUMS), 5-year Estimates (2015-2019), available at <https://data.census.gov/mdat/#/> or <https://www2.census.gov/programs-surveys/acs/data/pums/2019/5-Year/>

<sup>13</sup> <https://jobcenterofwisconsin.com/wisconomy/query>

**Figure 3: Change in Employment, February 2020 - April 2021**



Source: Wisconsin Labor Market Information Data Access

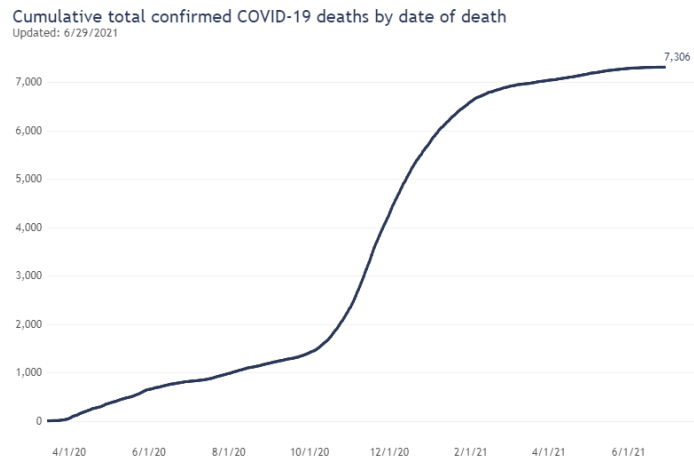
Patterns of unemployment have also varied by demographic categories, both at the onset of the pandemic and over the course of the recovery, with Hispanic, Black, and Asian populations seeing higher unemployment rates than non-Hispanic White populations.

Beyond the unprecedented economic impacts of the pandemic, there was a tremendous human toll. Daily confirmed cases for COVID-19 patients peaked in early November 2020, with nearly eight thousand (8,000) Wisconsin residents diagnosed. Since the pandemic began, more than six hundred thousand (600,000) cases of COVID-19 have been reported in Wisconsin<sup>14</sup>, and more than seven thousand (7,000) Wisconsin residents have died due to the disease<sup>15</sup>.

New confirmed COVID-19 cases by date confirmed, and 7-day average

Updated: 6/29/2021





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<sup>14</sup> <https://www.dhs.wisconsin.gov/covid-19/cases.htm>

<sup>15</sup> <https://www.dhs.wisconsin.gov/covid-19/deaths.htm>

## Homeowner Needs Assessment

### Assessment Methodology

The State used a variety of data sets and industry surveys to determine the extent to which various types of homeowners may be at risk of default, eviction, foreclosure, or housing instability. Wisconsin has utilized a combination of public and proprietary data, including the Home Mortgage Disclosure Act (HMDA) loan-level data, U.S. Census American Community Survey (Census ACS) 5-Year Estimates, Federal Reserve Bank Mortgage Dashboard, and zip code-level Mortgage Analytics and Performance Dashboard (MAPD) data which reflects Atlanta Fed calculations using Black Knight's McDash Flash daily mortgage performance data (available with a two-day lag).

In addition to these data sources, the State executed a number of industry and stakeholder surveys to enhance the understanding of the potential universe of homeowners at risk of foreclosure or displacement, including a portfolio-wide survey from the Wisconsin Housing and Economic Development Authority (WHEDA) and a survey of county-level tax collecting entities, led by the Wisconsin State Treasurer.

DEHCR has analyzed these findings, with particular focus on income segmentation, race and ethnicity, mortgage type, and estimated delinquencies related to housing costs, including housing costs other than home mortgages (chattel and retail installment loans, condominium association and maintenance fees, and property tax arrears). Where available, data sets only represent a partial segment of the total population, methodological tools were adopted to extrapolate using available market-wide indicators to make reasonable assumptions.

### Estimating Target Populations

In order to identify areas in Wisconsin with high populations of low-income and Socially Disadvantaged homeowners, DEHCR relied primarily on analysis of Census ACS data to estimate the population of homeowners in Wisconsin – both with mortgages and without – who may be eligible for assistance under one of the HAF programs.

### Homeowners who are Low-Income and/or Socially Disadvantaged

Table 3 shows the number of owner-occupied homes with a mortgage and without, disaggregated by pre-pandemic income and Socially Disadvantaged status. To streamline the analysis of Socially Disadvantaged households, the State measured households whose householder is in any racial or ethnic group besides non-Hispanic/Latinx White as reported to the Census Bureau. Such an analysis is based on several of the indicators of impairment listed under the Treasury definition, but is underinclusive of the full scope of Socially Disadvantaged individuals in the State that would meet Treasury's definition.

**Table 3: Households in Owner-Occupied Housing Units by Mortgage Status, Income, & Socially Disadvantaged Status**

	With a Mortgage	Without a Mortgage	Total
All Households	2,729,537	1,128,880	3,601,503

<= 100% AMI	1,042,588	544,081	1,586,669
100-150% AMI	646,803	267,504	914,307
<b>Total HH &lt;= 150% AMI</b>	<b>1,689,391</b>	<b>811,585</b>	<b>2,500,976</b>
Socially Disadvantaged Households	189,527	67,387	256,914
<= 100% AMI	72,393	25,739	98,132
100-150% AMI	44,911	15,968	60,879
<b>Total HH &lt;= 150% AMI</b>	<b>117,304</b>	<b>41,708</b>	<b>159,012</b>

