



American Rescue Plan Act Funds (ARPA) – Affordable Housing Taskforce

Problem Statement: Lack of Affordable Housing in Sheboygan County

Very few housing options exist for those moving to the community. Sheboygan County is faced with a housing shortage, especially housing affordable to the average wage earner (\$20/hr +/-) in the County. The Sheboygan County Economic Development Corporation (SCEDC) estimates that at least 600 single family housing units are needed in the next 3-5 years that cost at or below \$220,000 (the amount an average wage earner can typically afford). However, it is difficult to build a house in that price range considering costs of labor, materials, infrastructure, and land.

Charge: Recommend Strategies and Opportunities to Provide More Affordable Housing

Use of ARPA funds must be well thought through and a deliberate process, and investing in affordable housing is an eligible use. The Affordable Housing Taskforce will meet at least monthly to research and develop goals, recommendations and implementation strategies, and provide a written report to the SCEDC Board of Directors, City of Sheboygan Common Council, Heads of Local Government, and Sheboygan County Board no later than January 2022. The Taskforce will consider a number of options including, but not limited to: Zoning, Developer Financial Programs, Resident Financial Programs, Establishing a Land Bank; Affordable Housing Fund; Community Land Trust; and other potential Fiscal Incentives to address local market needs. The intention is for Sheboygan County to be a leader in the State and Region in providing high quality, affordable homes to its residents and those moving to the area through workforce development efforts.

Taskforce Membership:

- **Co-Chair - Don Hammond, Executive Vice President, M Squared Advisory Group**
- **Co-Chair - Gary Dulmes, CEO, Dulmes Décor Carpet One**
- Manufacturing employer - Chad Hamilton, Senior Vice President/General Counsel, Sargento Foods
- Healthcare - Kristen Stearns, CEO, Lakeshore Community Health
- Construction - Bob Werner, CEO, Werner Homes (Designee – Ross Werner)
- Trades - Ted Gumieny, Business Development Specialist, NE Wisconsin Building & Construction Trades Council
- Financial Institution - Chris Kennedy, Vice President & Commercial Banker Wisconsin Bank & Trust
- Financial Institution - Bill Kopka, Vice President, Community Accountability, Associated Bank

Taskforce Membership (continued):

- Sheboygan County Housing Coalition - Joe Kruse, Saint Vincent de Paul
- Affordable Housing - Karin Kirchmeier, Executive Director, Partners 4 Development
- Lakeshore CAP - Collen Homb, Executive Director
- Schools - Michael Trimmerger, Administrator, Random Lake School District
- City of Sheboygan - Chad Pelishek, Planning Director
- Sheboygan County - Aaron Brault, Planning Director
- Sheboygan County Economic Development Corporation (SCEDC) - Brian Doudna
- Sheboygan County Administration/Habitat for Humanity Board - Alayne Krause, Deputy County Administrator
- Local Municipality - Jordan Skiff, Administrator, City of Plymouth
- Local elected officials- County Board Supervisor Curt Brauer
 - County Board Supervisor Henry Nelson
 - City of Sheboygan Mayor Ryan Sorenson
 - Town of Sheboygan Town Chair Dan Hein



February 14, 2022

County Administrator Adam Payne and Members of the Sheboygan County Board,

On behalf of the twenty-one (21) member ARPA Housing Taskforce that represented eighteen (18) organizations, we want to thank the City and County of Sheboygan for their leadership in creating these taskforces to explore our community's needs and local challenges. The Taskforce met seven (7) times to explore existing government financial tools, zoning, housing stock conditions, supply challenges, lending programs, local non-profit missions, and capacities to better understand gaps in local services to target populations. We have attached the Affordable Housing Taskforce Report for your consideration.

SUMMARY OF TASK FORCE CHARGE AND SUMMARY OF RECOMMENDATIONS

- 1) **Workforce and Affordable Housing Program (WAH)** (\$3,000,000) – The Workforce and Affordable Housing Program provides county funding to match a significant investment by private sector companies to spur the construction of workforce and affordable housing projects.
- 2) **Existing Home Repair Program** (\$1,500,000) – The Home Repair Program provides funding to address the unmet demand for financing tied to repairing the existing housing stock in Sheboygan County. This program will use existing service providers and expand the income eligibility to individuals and families earning less than 120% of the County's Area Median Income.
- 3) **Down Payment Assistance Program** (\$600,000) – Create a down payment assistance program to support the purchase of affordable single-family homes by entry-level workers with incomes between 80% and 120% of Sheboygan County's Area Median Income.
- 4) **Housing Navigator** (\$120,000) Due to the complexity of the existing housing programs and their funding silos, the Taskforce recommends a housing navigator to assist local residents with their housing options and financial tools to secure safe and affordable housing.

