



# MEMORANDUM

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## LEGISLATIVE REFERENCE BUREAU

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**To:** Honorable Members, Common Council  
**From:** Amy E. Hefter – Legislative Fiscal Analyst, ext. 2290  
**Date:** August 30, 2011  
**Subject:** Revised - Community Development Block Grant (CDBG) Year 2012 Funding Allocation Plan (FAP)

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This memo sets forth the Community Development Block Grant (CDBG) Year 2012 Funding Allocation Plan (FAP) changes made by the Community and Economic Development Committee and Common Council.

Table 1, on page 2, titled, Community Development Block Grant Year 2012 Funding Allocation Plan (FAP) – CCFN 110342, shows the changes that were made at the Community and Economic Development Committee on July 18, 2011 and the Common Council meeting on July 26, 2011. In addition, the table also shows the requested changes to the FAP in the mayoral message veto of August 4, 2011.

Table 2, on page 3, titled, Community Development Block Grant Year 2012 Funding Allocation Plan (FAP) – CCFN 110342 VS. CCFN 110571, shows the changes to the Year 2012 Funding Allocation Plan if Common Council File Number 110571 is adopted. The difference between the plan adopted by CCFN 110342 and the proposed plan introduced by CCFN 110571 is \$400,000. \$400,000 is subtracted from public service (\$375,000) and capacity building (\$25,000) categories of the Year 2012 CDBG Entitlement Allocation and added to the City CDBG Allocation. The total 2012 Proposed CDBG Entitlement Allocation remains the same.

In addition, attached to this memo are the U.S. Department of Housing and Urban Development's 15% Public Services Cap regulation requirements. These regulations were referenced in the Mayor's veto message. HUD requires that the total amount of CDBG funds obligated for public services activities must not exceed 15% of the annual grant allocation. Please note that only funds that are expended in public services count toward the 15% cap.

I hope this information proves helpful. Please contact me with any questions you may have concerning this issue.