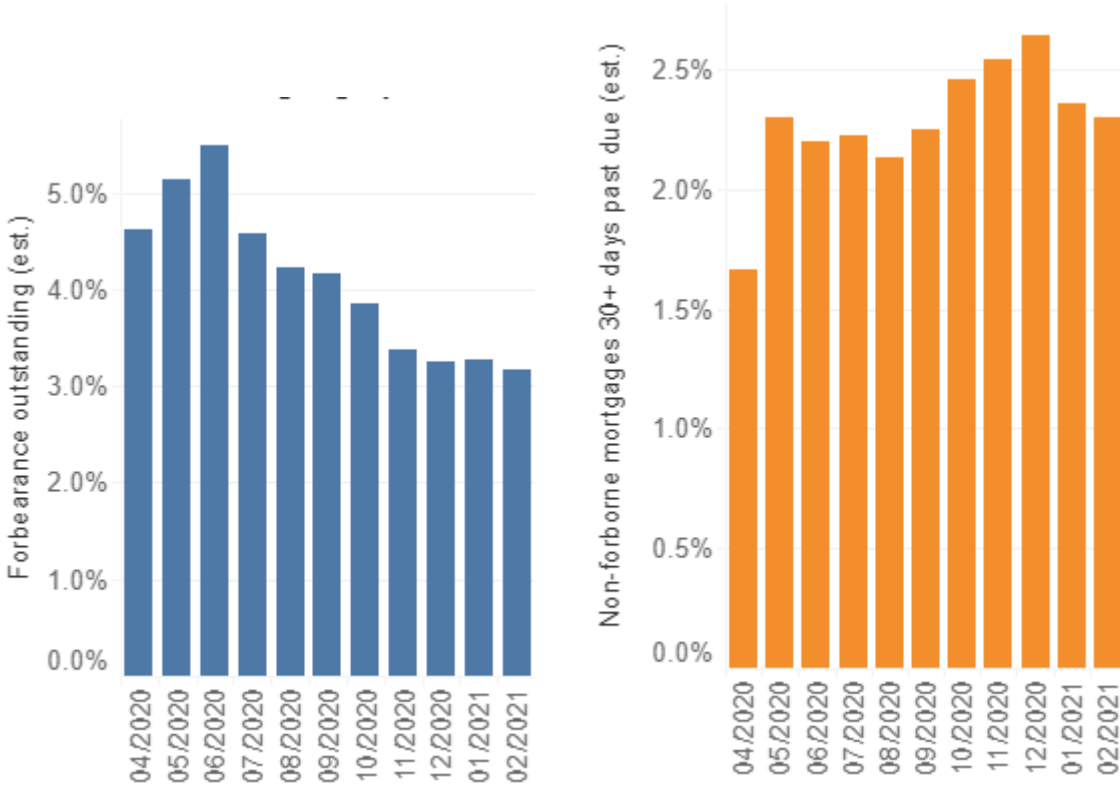
Source: U.S. Census Bureau, American Community Survey (ACS) 5-Year Estimates 2015-2019, Public Use Microdata Sample (PUMS)

Using the above analysis of estimated target applicant populations, population segments are further broken down by their vulnerability to foreclosure and displacement. Target populations in need of assistance may be homeowners with a mortgage who are coming out of a forbearance plan; homeowners without a mortgage who were unable to pay their real estate tax obligations; homeowners in condominiums who are delinquent on association fees; and homeowners in manufactured housing who are delinquent on their lot fees.

## Homeowners with Mortgages

Mortgage Analytics and Performance Dashboard (MAPD) data, which was compiled by the private research firm Black Knight and provided to DEHCR by a data sharing agreement with the Federal Reserve Bank of Atlanta, shows that for a sample of almost eight hundred thousand (800,000) mortgages, the delinquency rate remained rather steady around two and a quarter percent (2.25%), with a small uptick at the end of 2020. The forbearance rate peaked in June 2020 at five-point five percent (5.5%) and has declined steadily since to three-point two (3.2%) in February 2021. Atlanta Fed calculations using Black Knight's McDash Flash daily mortgage performance data (available with a two-day lag), U.S. Census Bureau 2017 FIPS Codes. Income data (based on 2011-2015 American Community Survey): U.S. Department of Housing and Urban Development: LMISD - All Block Groups; HUD ZIP-tract crosswalk 2015 Q4. (See Figure 5.)

Figure 5: Wisconsin Forbearance & Delinquency Rates, April 2020 - February 2021



Source: Mortgage Analytics and Performance Dashboard (MAPD) data, April 2020 – February 2021, accessed from Federal Reserve Bank of Atlanta

Figure 6 shows that forbearance rates were much higher – both during the peak and as the crisis has eased – in the zip codes with the highest share of minorities and to a lesser extent in the zip codes with the higher rates of low- to moderate-income homeowners, as compared to the rest of the state. Atlanta Fed’s race data (based on 2014-2018 American Community Survey): IPUMS NHGIS, University of Minnesota, [www.nhgis.org](http://www.nhgis.org).

Figure 6: Forbearance Rates by Minority Share of Zip Code – April 2020



Figure 7: Forbearance Rates by Minority Share of Zip Code – February 2021

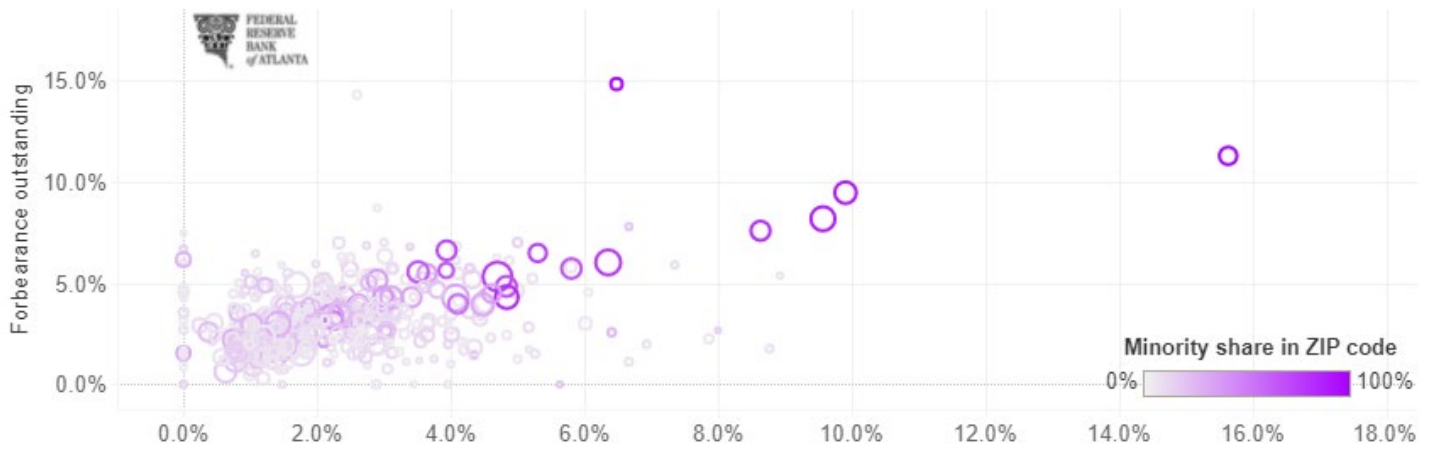


Figure 8: Forbearance Rates by Low- to Moderate-Income Share of Zip Code – April 2020

