

Narrative for Proposed NSP1 Budget Amendments – June 1, 2010

Homebuyer Assistance

The current NSP 1 budget amendment proposes shifting \$24,200 from Homebuyer Assistance counseling to Homebuyer Assistance Counseling for families earning under 50% of Area Median Income. This change reflects recategorizing the costs relating to counseling for families receiving NSP1 Homebuyer Assistance whose incomes are under 50% of Area Median Income.

New Construction

The current NSP 1 budget amendment proposes reducing the NSP 1 New Construction budget by \$1,040,000. For NSP 1, there were fewer requests than anticipated for funding for new construction activity. When the budget was originally proposed at the end of 2008, the City anticipated that this activity would support new construction activity relating to affordable rental development on foreclosed property utilizing the Low Income Housing Tax Credit Program. In 2009, necessary development subsidies for a number of 2009 LITC projects were funded using TARP or Exchange funds through the Wisconsin Housing and Economic Development Authority (WHEDA). Originally, the construction of 40 new housing units was proposed under this activity. The reduction in budget results in the development of 7 new units. 2 of the units will be targeted to families earning between 50% and 120% of Area Median Income and 5 units will be targeted to families earning under 50% of Area Median Income.

Buy in Your Neighborhood Program

While the City has aggressively marketed the Buy In Your Neighborhood Initiative, and enlisted a lender to help provide financing, we have received no applications for the program. Therefore, the proposed NSP 1 budget amendment requests a transfer of all BIYN funds of \$240,000 to other activity categories, including Acquisition and Rehab and the Land Bank. This reduction in budget results in a reduction of 40 units proposed for this program. The City still believes that it is a worthwhile program, and that it is a good tool in our NSP efforts. Should we receive any applications for the program going forward, we will use NSP 2 Program funds to accommodate them.

Land Bank

As a result of the proposed reductions in budgets for the New Construction and Buy in Your Neighborhood Programs, the Land Bank Budget will be increased by \$140,000, resulting in an increase in the number of proposed units for this activity from 35 to 40. All of the increase will be in the non-25% set-aside category.

Acquisition Rehab

As a result of the proposed reductions in budgets for the New Construction and Buy in Your Neighborhood Programs, the Acquisition Rehab Budget for NSP 1 will be increased by \$1,140,000. This will result in an increase in the number of units proposed for this program from 5 units to 20 units. Of the 15 unit increase, 13 will be targeted to families earning between 50% and 120% of Area Median Income and 2 units will be targeted to families earning under 50% of Area Median Income.