**TABLE 1: Community Development Block Grant Year 2012 Funding Allocation Plan (FAP) – CCFN 110342**

2012 Proposed CDBG Entitlement Allocation (By Category)	CDGA Proposed Plan	Revised July 18, 2011 CD Committee	Change	Revised July 26, 2011 CC Meeting	Change	Mayoral Veto Message of 8/4/2011	Change
<b>I. Public Service</b>							
Community Organizing							
• Neighborhood Strategic Planning	\$810,000	\$900,000	+\$90,000	\$900,000	\$0	\$810,000	-\$90,000
• Community Partners Initiative	\$200,000	\$250,000	+\$50,000	\$250,000	\$0	\$200,000	-\$50,000
• Community Prosecution Unit	\$200,000	\$275,000	+\$75,000	\$275,000	\$0	\$200,000	-\$75,000
<b>Public Service-General</b>							
• Youth Services: General	\$600,000	\$800,000	+\$200,000	\$800,000	\$0	\$600,000	-\$200,000
• Youth Services: Mandated Safe Places	\$150,000	\$200,000	+\$50,000	\$200,000	\$0	\$150,000	-\$50,000
• Employment Services	\$400,000	\$400,000	\$0	\$400,000	\$0	\$400,000	\$0
• Drivers License Recovery/Employment Project	\$0	\$100,000	+\$100,000	\$100,000	\$0	\$0	-\$100,000
Homebuyer Counseling	\$300,000	\$300,000	\$0	\$300,000	\$0	\$300,000	\$0
Homeless Shelters	\$900,000	\$900,000	\$0	\$900,000	\$0	\$900,000	\$0
<b>Public Service Total</b>	<b>\$3,560,000</b>	<b>\$4,125,000</b>	<b>+\$565,000</b>	<b>\$4,125,000</b>	<b>\$0</b>	<b>\$3,560,000</b>	<b>-\$565,000</b>
<b>II. Planning</b>							
• Fair Housing Enforcement/ Education/Predatory Lending	\$130,000	\$130,000	\$0	\$130,000	\$0	\$130,000	\$0
• Continuum Care Planning	\$8,000	\$8,000	\$0	\$8,000	\$0	\$8,000	\$0
• Analysis of Impediments Study	\$12,500	\$12,500	\$0	\$12,500	\$0	\$12,500	\$0
<b>Planning Total</b>	<b>\$150,500</b>	<b>\$150,500</b>	<b>\$0</b>	<b>\$150,500</b>	<b>\$0</b>	<b>\$150,500</b>	<b>\$0</b>
<b>III. Economic Development (ED)</b>							
• Special Economic Development	\$400,000	\$400,000	\$0	\$400,000	\$0	\$400,000	\$0
<b>ED Total</b>	<b>\$400,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$400,000</b>	<b>\$0</b>	<b>\$400,000</b>	<b>\$0</b>
<b>IV. Capacity Building</b>							
• Technical Assistance to CBO's	\$75,000	\$100,000	+\$25,000	\$100,000	\$0	\$75,000	-\$25,000
<b>Capacity Total</b>	<b>\$75,000</b>	<b>\$100,000</b>	<b>+\$25,000</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$75,000</b>	<b>-\$25,000</b>
<b>V. Housing</b>							
• Housing Accessibility Program	\$60,000	\$60,000	\$0	\$60,000	\$0	\$60,000	\$0
• Neighborhood Improvement Program	\$768,697	\$768,697	\$0	\$768,697	\$0	\$768,697	\$0
• Milwaukee Builds Program	\$290,803	\$270,803	-\$20,000	\$280,803	+\$10,000	\$290,803	+\$10,000
• Graffiti Abatement	\$70,000	\$90,000	+\$20,000	\$80,000	-\$10,000	\$70,000	-\$10,000
• Tenant Assistance Program	\$75,000	\$75,000	\$0	\$75,000	\$0	\$75,000	\$0
<b>Housing Total</b>	<b>\$1,264,500</b>	<b>\$1,264,500</b>	<b>\$0</b>	<b>\$1,264,500</b>	<b>\$0</b>	<b>\$1,264,500</b>	<b>\$0</b>
<b>2012 Proposed CDBG Entitlement Allocation</b>							
I. Public Service	\$3,560,000	\$4,125,000	+\$565,000	4,125,000	\$0	\$3,560,000	-\$565,000
II. Planning	\$150,500	\$150,500	\$0	\$150,500	\$0	\$150,500	\$0
III. Economic Development	\$400,000	\$400,000	\$0	\$400,000	\$0	\$400,000	\$0
IV. Capacity Building	\$75,000	\$100,000	+\$25,000	\$100,000	\$0	\$75,000	-\$25,000
V. Housing	\$1,264,500	\$1,264,500	\$0	\$1,264,500	\$0	\$1,264,500	\$0
<b>CITY CDBG Allocation</b>	<b>\$7,800,000</b>	<b>\$7,210,000</b>	<b>-\$590,000</b>	<b>\$6,040,000</b>	<b>\$0</b>	<b>\$5,450,000</b>	<b>-\$590,000</b>
<b>2012 Proposed CDBG Entitlement Allocation</b>	<b>\$13,250,000</b>	<b>\$13,250,000</b>	<b>\$0</b>	<b>\$13,250,000</b>	<b>\$0</b>	<b>\$13,250,000</b>	<b>+\$590,000</b>