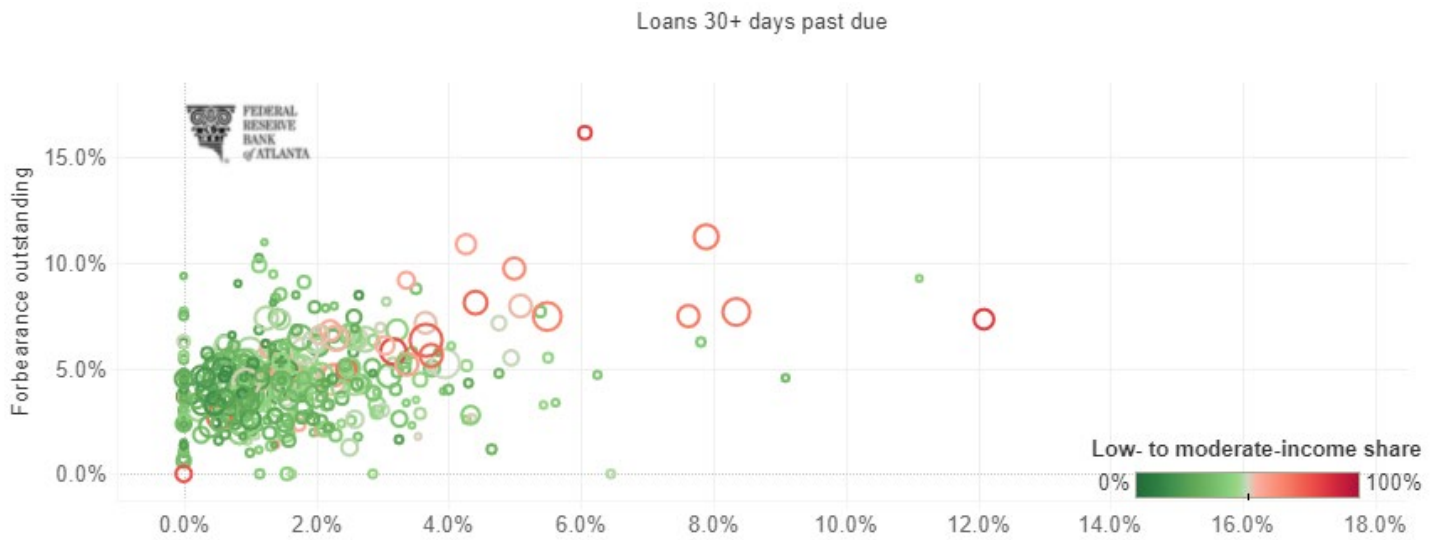
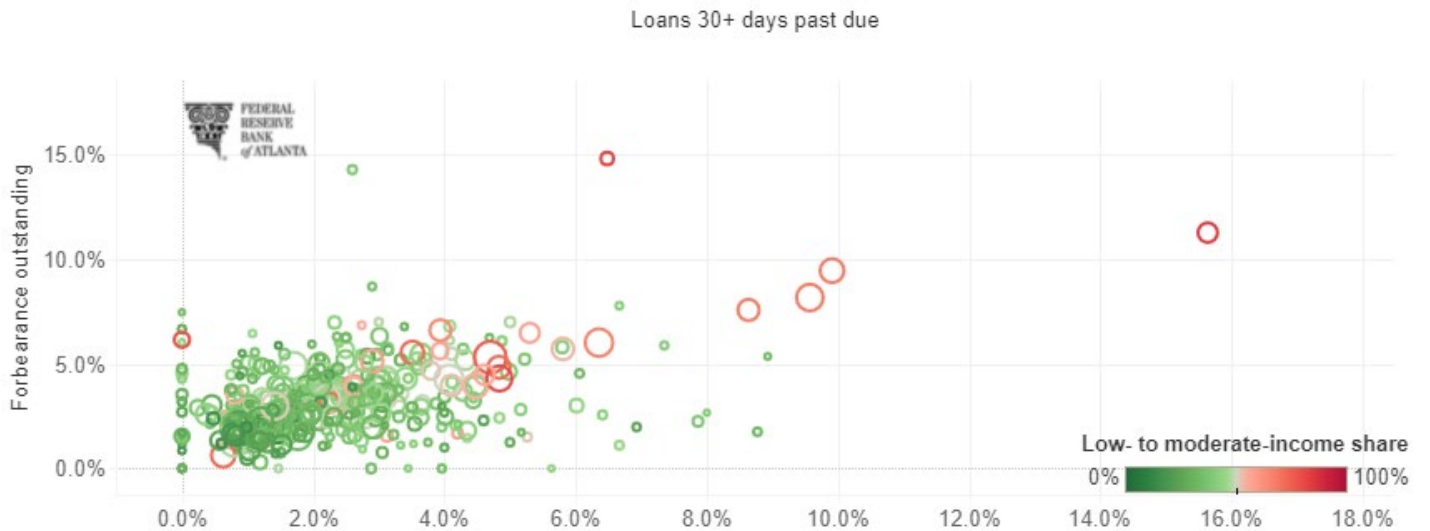


Figure 9: Forbearance Rates by Low- to Moderate-Income Share of Zip Code – February 2021



Source: Mortgage Analytics and Performance Dashboard (MAPD) data, April 2020 – January 2021, accessed from Federal Reserve Bank of Atlanta

DEHCR used estimates of mortgaged households who have incomes at or below one hundred fifty percent (150%) of the

AMI, and the loan performance data from February 2021, broken down by county and District to account for regional differences in the housing market. Using this methodology, there are approximately thirty-two thousand (32,000) households making less than one hundred fifty percent (150%) of the AMI and who were in forbearance, of which seventeen thousand (17,000) were Socially Disadvantaged households; and nineteen thousand (19,000) households making less than one hundred fifty percent (150%) of the AMI were delinquent, of which eleven thousand (11,000) were Socially Disadvantaged households. As indicated on page 12, it is likely that there are additional households outside these initially identified as Socially Disadvantaged under the current definition that are not included in these totals.

## Tax Delinquent Property Owners, Including Homeowners without Mortgages

Households that own their homes unencumbered by mortgage may also be at risk of displacement if they have been unable to pay their real estate taxes, insurance and/or homeowner association or maintenance costs. Local treasurers issue property tax bills in December of each year, with property owners having to make payments no later than July 31 of the following year. After a missed payment, local treasurers are required to issue a tax lien on delinquent properties. By Wisconsin state statute, delinquent property taxes are assessed a 1.0% interest and up to 0.5% penalty per month delinquent; after a year of delinquency, property owners are faced with up to an 18% interest charge on top of the missed tax payment. After two years in delinquency, local treasurers may commence with a foreclosure proceeding.

Due to the immediate and ongoing nature of the crisis, it may be difficult to get an accurate estimate of tax delinquencies resulting from a qualifying Financial Hardship.<sup>19</sup> Due to the timing of the Safer at Home order, many of the properties that will be delinquent on their property taxes may not be known at the time of publication of the HAF plan. Despite the disaggregated nature of the collection data, the Wisconsin County Treasurers Association (WCTA) has been engaged for this analysis to better understand to what extent delinquencies may have increased due to the pandemic.

