

Richland County Committee

Agenda Item Cover

Agenda Item Name: CDBG Close

Department	Administration	Presented By:	Administrator Langreck
Date of Meeting:	10 November	Action Needed:	Vote
Disclosure:	Open Session	Authority:	Committee Structure J
Date submitted:	6 November	Referred by:	

Recommendation and/or action language:

Motion to... return CDBG revolving loan program funds with option to buy out existing DeYoung Loan.

Background: *(preferred one page or less with focus on options and decision points)*

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).

Under guidance from HUD the State of Wisconsin issued instructions for closing the revolving loan program and allowing local governments to utilize funds in approved none competitive grant initiatives. The final date for closure is January 31st 2021. At this time Richland County Must have reports and payments returned to the State of Wisconsin.

Richland county is faced with option of: 1) returning cash-in-hand and buying out existing loan, or 2) returning cash-in-hand and deferring existing loan (see decision matrix below).

Attachments and References:

https://doa.wi.gov/DECHR/WI%20Substantial%20Amendment%203_FINAL.pdf	
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Financial Review:

(please check one)

<input type="checkbox"/>	In adopted budget	Fund Number	
X	Apportionment needed	Requested Fund Number	Contingent Fund
<input type="checkbox"/>	Other funding Source		
<input type="checkbox"/>	No financial impact		

(summary of current and future impacts)

\$45,611.60 from contingent which will be recouped through monthly payments with 4% interest. When money returns it is de-federalized and available for county use without restrictions.

Approval:

Review:

Clinton Langreck

Department Head

Administrator, or Elected Office (if applicable)

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	<u>Option:</u>	<u>Return:</u>	<u>Existing Loan:</u>	<u>CDBG Grant:</u>	<u>Pros:</u>	<u>Cons:</u>
1	Buy Out	County Pays Back CDBG Revolving Loan Funds - Cash in Hand	County mangages and collects existing loan	Entire \$1.2 Million is potentially available for grant projects	We will have the loan return with interst (4%)	Need to allocate from general fund
		County Buys Out Existing Revolving Loan	All returned payments (principle and interest are returned defederalized) at 4% interest		Less administrative maintenance	
			\$45,611.60		More aaccessible for grant projects	
2	Defer	County Pays Back CDBG Revolving Loan Funds - Cash in Hand	County mangages and collects existing loan	1.2m minus loan, is returned and available for grant projects	We don't have to allocate from general fund	Adminstrative tasks with releasing a check to the state every month
			All returned payments (principle and interest are collected buy county and then reimbursed back to state with county eligible for small administration fee.)			\$4,611.60 Less for projects