**TABLE 2: Community Development Block Grant  
Year 2012 Funding Allocation Plan (FAP) –  
CCFN 110342 VS. CCFN 110571**

2012 Proposed CDBG Entitlement Allocation (By Category)	CCFN 110342 Revised July 26, 2011 CC Meeting	CCFN 110571	Change
<b>I. Public Service</b>			
Community Organizing			
• Neighborhood Strategic Planning	\$900,000	\$810,000	-\$90,000
• Community Partners Initiative	\$250,000	\$200,000	-\$50,000
• Community Prosecution Unit	\$275,000	\$200,000	-\$75,000
Public Service-General			
• Youth Services: General	\$800,000	\$690,000	-\$110,000
• Youth Services: Mandated Safe Places	\$200,000	\$150,000	-\$50,000
• Employment Services	\$400,000	\$400,000	\$0
• Drivers License Recovery/Employment Project	\$100,000	\$100,000	\$0
Homebuyer Counseling	\$300,000	\$300,000	\$0
Homeless Shelters	\$900,000	\$900,000	\$0
<b>Public Service Total</b>	<b>\$4,125,000</b>	<b>3,750,000</b>	<b>-\$375,000</b>
<b>II. Planning</b>			
• Fair Housing Enforcement/ Education/Predatory Lending	\$130,000	\$130,000	\$0
• Continuum Care Planning	\$8,000	\$8,000	\$0
• Analysis of Impediments Study	\$12,500	\$12,500	\$0
<b>Planning Total</b>	<b>\$150,500</b>	<b>\$150,500</b>	<b>\$0</b>
<b>III. Economic Development (ED)</b>			
• Special Economic Development	\$400,000	\$400,000	\$0
<b>ED Total</b>	<b>\$400,000</b>	<b>\$400,000</b>	<b>\$0</b>
<b>IV. Capacity Building</b>			
• Technical Assistance to CBO's	\$100,000	\$75,000	-\$25,000
<b>Capacity Total</b>	<b>\$100,000</b>	<b>\$75,000</b>	<b>-\$25,000</b>
<b>V. Housing</b>			
• Housing Accessibility Program	\$60,000	\$60,000	\$0
• Neighborhood Improvement Program	\$768,697	\$768,697	\$0
• Milwaukee Builds Program	\$280,803	\$280,803	\$0
• Graffiti Abatement	\$80,000	\$80,000	\$0
• Tenant Assistance Program	\$75,000	\$75,000	\$0
<b>Housing Total</b>	<b>\$1,264,500</b>	<b>\$1,264,000</b>	<b>\$0</b>
<b>2012 Proposed CDBG Entitlement Allocation</b>			
I. Public Service	4,125,000	3,750,000	-\$375,000
II. Planning	\$150,500	\$150,500	\$0
III. Economic Development	\$400,000	\$400,000	\$0
IV. Capacity Building	\$100,000	\$75,000	-\$25,000
V. Housing	\$1,264,500	\$1,264,500	\$0
	\$6,040,000	\$5,640,000	-\$400,000
<b>CITY CDBG Allocation</b>	<b>\$7,210,000</b>	<b>\$7,610,000</b>	<b>+\$400,000</b>
<b>2012 Proposed CDBG Entitlement Allocation</b>	<b>\$13,250,000</b>	<b>\$13,250,000</b>	<b>\$0</b>

## Chapter 7: Public Services

The payments are made directly to the provider of such services on behalf of an individual or family.

Income payments that are provided as a loan are permissible within the public services cap.

Political activities are ineligible.

### 7.2 Public Services Cap

The following is a summary of the topics in this section, applicable statutory and regulatory citations, and other reference materials available from HUD.

**Key Topics In This Section:** The public services cap, Public services cap exceptions

**Regulatory/Statutory Citations:** 570.201(e), 570.207

**Other Reference Materials on This Topic:** CDBG Guide to National Objectives and Eligible Activities, Chapter 2

The total amount of CDBG funds **obligated** for public services activities must not exceed 15 percent of the annual grant allocation **plus** 15 percent of program income received during the prior year.

The only exception to this rule is for grantees that obligated more than 15 percent of their fiscal year 1982 or 1983 funds for public services.

Public services carried out by subrecipients **are subject to** the 15 percent public services cap.

Because the public services category covers numerous important activities but is limited by the 15 percent cap, grantees should make efforts to see if a service type activity meets another CDBG eligibility category. For example, removing graffiti from public buildings is a public service. However assisting private properties with graffiti removal may be better categorized as eligible property rehabilitation activities.

In addition, the CDBG regulations offer flexibility in using CDBG for certain public services, particularly services designed to increase employment opportunities, **outside** of the 15 percent cap. The eligibility options include:

Provision of assistance to microenterprises as a separate eligible activity. This includes technical assistance, business support services, and other similar services to owners of microenterprises or persons developing microenterprises;

Certain job training and job placement services are considered to be an activity delivery cost if provided in connection with eligible economic development projects under 570.203;

Job training, job placement and other employment support services that are carried out by a qualified Community-Based Development Organization (CBDO), as part of certain types of projects, and which are specifically designed to increase economic opportunities including peer support programs, child care, counseling, transportation and other similar services; and

Any type of services carried out by a qualified CBDO, as part of certain types of projects, pursuant to a strategy as part in a HUD-approved NRSA.