The WCTA surveyed 20 counties representing every region of the state. The survey encompassed rural, suburban, and urban areas, along with the City of Milwaukee. The survey determined there is a tremendous need for property tax assistance to help homeowners avoid immense interest, penalties and eventual foreclosure. As captured below, the estimated property tax foreclosures for the state are 27,867 properties at the cost of \$115,653,703 (See Table 4.). Partnerships with local treasurers enable the WCTA to identify and target for assistance homeowners with the greatest need; for example, helping homeowners whose property value is below \$200,000 or those with delinquent water bills.

**Table 4: WCTA Survey Results – Tax Delinquent Properties**

	<b>Estimated Property Tax Foreclosures (# of Delinquent Parcels with Lottery Credit*)</b>	<b>Total Cost (# of Delinquent Parcels with Lottery Credit*)</b>
20 Counties & City of Milwaukee (provided full data set)	9,224	\$30,913,773
Full State Projection	27,867	\$115,653,703

Source: Wisconsin State Treasurer's Office, Take Root WI

<sup>19</sup> The US Treasury [HAF Guidance](#) defines a "Financial Hardship" as a material reduction in income or material increase in living expenses associated with the coronavirus pandemic that has created or increased a risk of mortgage delinquency, mortgage default, foreclosure, loss of utilities or home energy services, or displacement for a homeowner.



## Homeowners in Manufactured Home Communities (MHCs)

Manufactured housing — defined by the United States Department of Housing and Urban Development’s (HUD) code as a post-1976 housing structure satisfying building standards of strength, transportability, fire resistance, energy efficiency, plumbing, and heating — represents a measurable portion of Wisconsin’s affordable housing stock. According to Census data, more than ninety-five thousand (95,000) households reside in MHC’s. Wisconsin’s Department of Safety and Professional Services currently identifies 1,235 MHCs; 71 of Wisconsin’s 72 counties have Manufactured Home Communities subject to state licensure located within their boundaries.

Manufactured homes are more prevalent in the rural regions of the state; these areas tend to be lower income than some of the more urban and suburban parts of the state. Table 5 shows number of licensed MHC locations, alongside Census data on the median household income by Congressional District. More than seventy percent (70%) of the MHCs are in Districts where the median income is less than the State median of \$60,800.

**Table 5: MHCs and Median Household Incomes by Congressional District**

District	Number of MHC’s	Median Household Income	% Households of Color
District 1	46	\$67,231	19.87%
District 2	102	\$67,394	18.45%
District 3	346	\$57,953	8.66%
District 4	17	\$45,057	58.66%
District 5	55	\$70,271	13.71%
District 6	163	\$59,868	11.28%
District 7	350	\$57,200	8.66%
District 8	156	\$61,423	13.56%
<b>Statewide</b>	<b>1,235</b>	<b>\$60,800</b>	<b>19.02%</b>

U.S. Census Bureau, American Community Survey (ACS) 5-Year Estimates 2015-2019, Wisconsin Department of Safety and Professional Services, Park Table 5/7/2020

Based on the demographic and geographic profile of manufactured home households and the analysis of the pandemic’s economic impact, there is an estimated five thousand (5,000) households who may be eligible for assistance through the Wisconsin HAF.

## Program Design

The following customized programs were designed with the intent to prevent foreclosure and displacement of the maximum number of homeowners who are at the greatest risk of housing instability. Over time, programs may be amended to best meet homeowner needs and maximize the number of households retaining their housing. Additionally, DEHCR plans to work with the University of Wisconsin's Institute for Research on Poverty to study the effectiveness of program design and assistance provided. DEHCR is currently working with the Office of the State Treasurer, county treasurers and the University to design this evaluative approach.

Please note, utility assistance under the HAF programs listed below require homeowners to first apply for energy assistance through the Wisconsin Home Energy Assistance Program (WHEAP). Homeowners will be directed to their local WHEAP provider to apply for energy assistance, as well as home weatherization eligibility<sup>24</sup>.

## Mortgage Reinstatement/Principal Reduction Program

<b>Program Overview</b>	Homeowners who cannot achieve an affordable loss mitigation solution offered by their loan servicer may be eligible for a partial or full reinstatement of owed principal, interest, taxes, and insurance (PITI) payments under this program. Homeowners exiting a mortgage forbearance agreement, as well as homeowners who were denied or missed the option to go into forbearance, are encouraged to apply.
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<sup>24</sup> Wisconsin Home Energy Assistance Program (WHEAP), Wisconsin Department of Administration, Division of Energy, Housing and Community Resources: <http://homeenergyplus.wi.gov/section.asp?linkid=118&locid=25>

	<p>The underlying mortgage issues are to be resolved in their entirety. In instances where the Wisconsin HAF funds are insufficient to resolve the situation, homeowners may leverage HAF with other available funds, including personal resources.</p> <p>Loan servicers/investors should offer all available loss mitigation options to the borrower prior to the WI HAF eligibility being determined, and if the option is affordable and reasonable, the homeowner should accept the offer.</p>
<b>Foreclosure/Displacement Risk Factor</b>	Once mortgage foreclosure moratoria and mandatory forbearance periods expire, this population will be at risk. This population may not have been placed in a forbearance agreement during the pandemic, and consequently, are now delinquent on their mortgage. Additionally, the post-forbearance loss mitigation solution being offered to the borrower by the mortgage holder or servicer will not be financially viable without additional economic relief.
<b>Program Goal</b>	To provide financial assistance to eligible homeowners to make their mortgage affordable and sustainable, resulting in homeownership retention where it otherwise would not be possible.
<b>Targeted Population</b>	Eligible Homeowners with mortgages who are exiting forbearance or are delinquent and who earn less than or equal to 100% AMI, including those eligible homeowners who are Socially Disadvantaged.
<b>Eligible Homeowners</b>	<p>Eligible Homeowners must meet the following criteria:</p> <ul style="list-style-type: none"> <li>• Homeowner must be a natural person or trustee of a living trust that holds title to the property. Heirs, equitable owners, and successors-in-interest, as that term is defined in section 1024.31 of Title 12 of the Code of Federal Regulations, meet this ownership requirement.</li> <li>• Homeowner must have experienced a Qualified Financial Hardship after January 21, 2020.</li> <li>• Homeowner must currently own and occupy the property as their primary residence.</li> <li>• Homeowner must meet the Homeowner Income Eligibility Requirements.</li> <li>• Homeowner must agree to provide all necessary documentation to satisfy program guidelines within timeframes established by the State.</li> <li>• The original, unpaid principal balance of the homeowner's first mortgage or housing loan, at the time of origination, was not greater than the conforming loan limits in effect at time of origination.</li> </ul> <p>Eligible Homeowners should have the ability to pay their ongoing housing costs and are encouraged to receive housing counselling services, if offered.</p> <p>Co-owners are not permitted to separately apply for the WI HAF Program assistance.</p>
<b>Qualified Financial Hardship</b>	A Qualified Financial Hardship is defined in the American Rescue Plan, §3206 (ARP), as a material reduction in income or material increase in living expenses associated with the Coronavirus pandemic that has created or increased the risk of mortgage delinquency, mortgage default, foreclosure, loss of utilities or home energy services, or displacement for a homeowner.