We understand that the requested funding levels may not be possible with all of the recommendations coming from the priorities of the other five ARPA committees. However, the Housing recommendations have been outlined to the final federal rules of ARPA. Several of these proposals should use the Revenue Loss component of the law to provide the greatest flexibility in addressing local housing needs.

Thank you for your consideration.

A blue ink signature of Don Hammond.

Don Hammond
Co-Chair

A blue ink signature of Gary Dulmes.

Gary Dulmes
Co-Chair

Cc: City of Sheboygan Common Council, Heads of Local Government, SCEDC Board of Directors

AMERICAN RESCUE PLAN ACT (ARPA) TASKFORCE REPORT

Taskforce Information	
Taskforce Name: Affordable Housing	Chair(s): Don Hammond
Report Date: February 14, 2022	Gary Dulmes

Charge

Recommend Strategies and Opportunities to Provide More Affordable Housing

Summary of Recommendations (In priority order)

- 1. Workforce and Affordable Housing Program (WAH) (\$3,000,000)** – The Workforce and Affordable Housing Program provides county funding to match a significant investment by private sector companies to spur construction of workforce and affordable housing in Sheboygan County. The Program is designed to work county-wide and partner with municipal, non-profit and private sector developers, and home builders to increase the number of affordable housing units available in Sheboygan County. The Program may include assisting in land acquisition, construction of housing units for affordable entry-level single-family homes, senior housing, workforce housing, temporary housing, and other eligible populations impacted by the recent pandemic. The creation of this type of private sector fund was a recommendation in the 2021 Housing Study completed for the City of Sheboygan. This program will work in concert with other programs that fill financial gaps in construction of new housing units affordable to entry-level workforce and low to moderate income individuals and families. The program will ensure that 51% of the housing units will be affordable to individuals and families based on ARPA Moderate Income Threshold of \$65,880 for a family of three. These housing units are needed to spur population growth to fill the 2,500 currently vacant jobs available in Sheboygan County.
- 2. Existing Home Repair Program (\$1,500,000)** – The Home Repair Program provides funding that will address the unmet demand for financing tied to repairing the existing housing stock in Sheboygan County. This program will be implemented through existing service providers, but this funding will expand the eligibility to individuals and families that earn 80% to 120% of Sheboygan County Area Median Income (AMI). The existing programs and funding levels in the county are adequate to service the demand for individuals and families earning less than 80% of the county’s AMI.
- 3. Down Payment Assistance Program (\$600,000)** – Create a down payment assistance program to support the purchase of affordable single-family homes by entry-level workers with incomes between 80% and 120% of Sheboygan County’s Area Median Income (AMI). This will expand available assistance through existing service providers that provide down payment assistance to individuals and families that are below 80% of Sheboygan County’s AMI.
- 4. Housing Navigator – (\$120,000)** Due to the complexity of the housing programs and the funding silos that exist with most government funded housing programs, the Taskforce is recommending a housing navigator to assist local or new residents with their housing options and the financial tools that are able to be leveraged to secure safe and affordable housing.

Recommendation 1: Workforce & Affordable Housing Program (WAH)

Implementation Strategy:

- \$2,800,000 would be provided to the Sheboygan County Economic Development Corporation on specific projects that meet the program guidelines to implement the Affordable and Workforce Housing Program in concert with local governments, local housing partners, and the private sector partners.
- \$200,000 would be allocated to Habitat for Humanity to enhance their ability to construct one additional home annually. This will maximize their existing volunteer capacity and budget resources. Habitat will seek guidance on acquisition of lots from the manager of the WAH Program. Habitat will implement the construction of the 4th home by December 2023.
- UW-Madison Department of Real Estate and Urban Land Economics and their Residential Property Development Class will review up to 20 sites for green field, redevelopment, and infill development throughout the county to provide technical assistance to municipalities, landowners, and potential developers of available parcels to include single-family, multi-family, senior, and low-income housing options. UW Madison students and faculty will be implementing this effort starting in January 2022 and will complete it by June 30, 2022.
- The WAH Program will seek to implement projects across the county in concert with municipal partners. The WAH Program will seek to leverage both private sector and public sector funding on each project to increase the overall impact of the limited county funding. The funding from municipalities or private sector could include donation or in-kind activities to reduce housing project costs or public financial support.
- The WAH Program will make the housing units affordable and available to individuals and families earning below 120% of the Area Median Income (AMI) in Sheboygan County. A minimum of 51% of the housing units developed will meet this criterion.
- In addition, special emphasis will be placed on creating amenities to improve the quality of life in the neighborhoods where WAH dollars are utilized. These could include but are not limited to childcare lots, enhanced neighborhood parks, and unique facilities to support a sense of belonging to the neighborhood.
- The WAH Program in partnership with the separate private sector funding will seek to spur encumbered investment into a minimum of 300 housing units by December 31, 2024.
- The Sheboygan County Economic Development Corporation (SCEDC) will create an Affordable Housing Committee of private sector leaders to recommend projects and various funding models to advance affordable single-family housing units in the county. These recommendations will include receiving guidance from the UW Madison Department of Real Estate and Urban Land Economics.

