

**1. What are CDBG Housing funds?**

For the past 30 years, the U.S. Department of Housing and Urban Development (HUD) has provided State Community Development Block Grant (CDBG) funds to help Wisconsin’s less urban areas address affordable housing, community development, and economic development needs. The amount of State CDBG funding has varied significantly in recent years, from \$33.1M (2006) to \$23.5M (2012). The State allocates 30% of CDBG funding for affordable housing activities. The remaining 70% rests with Economic Development and Public Facility activities administered by the Wisconsin Economic Development Corporation (WEDC).

For the most part, large cities (Appleton, Beloit, Eau Claire, Fond du Lac, Green Bay, Janesville, Kenosha, La Crosse, Madison, Milwaukee, Neenah, Oshkosh, Racine, Sheboygan, Superior, Waukesha, Wausau, Wauwatosa, and West Allis), urban counties (Dane, Milwaukee, and Waukesha), and Menominee County are not eligible to participate in State CDBG funded activities since they, too, receive CDBG funds directly from HUD.

**2. What are CDBG Housing eligible activities?**

Eligible activities under the CDBG Housing Program include:

- 0% deferred payment housing rehabilitation loans to low- and moderate- income (LMI) households. Owner occupancy is required.
- 0% deferred and/or installment housing rehabilitation loans to owners of renter-occupied units. The landlords must commit to rent to LMI renters.
- Accessibility improvements such as wheelchair ramps and wider doorways for LMI households and homeless facilities.
- Homebuyer assistance such as down-payment and eligible closing cost.
- Conversion of structures into dwelling units affordable to LMI households.
- Small-scale, neighborhood oriented public facilities improvements that support affordable housing initiatives such as sewer and water lateral extensions to property lines, streets, sidewalks, curb-cuts, and demolition of dilapidated structures

Ineligible Activities are:

- New housing construction (parking lot, private sidewalks),
- Additions (except as necessary to relieve overcrowding),
- Furnishings,
- High-end replacement materials not required to meet established housing quality standards. Homeowners can have the option to pay the difference of higher grade materials.

All housing activities are limited to LMI household beneficiaries. Public facility activities can be based on 51% LMI area benefit calculation. This means that at least 51% of the residents in the neighborhood benefiting from the activity are LMI persons.

**3. Why is the Department changing the Method of Distribution (MOD)?**

CDBG funding has decreased 25% in the last two years. Under the former MOD, the Department received approximately 250 applications annually (less than 15% of local governments eligible to apply for these funds). Using the former MOD for 2012 CDBG funds, approximately 20 local units of government (less than 2% of eligible local governments) would be awarded an average of \$300,000 to run an affordable housing program. The proposed MOD potentially allows all eligible low- to moderate- income households access to the State CDBG program resources.

**4. Who can apply or what types of Units of Local Government can apply for a 2012 State CDBG grant award?**

The 2012 CDBG awards will be distributed to approximately 6-8 multi-county regions, which will be required to designate a lead County.

**5. Who is eligible to be the lead government? Who decides who the lead county is?**

A county eligible to participate in the State CDBG program (see FAQ 1) must be the lead government entity. The counties participating in the consortium must make that decision. In general, the lead County must be capable of distributing the funds to serve the residents within the entire consortium.

**6. What is the 2012 CDBG funding allocation?**

The 2012 CDBG Housing allocation is \$6.3 Mil and the 2013 allocation is unknown, however it is estimated to be similar to 2012. The Department will accept regional applications biennially, and finalize the second year (2013) award once HUD announces the 2013 allocation.

**7. What are the responsibilities of lead County?**

The lead county agency will:

- serve as a signatory party for all required grant contracts, amendments and other legally binding documents,
- be fiscally responsible to the Department of Administration, by providing documentation for grant draws, required reporting, and managing repayment of loans.

- ensure compliance with state and federal regulations applicable to CDBG Program,
- manage or contract for and oversee the CDBG funded projects and activities,
- facilitate the regional consortium policy development and oversight .

Upon agreement of the regional consortium, the lead county may choose to employ a non-profit or for-profit agency to provide administrative services or perform the work themselves.