	<p>Reduction of Income is a temporary or permanent loss of income after January 1, 2020.</p> <p>Increase in living expenses is an increase in out-of-pocket household expenses, such as medical expenses, inadequate medical insurance, increase in household size, increase in childcare costs, or other costs associated with the Coronavirus pandemic after January 1, 2020.</p>
<p><b>Homeowner Income Eligibility and Documentation Requirements</b></p>	<p>Homeowner Income Eligibility Requirements are limited to households with incomes at or below the median income.</p> <p>With respect to each household applying for assistance, eligibility may be established between using the definition of “annual income” as provided by HUD in 24 CFR 5.609 and using adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual Federal annual income tax purposes.</p> <p>For determining annual income, applicants should provide at the time of application source documents evidencing annual income (e.g., wage statement, interest statement, unemployment compensation statement), or a copy of Form 1040 as filed with the IRS for the household.</p> <p>For determining monthly income, applicants should provide income source documentation, as listed above, for one month prior to the submission of the application for assistance. If an applicant qualifies based on monthly income, the grantee must recertify after three months and it must be documented in system notes, no additional application is required.</p>
<p><b>Homeowner Prioritization</b></p>	<p>None</p>
<p><b>Eligible Properties</b></p>	<p>Eligible Properties are those that are:</p> <ul style="list-style-type: none"> <li>• Single-family properties.</li> <li>• Condominium units.</li> <li>• 2- to 4-unit properties where the homeowner is living in one of the units as their primary residence.</li> <li>• Manufactured homes permanently affixed and taxed as real property.</li> </ul> <p>Ineligible properties are those that are:</p> <ul style="list-style-type: none"> <li>• Homes that are vacant or abandoned.</li> <li>• Second homes.</li> <li>• Non-owner-occupied investment property.</li> </ul>

<b>Eligible Uses of Proceeds</b>	<p>Housing obligations as listed below and that were not due prior to January 21, 2020 are Eligible Uses of Proceeds:</p> <ul style="list-style-type: none"> <li>• Existing first mortgage loan payment (principal and interest), escrow shortages.</li> <li>• Mortgage refinance (closing cost, points)</li> <li>• Subordinate lien payment (principal and interest).</li> <li>• Land Contract monthly payment (P&amp;I).</li> <li>• Utilities, including electric, gas, home energy and water, if arrearages not otherwise covered from another source offunds.</li> <li>• Internet service, including broadband internet access, if arrearages not otherwise covered from another source offunds.</li> <li>• Condominium association fees, including for lien extinguishment.</li> <li>• Homeowner’s hazard, flood and/or mortgage insurance.</li> <li>• Delinquent property taxes.</li> </ul>
<b>Maximum Per Household WI HAF Assistance</b>	<p>Depending on the loss mitigation option made available by the loan servicer, the Mortgage Reinstatement / Principal Reduction Program will pay the amount needed to make the loss mitigation solution affordable and sustainable to the borrower.</p> <p>Awards will be provided only if the underlying matter is resolved in its entirety and will not exceed the WI HAF Maximum Assistance amount of \$40,000 per household.</p>
<b>Assistance Type</b>	<p>Assistance will be structured as follows:</p> <ol style="list-style-type: none"> <li>1. Total WI HAF monetary assistance below \$10,000 will be structured as a grant.</li> <li>2. Total WI HAF monetary assistance exceeding \$10,000 will be structured as a 1-year, non-interest bearing, non-amortizing forgivable loan. The loan is due in full upon sale, refinance, or transfer of ownership. If no resale, transfer, or refinance occurs within 1 year and the homeowner remains in the home, the loan will be fully forgiven.</li> </ol>

<b>Payout of the WI HAF Assistance</b>	<p>Disbursements will be made directly to mortgage lender/servicer, land contract holder, county treasurer or local taxing authority, condominium/homeowners' association, management company, utility provider, internet/broadband service providers, and/or other third-party payee authorized to collect eligible charges.</p> <p>In instances where the resolution exceeds the amount the WI HAF can provide, the homeowner may pay the difference through any means available to them provided, the outcome results in a sustainable homeownership retention outcome.</p>
<b>Program Evaluation</b>  <b>Metrics of Success</b>	<ol style="list-style-type: none"> <li>1. Number of homeowners retained in their home</li> <li>2. Number of tax delinquencies eliminated</li> <li>3. Percentage of households assisted receiving housing counselling</li> </ol>
<b>Program Goals</b>	<ol style="list-style-type: none"> <li>1. Retain 1,000 homeowners in their homes within 24 months.</li> <li>2. Eliminate 500 tax delinquencies within 24 months.</li> <li>3. 20% of households assisted receiving housing counselling in each year of the program</li> </ol>

## Non-Mortgage Arrears Satisfaction Program

<b>Program Overview</b>	<p>Homeowners who do not have a mortgage but are delinquent on other housing obligations, such as property taxes, insurances, water and sewer charges, homeowner association and/or maintenance fees, seniors with reverse mortgages, or chattel loans and/or retail installment contracts, may be eligible for the Non-Mortgage Arrears Satisfaction Program.</p>
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<p><b>Foreclosure/Displacement Risk Factor</b></p>	<p>Property tax foreclosures are mostly controlled by local county governments and move on a much faster timeline - roughly two to three (2-3) years, as compared with mortgage foreclosures, which in Wisconsin can take as long as five (5) years. In addition, property tax delinquencies often lead to the levying of interest penalties and fees once a homeowner is delinquent, often with very high interest rates.</p> <p>Condominium homeowners are also at risk of displacement for non-payment of homeowner association fees (HOA). Homeowners with association fee delinquency could face civil lawsuits by the HOA, which could lead to judgments, wage garnishments or other collection activity, which could result in the homeowner being placed at risk of foreclosure.</p> <p>Financing options available to purchasers of manufactured homes, particularly in MHCs, often carry very high interest rates and are not regulated by state and federal mortgage banking regulators. Repossession and eviction of homes due to non-payment occur on an expedited timeline, through local courts, sometimes in a matter of months. In most of these cases, borrowers are not represented by legal counsel.</p>
<p><b>Program Goal</b></p>	<p>To provide financial assistance to Eligible Homeowners to satisfy non-mortgage arrears, resulting in homeownership retention where it otherwise would not have been possible.</p>