Total Annual Operational Cost and/or one-time Capital Request: \$3,000,000 – One Time Capital Request (to be used by November 30, 2024, or funds will be returned). This would match a significant private sector investment into this effort.

Funding Breakdown (ARPA request, grant dollars, and any other leveraged resources):

- The Sheboygan County Economic Development Corporation has received significant financial commitments from the private sector to partner with county funds to implement activities related to the Workforce and Affordable Housing Program. The private sector will deposit funding exceeding the County ARPA request into a dedicated SCEDC account by February 28, 2022. Additional private sector funding will be deposited on a project-by-project basis with a total commitment of over twice the ARPA request.
- Each housing proposal will have different funding mix based on the tools available to the specific local government and partners. The capital budget and operational expense will be different on each project. The goal will be to maximize TIF and WHEDA tools to reduce costs to homebuyers or renters. Affordable housing targets will be set in each project.
- The private sector funding will cover any administrative costs of the program, so the County funding can go directly into supporting the construction and or land acquisition for creation of affordable housing units. The measurements will include the number of lots and housing units/building permits issued and income levels of residents.
- The SCEDC has worked with the Federal Home Loan Bank of Chicago (FHLBC) to ensure favorable lending terms can be provided to eligible home buyers and contractors.
- The WAH Program is sustainable and will invest its earned revenue into workforce housing and workforce development efforts. The program will be sustained by revenues including but not limited to lot land lease and commercial land sales. The SCEDC has a committee of committee of private sector advisors that will determine investments and approve revenue models for sustainability while building entry-level homes for our targeted populations.

Year 1	Year 2	Year 3
Revenue	Revenue	Revenue
\$2,000,000 ARPA	\$1,000,000 ARPA	\$ 0 ARPA
\$ To Be Announced (TBA) Private	\$ TBA Private	\$ TBA Private
\$ TBA Local Govt	\$ TBA Local Gov't	\$ TBA Local Gov't
	\$ TBD Land Lease	\$ TBD Land Lease
Expense	Expense	Expense
\$2,500,000 land, street, water, sewer, engineering	\$ TBD Finalizing plans	\$ TBD Finalizing development plans

ARPA Eligibility:

- Programs or services to support long-term housing security: including development of affordable housing and permanent supportive housing. (*Overview of Final Rule, Page 17*)
- “As with all interventions to address the negative economic impacts of the pandemic, affordable housing projects must be responsive and proportional to the harm identified. This test may be met by affordable housing development projects – which may involve large expenditures and capital investments – if the developments increase the supply of long-term affordable housing for low-income households. While there may be less costly (or non-capital) alternatives to affordable housing development, a comprehensive response to the widespread housing challenges underscored by the pandemic will require the production of additional affordable homes, and targeted affordable housing development is a cost-effective and proportional response to this need.” (*Final Rule, Page 106*)

Community Impact:

- Increase housing units affordable to residents earning less than 120% of the county's AMI.
- Partner with local government and non-profit home development partners (i.e., Habitat for Humanity) for finding and acquiring home lots for development of LMI focused properties.
- Increase tax base in the county while supporting the construction of affordable homes that can be purchased by individuals at or below 120% of the County AMI.
- A portion of the funding will target creation of housing units for special populations that may include temporary workforce housing, veterans, and pandemic impacted populations.
- Two key program measurements will include the number of home lots developed and housing units/building permits issued due to this program funding.
- Creation of a new Entry Level Home Market will open an underserved housing market that is not profitable for the traditional home builders without assistance.
- Revenue from land lease to be used to reinvest into workforce housing efforts. This could be things such as land acquisition, down payment assistance or the housing navigator.

