

# Introduction

---

## What is CDBG?

The Community Development Block Grant (CDBG) program is a federal formula-allocated grant program administered by the U.S. Department of Housing and Urban Development (HUD). Funding for the CDBG Small Cities Program is provided to the State of Wisconsin by HUD. The program was created when Congress passed the Housing and Community Development Act, Title 1 in 1974 and it is governed by the rules set forth in the Housing and Community Development Act (HCDA) of 1974 (as amended) and in the Code of Federal Regulations (24 CFR Part 570).

The CDBG program consists of two components: One, an "entitlement program" under which HUD provides funding directly to urban counties with populations of at least 200,000; cities with populations of at least 50,000; and principal cities of Metropolitan Statistical Areas, and two, a "state-administered program" under which HUD provides CDBG funds to States to distribute to non-entitlement communities. The Department of Administration (DOA) Division of Energy, Housing and Community Resources (DEHCR) is responsible for administering Wisconsin's State-Administered Community Development Block Grant Program.

The primary purpose of the CDBG program is the development of viable communities through the provision of decent housing, a suitable living environment, and the expansion of economic opportunities, principally for the benefit of persons of low and moderate income (LMI).

## CDBG-CLOSE

CLOSE is designed to provide the necessary regulatory and financial flexibility for communities to address local needs. The Department, through the implementation of the CDBG-CLOSE program, has determined that the best course of action is to liquidate the remaining funding and to ultimately close all Revolving Loan Funds (RLF). UGLG's that currently administer an Economic Development Revolving Loan Fund are required to participate in the CDBG-CLOSE program.

Under the CDBG-CLOSE program, all locally held, and funded by a CDBG award made on January 1, 1992 or later, Economic Development Revolving Loan Funds will be held for UGLG's. These UGLG's will have non-competitive access to the funds to use as grants for eligible activities.

There are three ways UGLG's will participate in CDBG-CLOSE. First, UGLG's that do not

have **any** outstanding, current loans and **only** have cash on hand will receive credit for their RLF bank balance as grant funding. Under this option, UGLG's RLF Closeout Account will be determined as follows:

$$\text{RLF Bank Balance} = \text{RLF Closeout Account}$$

These UGLG's will have the option to utilize CDBG-CLOSE funds for up to two (2) projects totaling the amount of their RLF Closeout Account. In addition, UGLG's may submit an application for up to one (1) additional Planning project. Depending upon the RLF Closeout Account balance, some communities may be eligible to apply for more than two projects.

UGLG's with outstanding loans have the option under CDBG-CLOSE to either:

1. **Purchase** the value of **all** outstanding loans in the RLF portfolio and transfer those funds to DEHCR;

Under CDBG-CLOSE, UGLG's that opt to **purchase** all outstanding loans will receive their RLF bank balance plus their purchase of their outstanding balance as grant funding. Under this option, UGLG's RLF Closeout Account will be determined as follows:

$$\text{RLF Bank Balance} + \text{Purchased RLF Accounts Receivable} = \text{RLF Closeout Account}$$

In addition, UGLG's that opt to purchase all outstanding loans will have the option to utilize these funds for up to three (3) projects. For UGLG's with large RLF Closeout Balances, an additional fourth (4) project may be applied for, as determined by DEHCR.

2. **Retain the responsibility to** service outstanding loans locally.

Under CDBG-CLOSE, UGLG's that opt to **retain the responsibility to** service outstanding loans locally will only receive credit for their RLF bank balance as grant funding. Under this option, UGLG's RLF Closeout Account will be determined as follows:

$$\text{RLF Bank Balance} = \text{RLF Closeout Account}$$

UGLG's that opt to retain all outstanding loans and service them locally will have the option to utilize CDBG-CLOSE funds for up to two (2) projects totaling the amount of their RLF Closeout Account. In addition, UGLG's may submit an application for up to one (1) additional Planning project. Depending upon the RLF Closeout Account balance, some communities may be eligible to apply for more than two projects. DEHCR will enter into a written agreement with all UGLG's that opt to retain the responsibility to service all outstanding loans. UGLG's must return all applicable loan repayments to the State.

After the UGLG has determined which option it will utilize to participate in CDBG-CLOSE and the RLF Closeout Account has been established, the UGLG will follow the process established under CDBG-CLOSE to dissolve its RLF. As stated above, all Economic Development RLF's will be dissolved under CDBG-CLOSE and participation in CDBG-CLOSE is mandatory.

All Economic Development Revolving Loan Fund Accounts that were originally capitalized with payments of loans made from CDBG grant funds awarded prior to January 1, 1992 by the State

of Wisconsin **and** have not received a subsequent award from January 1, 1992 to present from the State of Wisconsin are not subject to CDBG-CLOSE. These funds qualify under the program income reporting guidelines as defined in CPD Notice 04-11.

All Revolving Loan Fund Accounts that meet this requirement are encouraged to self-identify and certify by signature of authorized local official that the funds qualify under the program income reporting guidelines as defined in CPD Notice 04-11. A sample certification document may be found in the Application for CDBG- CLOSE Section.

A final, official RLF Closeout Account balance will be calculated at the time of the RLF closure when a final report is submitted to DEHCR and reflect each community's unique situation.

A community with access to RLF Closeout Funds is not excluded from applying for annual competitive CDBG-Public Facilities grants to supplement a project's cost. All standard requirements as outlined in the CDBG Application Materials and Handbook apply. If selected under the annual application cycle, the sub-grantee must utilize RLF Closeout Funds before accessing competitive allocation funds. This requirement also applies to the non-competitive Economic Development grants.