<p><b>Targeted Population</b></p>	<p>Homeowners without mortgages who are delinquent on property taxes, insurance, water and sewage, and who earn less than or equal to 100% of the AMI, including those eligible homeowners who are Socially Disadvantaged. Included in this target population are seniors with reverse mortgages.</p> <p>Homeowners in a Manufactured Home Community (MHC) who are delinquent on their home loans, and who earn less than or equal to 100% of the AMI, including those eligible homeowners who are Socially Disadvantaged.</p>
<p><b>Eligible Homeowners</b></p>	<p>Eligible Homeowners must meet the following criteria:</p> <ul style="list-style-type: none"> <li>• Homeowner must be a natural person or trustee of a living trust that holds title to the property. Heirs, equitable owners, and successors-in-interest, as that term is defined in section 1024.31 of Title 12 of the Code of Federal Regulations, meet this ownership requirement.</li> <li>• Homeowner must have experienced a Qualified Financial Hardship after January 21, 2020.</li> <li>• Homeowner must currently own and occupy the property as their primary residence.</li> <li>• Homeowner must meet the Homeowner Income Eligibility Requirements.</li> <li>• Homeowner agrees to provide all necessary documentation to satisfy program guidelines within timeframes established by the State.</li> </ul> <p>Eligible Homeowners should have the ability to pay their ongoing housing costs and are encouraged to receive housing counselling services, if offered.</p> <p>Co-owners are not permitted to separately apply for the WI HAF Program assistance.</p>



<p><b>Qualified Financial Hardship</b></p>	<p>A Qualified Financial Hardship is defined in the American Rescue Plan, §3206 (ARP), as a material reduction in income or material increase in living expenses associated with the Coronavirus pandemic that has created or increased the risk of mortgage delinquency, mortgage default, foreclosure, loss of utilities or home energy services, or displacement for a homeowner.</p> <p>Reduction of Income is a temporary or permanent loss of income after January 1, 2020.</p> <p>Increase in living expenses is an increase in out-of-pocket household expenses, such as medical expenses, inadequate medical insurance, increase in household size, increase in childcare costs, or other costs associated with the Coronavirus pandemic after January 1, 2020.</p>
<p><b>Homeowner Income Eligibility and Documentation Requirements</b></p>	<p>Homeowner Income Eligibility Requirements are limited to households with incomes at or below the median income.</p> <p>With respect to each household applying for assistance, eligibility may be established between using the definition of “annual income” as provided by HUD in 24 CFR 5.609 and using adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual Federal annual income tax purposes.</p> <p>For determining annual income, applicants should provide at the time of application source documents evidencing annual income (e.g., wage statement, interest statement, unemployment compensation statement), or a copy of Form 1040 as filed with the IRS for the household.</p> <p>For determining monthly income, applicants should provide income source documentation, as listed above, for one month prior to the submission of the application for assistance. If an applicant qualifies based on monthly income, the grantee must recertify after three months and it must be documented in system notes, no additional application is required.</p>
<p><b>Homeowner Prioritization</b></p>	<p>Funding will be prioritized to the applicants whose taxing entity, lender, or Board of Directors, etc., agrees to waive penalties, fees or arrearages that exceed the WI HAF Maximum Per Household Assistance.</p>
<p><b>Eligible Properties</b></p>	<p>Eligible Properties are those that are:</p> <ul style="list-style-type: none"> <li>• Single-family properties.</li> <li>• Condominium units.</li> <li>• 2- to 4-unit properties where the homeowner is living in one of the units as their primary residence.</li> <li>• Manufactured homes permanently affixed and taxed as real property.</li> <li>• Manufactured homes on leased land in manufactured home communities.</li> </ul> <p>Ineligible properties are those that are:</p> <ul style="list-style-type: none"> <li>• Vacant or abandoned</li> <li>• Second homes</li> <li>• Non-owner-occupied investment property</li> </ul>

<b>Eligible Uses of Proceeds</b>	<p>Housing obligations as listed below and that were not due prior to January 21, 2020 are Eligible Uses of Proceeds:</p> <ul style="list-style-type: none"> <li>• Delinquent property taxes.</li> <li>• Homeowner’s hazard, flood and/or mortgage insurance.</li> <li>• Existing chattel or retail installment loan payment (principal and interest).</li> <li>• Manufactured home loan monthly payment (P&amp;I) and lot rent, if applicable.</li> <li>• Utilities, including electric, gas, home energy and water, if arrearages not otherwise covered from another source offunds.</li> <li>• Internet service, including broadband internet access, if arrearages not otherwise covered from another source offunds.</li> <li>• Condominium association fees, including for lien extinguishment.</li> </ul>
<b>Maximum Per Household WI HAF Assistance</b>	Eligible homeowners may apply for an amount equal to the arrears due since January 1, 2020 and limited to \$40,000 per household.
<b>Assistance Type</b>	<p>Assistance will be structured as follows:</p> <ol style="list-style-type: none"> <li>1. Total WI HAF monetary assistance below \$10,000 will be structured as a grant.</li> <li>2. Total WI HAF monetary assistance exceeding \$10,000 will be structured as a 1-year, non-interest bearing, non-amortizing forgivable loan. The loan is due in full upon sale, refinance, or transfer of ownership. If no resale, transfer, or refinance occurs within 1 year and the homeowner remains in the home, the loan will be fully forgiven.</li> </ol>
<b>Program Evaluation Metrics of Success</b>	<ol style="list-style-type: none"> <li>1. Number of homeowners retained in their home</li> <li>2. Number of tax delinquencies eliminated</li> <li>3. Percentage of households assisted receiving housing counselling</li> </ol>
<b>Program Goals</b>	<ol style="list-style-type: none"> <li>1. Retain 500 homeowners in their homes within 24 months.</li> <li>2. Eliminate 500 tax delinquencies within 24 months.</li> <li>3. 20% of households assisted receiving housing counselling in each year of the program</li> </ol>

<b>Payout of the WI HAF Assistance</b>	<p>Disbursements will be made directly to the county treasurer or local taxing authority, manufactured home lender/community owner (lot fees), condominium or homeowners' association, utility provider, internet/broadband service providers, and/or other third-party payee authorized to collect eligible charges.</p> <p>In instances where the resolution exceeds the amount the WI HAF can provide, the homeowner may pay the difference through any means available to them, and WI will pay the max of its limit, so long as the underlying matter is resolved in its entirety.</p>
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## Budget

