



# CDA STAFF REPORT

**MEMO DATE:** May 15, 2019  
**MEETING DATE:** **MAY 20, 2019**

**TO:** Village of Cottage Grove Board of Trustees  
**CC:** Matt Giese – Village Administrator  
Lee Boushea – Village Attorney

**FROM:** [Erin Ruth, AICP – Village Planning Director](#)

**RE:** **Dane County Community Development Block Grant Consortium**

## BACKGROUND

Per the US Dept. of Housing and Urban Development (HUD), the Community Development Block Grant (CDBG) program is “a flexible program that provides communities with resources to address a wide range of unique community development needs. Beginning in 1974, the CDBG program is one of the longest continuously run programs at HUD. The CDBG program provides annual grants on a formula basis to 1,209 general units of government and states.”

According to their website, HUD “awards funds to states and entitlement communities to carry out a wide range of community development activities directed toward revitalizing neighborhoods, economic development, and providing improved community facilities and services. Entitlement communities develop their own programs and funding priorities. Grantees must give maximum feasible priority to activities which benefit low and moderate-income persons.”

Dane County is an entitlement community, meaning the county is provided funding every year. Funds are distributed to recipients (participating municipalities or non-profit organizations) through an annual competitive application process. Recipients must be members of the Dane County CDBG Consortium. The City of Madison is itself an entitlement community and therefore it is not part of the Dane County Consortium. There are 60 other municipalities in Dane County and currently 56 are members of the consortium. The Village of Cottage Grove is among the four that are not (along with the Villages of DeForest and Maple Bluff and the City of Edgerton). Since 1999 over \$18 million in CDBG funds have been invested in Dane County consortium communities.

Consortium communities can also participate in the HOME Investment Partnership. Per the Dane County website, “HOME is the largest Federal block grant to states and local governments designed exclusively to create affordable housing for low-income households. HOME provides formula grants to states and localities that communities use, often in partnership with local non-



profit groups, to fund a wide range of activities that build, buy, and or rehabilitate affordable housing. Since 2002, over \$7 million in HOME funds have been invested in Dane County consortium communities.”

### Example Projects

Funding is awarded for both on-going programs, typically administered by a non-profit, or to individual projects.

An example of the former is the ‘Home Modification Program’ through the local non-profit Independent Living, Inc. The program provides funds for housing modifications to improve safety and accessibility for low and moderate-income elderly or disabled clients. Since 2007, they have assisted more than 100 senior and disabled households within participating Dane County municipalities. Currently a Village resident could not participate in this program, but residents would be eligible if the Village joins the consortium.

An example of a one-time project is the Heritage Middleton Senior Apartments. Movin’ Out is a local non-profit organization that provides programs for people with disabilities, including the development and management of affordable rental housing for disabled residents. In this project, Movin’ Out partnered with Dane County to raze an existing grocery store and construct a 43-unit affordable senior housing complex. Dane County contributed \$440,000 toward the \$15 million project.

Dane County also offers two revolving loan funds that are funded by CDBG funding. The first of these is the Commercial Revitalization Loan Fund which “provides financing to businesses and real estate development projects which help revitalize downtown and commercial districts.” The second is the Economic Development Revolving Loan Fund which “provides gap financing to businesses that create jobs, 51% of which must go to low and moderate-income persons.”

### Eligible Activities

The following is an overview of eligible activities as described by Dane County.

- A. Housing
  - a. Homeownership assistance
  - b. Rehabilitation of buildings
  - c. Activities supporting new housing construction
  - d. Rental housing
  - e. Tenant-based rental assistance
  
- B. Public facilities and improvements
  - a. Acquisition, construction, reconstruction, rehabilitation, or installation of public improvements
  
- C. Public services
  - a. Job training and employment services



- b. Health care and substance abuse services
  - c. Child care
  - d. Crime prevention
  - e. Fair housing counseling
- D. Economic development
- a. Acquisition of land, buildings, machinery, and equipment
  - b. Site preparation
  - c. Clearance of land
  - d. Rehabilitation of buildings
  - e. Working capital

In addition to being an eligible activity, a proposed project must also support the national objectives established by HUD for the CDBG program. Specifically, a project must benefit low or moderate-income residents, or certain projects that eliminate blight or those that address an urgent community need may qualify.

Additional information can be found at the Dane County CDBG/HOME [website](#).

## OVERVIEW

Dane County CDBG Administrator Peter Ouchakof presented information about Dane County's CDBG programs and the process for joining the consortium.

The benefit of joining the consortium is that Dane County is guaranteed funding as an entitlement community, and that funding must be distributed within the participating communities. Furthermore, established programs and non-profit organizations exist and operate in Dane County using CDBG funds. Many of these organizations target specific demographics that likely exist in the Village, such as the elderly or people with disabilities.

Attached is a timeline for joining the consortium and a draft cooperation agreement. To join the consortium, the Village will need to pass a resolution providing authorization to enter a cooperation agreement with Dane County. Notification of intent to join the consortium must be delivered to Dane County and HUD by May 31, 2019. The Village must provide the executed cooperation agreement to Dane County by June 21, 2019.

The alternative to joining the consortium is to maintain the status quo. The Village can still apply for CDBG funding from the State of Wisconsin. However, in this scenario the Village competes with communities from throughout the state and the Village's higher median income puts it at a disadvantage in receiving funding.

## STAFF RECOMMENDATION

The CDA voted unanimously to recommend **APPROVAL** of joining the Dane County CDBG Consortium.



Staff recommends **APPROVAL**, directing staff to notify Dane County of the Village's intent to join the consortium.

Approval of a resolution and cooperative agreement will follow at a subsequent meeting as those items are necessary to finalize the Village's participation in the consortium. A draft of the cooperative agreement is attached for reference. Upon notification County staff will assist the Village and will provide the necessary documentation.