Recommendation 2: Sheboygan County Home Repair Program (Housing RLF)

Implementation Strategy:

- The Sheboygan County Home Repair Program will be modeled after existing programs available at the municipal and county level. This program will use the same forms, financial literacy training, and underwriting standards but with more flexible income criteria to increase utilization.
- The loan program will be managed and implemented county wide by Partners for Community Development, Inc. using a model similar to a Business Revolving Loan Fund.
- The funding is anticipated to spur reinvestment into existing housing stock. It is anticipated that the program will be able to immediately finance 35 projects enhancing the quality of the housing stock through home repair and weatherization. The population will be any homeowner with income level of less than 120% of AMI. The funding will be fully allocated in housing projects by August 31, 2024.
- The loan terms would provide low interest rates and flexible terms to allow homeowners with limited equity to access this capital to make necessary repairs to support long-term housing security in the county.
- Eligible activities may include improvements to vacant and abandoned properties, including but not limited to rehabilitation or maintenance, renovation, removal and remediation of environmental contaminants, demolition or deconstruction, and greening/vacant lot cleanup and conversion to affordable housing.
- Sheboygan County municipalities, Habitat for Humanity, and other non-profit partners may also seek funding from this program to support redevelopment of specific sites or homes to prepare them for future housing units tied to the program’s eligible population.
- The city of Sheboygan also runs a similar program to Partners for Community Development and would provide backup support as needed to fully implement this program.
- This program will provide homeowners and buyers with financial literacy and homeownership classes.

Total Annual Operational Cost and/or one-time Capital Request: \$1,500,000 – One Time Capital Request

Funding Breakdown (ARPA request, grant dollars, and any other leveraged resources):

- \$1,500,000 would be used to create a housing repair fund.
- 7 % of the loan fund could be used for administration and staffing expenses by Partners for Community Development, Inc. (not to exceed \$105,000)
- The program would loan dollars to homeowners with the repayment and interest on the loan sustaining the program beyond the initial investment.
- Existing loan programs will remain available but for individuals with lower incomes and will have other restrictions tied to the existing program funding source policies.
- Interest earned on the loans will grow the loan fund and cover most of the admin expense.
- Partner with financial institutions on households that meet Community Reinvestment Act income levels.

Year 1		Year 2		Year 3	
Revenue		Revenue		Revenue	
\$1,500,000	ARPA	\$ 0	ARPA	\$ 0	ARPA
\$0	Loan Principal	\$ 184,000	Loan Principal	\$187,000	Loan Principal
\$0	Loan Interest	\$ 71,000	Loan Interest	\$ 68,000	Loan Interest
\$0	Bank Support	\$ TBD	Bank Support	\$ TBD	Bank Support
Expense		Expense		Expense	
\$ 105,000	Loan Admin	\$ 85,000	Loan Admin	\$ 85,000	Loan Admin

ARPA Eligibility:

- Low- or moderate-income households or communities (*Assistance to Households, Page 17*)
- Burials, home repair, and home weatherization (*Assistance to Households, Page 18*)
- This final rule reflects this clarification and builds on the objectives stated in the interim final rule to improve access to stable, affordable housing, including through interventions that increase the supply of affordable and high-quality living units, improve housing security, and support durable and sustainable homeownership. (*Final Rule, Page 103*)
- Investments in neighborhoods to promote improved health outcome (*Impacted Households,*
- “Rehabilitation of blighted properties or demolition of abandoned or vacant properties,” address the public health or economic impacts of the pandemic (*Final Rule, Page 133*)

Community Impact:

- The Housing Repair Program will repair approximately 35 housing units for homeowners to improve the quality of housing available to families earning less than 120% of AMI.
- Given required underwriting standards, the funding will give priority to individuals that can demonstrate an impact from the pandemic, including but not limited to layoff, illness, and relocation to new neighborhood of county for employment.
- The program will track number of loans, building permits and the types of repairs being made to ensure improvement of housing stock in the county. Annual summary will be provided that will include the ethnicity of the applicant to ensure that diverse populations are receiving benefit and the measurement monitored in annual reporting.
- Increase safety and home security to improve public health of residents and children.