WI HAF Allocation:	\$92,705,301
*Administrative Expenses – 15%:	\$13,905,795.15
**Counseling or Educational Services – 4%:	\$3,708,212.04
**Legal Services – 1%:	\$927,053.01
Sub-Total Available for Aids:	\$74,164,240.80
Mortgage Reinstatement and Principal Reduction - 60% of Sub-Total	\$44,498,544.48
Non-Mortgage Arrears Satisfaction Program - 40% of Sub-Total	\$29,665,696.32

\*Any un-spent funds allocated to Administrative Expenses will be allocated to program aids according to final methodology

\*\*After approximately 12 to 18 months of program operation, DECHR will decide, based on expenditure data as well as input from the counseling and legal services areas, whether any funds not yet spent in either service category will be reallocated to the other in order to effectively and efficiently meet the needs of homeowners. At the end of the program, any un-spent counseling or legal services funds will first be re-allocated to the other service category, then if still unspent allocated to program aids according to final methodology.

## Payment Process

The State, or its grantee, will disburse the WI HAF assistance directly to mortgage lenders/servicers, land contract holders, manufactured home lender/community owner, county treasurer or local taxing authority, condominium/homeowners' association, insurance providers, internet/broadband service providers, and/or other third-party payee authorized to collect eligible charges.

No direct payments will be made to any homeowner under the Program. Once a homeowner completes a Program application, provides required documentation, and is approved for the Program, the funds will be disbursed by wire, ACH and/or bank check to the appropriate entity(ies).

## Application Process

The Program Administrator (see [Readiness to Proceed](#) section for more information on Program administrator) will provide for receipt of applications through an online portal, which will be accessible 24/7, unless routine maintenance is needed. The online application will collect demographic and other required information as applicable under the American Rescue Plan Act 2021 and/or guidance issued by the U. S. Department of the Treasury, as well as the ability to accept uploads of supporting documentation. In the event an applicant does not have access to apply virtually or needs further assistance with applying, a referral will be made to either a non-profit housing counseling organization, legal services provider, or the WI HAF hotline who will assist the homeowner with application and documentation submission. Once an

application is submitted, the Program administrator will review and determine eligibility for the Program.

Once an application is submitted to the Program administrator, it will be processed in the order it was received with prioritization given as identified in the term sheets above, assessed for eligibility and completeness, and if further information is needed, the Program administrator will work with the homeowner, their advocate or other authorized representative to submit all outstanding and required information. Once an application is complete, the Program administrator will provide the homeowner with a decision. If the application is approved, funding will be performed as per the WI HAF Payment Process outlined above.

## Methods for Targeting Potential Applicants

Using HMDA, ACS and Federal Bank of Atlanta data, DEHCR identified areas in Wisconsin where more than the statewide average home loans originated between 2007 and 2019 were made to households with incomes at or below the median income and where more than the statewide average were made to Socially Disadvantaged homeowners. This information will help guide the targeting of potential applicants, with a particular emphasis on deploying strategies that encourage eligible households that are also Socially Disadvantaged to apply. This will include, as discussed further below, entering into collaborations with entities that provide legal services and housing counseling services, paid and earned media efforts, and conducting grassroots outreach and stakeholder education.

**Homeowners & Homeownership Rates by District (All Races/Ethnicities & Households of Color)**

District	Homeowning Households	Homeownership Rate	Median Household Income	% Households of Color	Households in Forbearance	Households in Delinquency
District 1	194,441	69.64%	\$67,231	19.87%	9,621	5,553
District 2	196,927	61.70%	\$67,394	18.45%	7,324	3,951
District 3	201,172	68.73%	\$57,953	8.66%	5,097	2,765
District 4	127,275	45.23%	\$45,057	58.66%	19,487	12,595
District 5	209,089	70.27%	\$70,271	13.71%	12,462	6,118
District 6	210,792	71.50%	\$59,868	11.28%	6,582	3,459
District 7	231,702	75.78%	\$57,200	8.66%	7,185	3,564
District 8	221,042	73.36%	\$61,423	13.56%	8,957	4,673
<b>Statewide</b>	<b>1,592,440</b>	<b>67.14%</b>	<b>\$60,800</b>	<b>19.02%</b>	<b>76,715</b>	<b>42,678</b>

Source: U.S. Census Bureau, American Community Survey (ACS) 5-Year Estimates 2015-2019; Atlanta Fed calculations using Black Knight's McDash Flash daily mortgage performance data (available with a two-day lag)

## Legal Services and Housing Counseling

DEHCR will contract with non-profit housing counseling and legal services entities to provide services on a statewide basis. Contracted organizations are dedicated or will be contractually obligated to work with low-income families, and a significant number of these organizations will have physical offices located in majority-minority communities.

Under the WI HAF agreement, contracted groups will be required to apply for funding. Applicant agencies must include a strategic outreach plan, a detailed description of how they will assist targeted homeowners under the WI HAF program with application submission, and a description of how they will assist borrowers in

negotiations with lien holders, mortgage servicers, tax collecting authorities, insurance providers, and investor groups.

Outreach strategies may include but will not be limited to: in person and virtual presentations at community centers, faith-based institutions, and other community-based facilities where targeted homeowners are likely to be represented. Housing counselors and legal services providers will be encouraged to host in person “walk-in” clinics where homeowners can meet with a counselor or an attorney and be reviewed for eligibility under the WI HAF. Contracted agencies may also provide consultations to homeowners who may be at risk of foreclosure or eviction.

All outreach materials and applications materials used by contracted agencies will be available in multiple languages including English, Spanish, Somali and Hmong.

## Paid and Earned Media

The State will authorize a reasonable portion of the administrative budget to be dedicated to paid media, including placing the WI HAF advertisements on tv, radio, print publications, and to support direct mail and digital advertising. The effectiveness of these outreach and marketing efforts will be evaluated for efficacy at reaching qualified applicants under the WI HAF program, especially efforts to identify and encourage Socially Disadvantaged households to apply.

In addition to paid media, the State and its partner agencies will launch and sustain a targeted social media campaign aimed at these same geographies, with an emphasis on targeting Socially Disadvantaged households for outreach and awareness. Social media will be utilized in partnership with community-based leaders, faith-based leaders, and local elected officials to amplify the social media messaging through stakeholders who have direct ties to the impacted communities.

The State will also contractually establish a dedicated, well-staffed and multilingual homeowner hotline which will be promoted in all paid and earned media communications. The hotline will also serve as a tool to connect homeowners to partner agencies if they need assistance with applying to the WI HAF.