Example:

\$500,000 Public Facility project  
\$295,000 Local RLF Closeout Account available  
\$205,000 Funds from annual allocation

When only the local RLF Closeout Funds are being used for a project, refer to the Project Funding Limits section for award maximums. The amount of the grant cannot exceed the RLF Closeout Account balance.

If an UGLG retains the responsibility of servicing existing loans, the potential responsibility for re-paying the loan due to the UGLG's failure to meet a National Objective resides with the UGLG.

## **Eligible CDBG-CLOSE Applicants**

Only existing Units of General Local Government (UGLG) that hold a CDBG RLF-ED fund will apply for funding.

This includes:

Ashland County  
Ashland City  
Baraboo City  
Barneveld Village  
Berlin City  
Boscobel City  
Brillion City  
Brown County  
Buffalo County  
Burlington City  
Butternut Village  
Calumet County  
Cambria Village  
Cascade Village  
Cedarburg City  
Clintonville  
Columbia County  
Columbus City  
Cuba City  
Dane County  
Darlington City

De Pere City  
Deerfield Village  
Dodge County  
Door County  
East Troy Village  
Edgerton City  
Elkhorn City  
Elroy City  
Fall River Village  
Florence County  
Fond du Lac County  
Fort Atkinson City  
Gilman Village  
Grafton Village  
Grant County  
Green County  
Hartford City  
Highland Village  
Hillsboro City  
Horicon City  
Howard Village

Iowa County  
Jackson County  
Jacobs Town  
Jefferson County  
Jefferson City  
Juneau County  
Juneau City  
Kaukauna City  
Kendall Village  
Kenosha County  
Kewaunee County  
La Crosse County  
Lafayette County  
Lake Mills City  
Langlade County  
Laona Town  
Little Chute Village  
Manitowoc County  
Manitowoc City  
Maribel Village  
Marinette County

Marinette City	Ozaukee County	Shullsburg City
Marion City	Pepin County	Sparta City
Mauston City	Peshtigo County	Sturgeon Bay City
Mazomanie Village	Pierce County	Sun Prairie City
Medford City	Plymouth City	Sussex Village
Menomonee Falls Village	Port Washington City	Taylor County
Mequon City	Portage City	Tomah City
Middleton City	Potosi Village	Tri-County EDC
Mineral Point City	Prairie Farm Village	Two Rivers City
Monroe County	Racine County	Union Grove Village
Monroe City	Reedsburg City	Vernon County
Mukwonago Village	Rib Lake Village	Washburn County
Muscoda Village	Richland Center City	Washburn City
Muskego City	Richland County	Washington County
New Holstein City	Ripon City	Watertown City
New London City	Rock County	Waupaca County
Oconto County	Sauk County	West Bend City
Oconto Falls City	Saukville City	Whitewater City
Oconto City	Seymour City	Winnebago County
Oneida County	Shawano County	Winneconne Village
Oostburg Village	Shawano City	Wisconsin Dells City
Osseo City	Sheboygan County	Wittenberg Village
Outagamie County	Sheboygan Town	

All Revolving Loan Fund Accounts that were originally capitalized with payments of loans made from CDBG grant funds awarded prior to January 1, 1992 by the State of Wisconsin **and** have not received a subsequent award from January 1, 1992 to present from the State of Wisconsin are not subject to CDBG-CLOSE. These funds qualify under the program income reporting guidelines as defined in CPD Notice 04-11.

Any of the above listed RLF's that certify that they qualify under the program income reporting guidelines as defined in CPD Notice 04-11 as receiving their CDBG award prior to January 1, 1992 are not included under CDBG-CLOSE.

Under CDBG-CLOSE, UGLG's must:

1. Return to the Department the full balance of the locally-held Revolving Loan Fund as indicated on the final report;
2. Dissolve the RLF under the process identified by the Department;
3. Complete all documentation required and requested by the Department.

# Program Requirements

## Eligible Activities

Eligible recipients may utilize their RLF Closeout grant award for the currently authorized programs as outlined in the State of Wisconsin 2015-2019 Consolidated Plan without the matching funds requirement:

1. Public Facilities;
2. Housing Rehabilitation Conversion;
3. Economic Development projects;
4. Public Facilities for Economic Development projects;
5. Planning projects

In addition to the programs identified above, the RLF Closeout Account can be used for the following special purposes:

6. Broadband/high speed internet access for low and moderate income (LMI) residents. grant funds can be used by the Unit of General Local Government (UGLG) for public infrastructure projects to expand broadband internet access. Examples of eligible expenses include the purchase of materials and installation.
7. Mitigation measures specifically those that address natural hazard risks; must connect the mitigation development or action to address impacts on LMI residents.
8. Public services. For more information see:  
<https://www.hudexchange.info/onecpd/assets/File/Basically-CDBG-State-Chapter-7-Public-Services.pdf>

## Project Funding Limits

Under CDBG-CLOSE, local match for projects is encouraged, but not required. Funding limits for eligible programs under CDBG-CLOSE are as follows:

1. Public Facilities: \$3,000,000 per project;
2. Housing Rehabilitation: existing CDBG-H costs apply;
3. Economic Development projects: \$3,000,000 per project;
4. Public Facilities for Economic Development projects; \$3,000,000 per project;
5. Planning projects: \$75,000 per project

In addition to the programs identified above, the RLF Closeout Account can be used for the following special purposes:

6. Broadband/high speed internet: \$3,000,000 per project;
7. Mitigation measures specifically those that address natural hazard risks: \$3,000,000 per project;
8. Public services: \$300,000 per project