



GOODWILL INDUSTRIES
of South Central Wisconsin, Inc.

1302 Mendota Street, Madison, Wisconsin 53714 • 608-246-3140 • Fax/TTY: 608-246-1984 • www.goodwillscwi.org

January 30, 2012

Ms. Sue Wallinger, Grants Administrator
 Community Development Division, Room 225
 215 Martin Luther King Jr. Blvd
 P.O. Box 2627
 Madison, WI 53714

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Re: Program/Project Number SC01 57700 DR011

Dear Sue:

It is with deep disappointment that I am writing to formally inform you that Goodwill Industries is declining the use of \$200,000 in CDBG authorized funding for the purchase of land to be used to construct an eight (8) unit building to house seven (7) low-income persons and one (1) resident manager.

After many months of searching for a property to construct a building, Goodwill finally located what we felt would be a wonderful site for this facility. We had just completed an appraisal on the property and were preparing to make an offer when we learned that it is highly unlikely that HUD will be releasing any funds for new construction in the next few years. In fact, we learned that no new construction was approved for new construction of 202 projects in 2011 and none was expected through 2015. Further, it appears that 211 projects will follow suit.

From what I have learned, it appears that the focus will be on rehabilitating old projects and moving toward a voucher system with the diminishing funds that are available. A number of proposals have been introduced, but no action has yet been taken by Congress. There have, however, been significant cuts to the program.

Considering this disturbing news, I recommended to the Goodwill Board of Directors that we 'step back' until we have a better picture of what is on the horizon as it relates to the future of HUD. We are all cognizant of the debt crisis this nation is facing and understand that there are no 'sacred cows' including HUD. At the January 24th Board meeting, the board agreed with my assessment and made the decision to table further action on land purchases until there was more certainty.

As we move forward, Goodwill will be looking at strategies that will allow us to continue to provide permanent and affordable housing to our most vulnerable citizens. We will



Goodwill Industries of South Central Wisconsin builds better communities by providing employment, housing, and support to people with disabilities and other challenges.

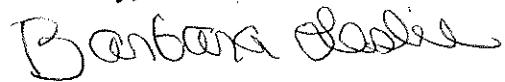


continue to advocate for funding from HUD and will do everything we can to find the resources we need to address this important issue.

If you have any questions or are in need of further information, please let me know.

Thank you for your support!

Sincerely,

A handwritten signature in cursive script that reads "Barbara Leslie". The signature is written in black ink and is positioned below the word "Sincerely,".

Barbara Leslie
President & CEO