Recommendation 3: Down Payment Assistance Program

Implementation Strategy:

- The funding for the down payment assistance program would be operated and managed by Lakeshore CAP as a countywide service provider. Other service providers in the county include city of Sheboygan and Partners for Community Development. Lakeshore CAP may choose to sub grant dollars to these partners based on an eligible client request.
- The program will be modeled after existing programs but targeted to the 80% to 120% of Sheboygan County AMI. The existing local down payment assistance programs target populations under the 80% of County AMI.
- The funding will also consider other sources of capital for down payment assistance including WHEDA and the Federal Home Loan Bank of Chicago, who can provide up to \$6,000 on down payment assistance through their local member banks. Sheboygan County has eight (8) member banks operating in the county.
- This funding will provide enough down payment assistance to provide up to 100 eligible homeowners with down payment assistance.
- The Program will document referrals of down payment funding from partners to document how the funding is being fully leveraged to support home ownership.

Total Annual Operational Cost and/or one-time Capital Request:

\$600,000 - One Time Capital Request

Funding Breakdown (ARPA request, grant dollars, and any other leveraged resources):

- The program will allocate up to 15% for cost of administration.
- The remaining funds will be used to launch the down payment assistance program to individuals earning between 80% and 120% of County AMI. According to ARPA income criteria, a household of three would be able to earn \$65,880. The income level of the family of three as of 2021 would be \$53,700 to \$79,056.
- This program would not be sustainable. Program could be structured as a loan with repayment when sale of home to make sustainable.

Year 1	Year 2	Year 3
Revenue	Revenue	Revenue
\$300,000 ARPA	\$300,000 ARPA	\$0 ARPA
Other Programs (WHEDA)	Other Programs (WHEDA)	Other Programs
Expense	Expense	Expense
\$300,000 down payment Assistance and Admin	\$300,000 down payment Assistance & Admin	

ARPA Eligibility:

- “Finally, to further support sustainable and durable homeownership, ARPA recipients may consider offering down payment assistance, such as through contributions to a homeowner’s equity at mortgage origination.” (*Final Rule, Page 107*)

Community Impact:

- Increase in home ownership by the target populations impacted by the pandemic
- The program will be promoted with area employers and financial institutions.
- Increase housing security for residents of Sheboygan County
- Increase the number of people receiving financial literacy training
- Annual report to the County Administrator and County Planning and Conservation Director.

Recommendation 4: Housing Navigator

Implementation Strategy:

- Local residents seeking all forms of housing are confused by the maze of programs and the eligibility. After visiting multiple offices, the resident may simply give up trying to navigate the housing programs designed to support home security.
- The creation of a Housing Navigator position will assist residents to know their options and to recommend different options to support the resident’s housing goals.
- Funding would be committed to Partners for Community Development for implementation of this service. Partners is a non-profit organization that services the housing market and assists with all forms of housing needs of their customers.
- This organization is already connecting customers with the various housing programs that are available.
- This position would collaborate with the City of Sheboygan Planning and Development Office that works with municipal Housing Programs and are financial institutions will be approached to support the position as part of their services tied to the federal Community Reinvestment Act.

Total Annual Operational Cost and/or one-time Capital Request: \$120,000 Total Request

Funding Breakdown (ARPA request, grant dollars, and any other leveraged resources):

- Funding would be \$40,000 per year for a portion of the position costs.
- Additional funding for the position would be sought. An opportunity for additional funding would be through the City of Sheboygan Community Development Block Grant program. Due to timing of this application, so financial commitment could be incorporated into the submittal.
- Financial institutions will be approached to determine if this is an eligible activity under the federal Community Reinvestment Act program.

Year 1		Year 2		Year 3	
Revenue		Revenue		Revenue	
\$40,000	ARPA	\$40,000	ARPA	\$40,000	ARPA
\$ TBD	City of Sheb.	\$ TBD	City of Sheb.	\$ TBD	City of Sheb.
Expense		Expense		Expense	
\$40,000+	Admin	\$40,000+	Admin	\$40,000+	Admin

ARPA Eligibility:

- Programs or services to support long-term housing security: including development of affordable housing and permanent supportive housing (*Overview Page 17*)
- Low- or-moderate income households or communities (*Overview Page 17*)
- Households that experienced unemployment (*Overview Page 17*)
- Households that experienced increased food or housing insecurity (*Overview Page 17*)

Community Impact:

- Increase home ownership of target populations by 50 households that were impacted by the pandemic
- Support and facilitate enhancement of housing security and program utilization for area residents.
- Increase the number of people receiving financial literacy and homeownership training by 30 households annually.
- Annual report to the County Administrator and County Planning and Conservation Director.