**8. Should the lead government appoint any committee to run the program?**

The Department strongly encourages appointment of the multi-jurisdictional Housing Committee to establish CDBG Housing program policies for this award. This body should be comprised of representatives from each participating county. For more information about other Housing Committee responsibilities [click here](#).

**9. How will funding be distributed locally?**

Applications will identify priority needs and a method of funds distribution designed to ensure coverage for their region. A region could designate funding for each county participating, or distribute funding on a first-come first-served basis, or allocate funds by activity type (owner occupied rehab, rental rehab, homebuyer assistance, etc.), or some other combination. It is a local decision. Counties participating in the regional application are required to pass a resolution and enter into a Multi-Jurisdictional Agreement. The details of the local method of distribution will be part of the grant contract with the Department.

**10. Does the program pay for the administrative expenses?**

Yes. The CDBG Housing grant award will include approximately 15% for administration of the CDBG Program. Administration is based on the project budget, for example: \$1.0 Mil total award will include \$870,000 for projects and \$130,000 to administer the program.

**11. Who can administer the CDBG Housing Program?**

Only trained Program Administrators may undertake management of the CDBG housing program and related responsibilities. The Division of Housing will provide the implementation training and ongoing technical assistance to all 2012 CDBG awardees. The lead county can administer the program in-house, hire a third-party administrator, or some combination of options.

**12. Is there any local match required?**

No local match funding is not required.

**13. What will happen to the existing CDBG Revolving Loan Funds (RLF)?**

The Department is not changing existing RLFs. Local governments currently operating RLF accounts may continue to do so. Just like in the past, if a government decides to cease their RLF program or is no longer actively operating an RLF account, the funding reverts to the State Program for re-distribution to future grantees.

**14. What is the 2012 CDBG timeline to apply for funds?**

DOA is scheduling Information Sessions in early April followed by Application Workshops in May 2012. Counties should adopt resolutions by July 1, 2012. Two year grant contracts will be released in December 2012. This timeline will ensure grantees are ready for the 2013 construction season.

DOA recognizes this is an ambitious timeframe and will be able to make adjustments, as necessary.

**15. Will DOH allow more than one program administrator per region?**

There will only be one lead government per region. The lead government may hire third-party administrators. However, the lead county is responsible for coordination and oversight of their administrators.

**16. Will DOH force counties to participate?**

No, it's a voluntary application and participation process. If a county chooses not to participate, local governments within that county may join the regional consortium so that their residents have access to the State CDBG resources.

**17. Is the intent to serve all counties in the State?**

Yes, with the exception of the CDBG entitlement areas noted in FAQ 1.

**18. Could a City act as the lead for the multi-county consortium?**

No. However, a (non-entitlement) City could administer the program for the regional county consortium.

**19. What level of support will be available from DOH now and in the future?**

The Department of Administration-Division of Housing (DOH) will provide technical assistance and training to assist Counties in the management of their local CDBG program. DOH staff will make sure there are resources available for the local program managers to fully comply with state and federal regulations.

**20. CDBG funding has continued to decrease. Does the DOH expect this trend to continue?**

It depends on the outcomes of federal budget deliberations and economy. The Department estimates the same level of funding, however, budget cuts are possible.

**21. What happens if the lead county decides to discontinue its role?**

This is a voluntary program. If a lead county determines they want to end their role, they may at any time. A new county in the consortium would need to assume the lead role. DOH will work with the consortium to identify a new lead agency.

**22. What happens with communities located in multiple counties?**

The residents of those communities must apply to the consortium where their property is located. For instance, a client located in Wisconsin Dells, Columbia County, would apply to a consortium that includes Columbia County.

**23. How would program income be recaptured and reused?**

CDBG loans are repaid to the lead county agency, as the representative of a multi-jurisdictional application. Repaid loans become a revolving loan fund that will be used to continue funding similar types of affordable housing activities across the region. This is a significant responsibility of the lead county agency as noted in FAQ 7.

*Note: MOD change does not affect prior grant cycles.*