## Grassroots Outreach and Stakeholder Education

The State will engage a team of community-based organizations located in the communities with high concentrations of targeted homeowners. Members of *Take Root Wisconsin* agencies may host a series of in-person or on-line events to engage the public, including stakeholders with a vested interest in homeowner assistance, on the Homeownership Assistance Fund created by the American Rescue Plan. Public participation and community engagement will help to inform the plan proposal before it is sent to Treasury and ensure that partners are brought into the process to help deploy assistance once the plan is approved.

All outreach materials and applications materials used will be available in multiple languages including English, Spanish, Somali and Hmong.

## Best Practices and Coordination with Other States

The Program descriptions above are modeled after successfully administered programs, such as the New York State Mortgage Assistance Program (NYS-MAP), a State-sponsored program that delivered over one hundred million dollars (\$100,000,000) in zero-interest deferred mortgages to homeowners at risk of foreclosure because of the lingering effects of the 2008 financial crisis.

DEHCR is a member of the National Council of State Housing Agencies (NCSHA), where the HAF recipients are in frequent and regular communication regarding the HAF programs, including chat groups, weekly conference calls and a shared library of template documents that may be used to create uniformity for states involved with the HAF.

## Readiness to Proceed

### Staffing and Systems

DEHCR has selected the Wisconsin Community Action Program Network (WISCAP) and its member agencies including Housing Resources Inc and the Foundation for Rural Housing to administer the WI HAF program. These organizations will take applications for funding, establish eligibility, authorize payments to mortgage holders, local assessors, or public utilities, provide eligible services and make referrals for services.

In addition, DEHCR will enter into an agreement with the Office of the State Treasurer, using the **Take Root Wisconsin** and **Foreclosure Prevention Fund** model of identifying and assisting eligible households with property tax delinquencies. Under the Treasurers' Task Force for Homeowners, the Office of the State Treasurer has coordinated with local treasurers, WISCAP and member community action agencies, lenders and financial institutions, and housing nonprofits to build models for sustainable homeownership in Wisconsin. The COVID-19 Early Intervention Foreclosure Prevention Program, piloted in La Crosse County, demonstrates how the local treasurer, area CAP agency, legal assistance organization, and lenders can work together to create an ecosystem to help struggling homeowners.

DEHCR will also enter into an agreement with Energy Services Incorporated (ESI) to operate a call center for mortgage assistance inquiries. ESI may complete an application for eligible expenses and refer the client to the local CAP agency for assistance, including housing counselling services. In addition, as workload allows, ESI could have the option to take applications for funding, establish eligibility, authorize payments to mortgage holders, local assessors, or public utilities and make referrals for services and referrals for utility arrearages.

WISCAP, its member agencies and ESI have a history of operating rental assistance programs, and to date, have administered five hundred and seventy-six million dollars (\$576,000,000) in federal rental assistance grants authorized through the Consolidated Appropriations Act, 2021 and the American Rescue Plan Act, 2021. WISCAP, its member agencies and ESI will report directly to DEHCR's program staff and will work in conjunction with any consultants and/or vendors engaged by DEHCR.

WISCAP member agencies were chosen as the recipients of funding due to their previous administration of the Wisconsin Rental Assistance Program, Wisconsin Emergency Rental Assistance Program, statewide network, administration of existing programs providing support to renters in crisis, ability to leverage private or additional resources to augment federal funding and relationships with local officials and members of the communities served. In addition, member agencies administer federal Community Services Block Grant funds, demonstrating their ability to meet federal standards as well as experience with meeting the goals of the program.

ESI was chosen as recipients of funding due to their significant presence throughout the State, their capacity to administer a call center handling a volume of calls that is expected from this legislation and their existing relationships and responsibilities administering heating benefits on behalf of counties throughout Wisconsin.

WISCAP, its member agencies, ESI and DEHCR are in the process of negotiating the appropriate staffing levels for the WI HAF administration and oversight. The agencies have assessed the need to scale the program quickly and considerations for scaling down in later years. WISCAP, its member agencies and ESI are developing a plan that includes staff for Outreach and Marketing, Intake, Program Assessment, Funds Disbursements, Analysis and Reporting, Quality Control, and Program Management. DEHCR plans to utilize existing staff as well as new positions for the WI HAF oversight within DEHCR.

WISCAP, its member agencies, ESI and DEHCR will work together to contract for a database and online portal so that homeowners, servicers/lenders, taxing authorities, and advocates may directly apply to the Program. Additionally, the platform itself will include reporting, quality control, PII security, and document storage and retention functions. DEHCR will promulgate a policy manual providing additional guidance for grantees to use covering the elements of the Plan.

## Contracts and Partnerships

DEHCR will contract with WISCAP, its member agencies, ESI and the Office of the State Treasurer to administer the WI HAF program and will provide continuous oversight with the assistance of a consultant firm with experience managing multi-million-dollar state and federal programs. WISCAP, its member agencies, ESI and the Office of the State Treasurer may also contract with sub-vendors, including, but not limited to technology, hotline, compliance, reporting, finance, and marketing and outreach vendors. WISCAP, its member agencies, ESI and the Office of the State Treasurer will ensure all vendors enact a rigorous procurement and competitive bidding process in compliance with federal and state procurement requirements. Any vendor selection assessment and recommendations will be made in partnership with DEHCR. WISCAP, its member agencies, ESI and the Office of the State Treasurer may also sub-contract with another CDFI to assist in the delivery of programs and to provide homeowner services.

If DEHCR hires a consultant to assist in administering the WI HAF program, the consultant will assist in monitoring vendors selected by WISCAP, its member agencies, ESI and the Office of the State Treasurer, provide technical assistance to vendors, particularly for technology and service partners, assist with documenting program policies and procedures, review and make recommendations on quality control and data privacy protocols, and ensure that DEHCR's systems and program guidelines are as consistent as possible with other state HAF participants.

As stated above, the program will also work with service providers who will assist homeowners across the state to assess their current mortgage/housing situation and may assist eligible clients to apply to the Program. In addition, DEHCR, WISCAP, its member agencies, ESI and the Office of the State Treasurer also will work with local stakeholders, such as elected officials, places of worship, taxing authorities, and community-based organizations that represent the hardest hit neighborhoods.

Lastly, DEHCR is also establishing partnerships with mortgage servicers, tax collecting authorities, condominium associations, and trade groups to better streamline assistance to eligible homeowners and delivery of funds.

## Public Feedback

DEHCR obtained input and public comment, including through two Public Hearings, from Wisconsin residents, advocacy groups, affordable housing organizations, faith-based and minority-led organizations, and other interested parties on the WI HAF Needs Assessment and Plan that

was issued in August. DEHCR has accounted for this feedback in finalizing this Needs Assessment and Plan.