

COUNTY OF MILWAUKEE
Department of Health and Human Services
Inter-Office Communication

DATE: July 10, 2013

TO: Marina Dimitrijevic, Chairwoman, Milwaukee County Board of Supervisors

FROM: Héctor Colón, Director, Department of Health and Human Services
Prepared by James Mathy, Administrator, Housing Division

SUBJECT: **Report from the Director, Department of Health and Human Services, Requesting Approval to set new minimum and maximum project amounts for the Community Development Block Grant (CDBG) program and remove public service restrictions**

Background

The Milwaukee County Community Development Block Grant (CDBG) program has evolved significantly since it began in 1977, especially regarding fiscal and administrative rules. In recent years, administrative funding for CDBG has decreased and Housing Division staff has found it difficult to administer the program due to limited resources and the amount of projects that Milwaukee County has decided to fund. The Housing Division has attempted to limit the number of funded projects by setting minimum funding amounts and by instituting limits on the number of consecutive years a project could be funded. The Board passed the following resolutions that demonstrate efforts that have been made to change the program:

- In 1994 the County Board passed resolution 93-861 setting the following guidelines for CDBG allocations:
 - Minimum allocation of \$15,000
 - Maximum of \$40,000 for non-County allocations
 - A limit of 3 years of funding for public service projects
- In 2002 the County Board passed resolution 02-239, which increased the minimum allocation from \$15,000 to \$25,000 and stated that a maximum of five public service projects shall be funded.

For the past several years, the CDBG program had not been following these guidelines and previous staff had authorized projects outside of the recommended minimum and maximum dollar amounts. This led to an increase in the amount of funded projects and made it difficult for staff to administer the program.

Issue

As the lead agency for the CDBG Urban County partnership, Milwaukee County needs to maintain a cooperative relationship with the 16 municipal partners while running an efficient program. Each project funded automatically creates administrative work. The Housing Division, after careful analysis, has determined that funding very small projects is inefficient and the cost of administering the small projects often exceeds the administrative allocation for both the County and the recipient. Therefore, based on recommendations from municipal partners and Milwaukee County staff, the Housing Division is asking to set a \$10,000 minimum funding amount, to remove the maximum dollar amount, maximum number of years for public service and minimum number of public service projects.

By County Resolution the current minimum is \$25,000. In recent years, many projects under the prescribed \$25,000 minimum have been funded, which will not occur in the future therefore it is imperative that a realistic minimum is set for all projects. The Housing Division is recommending a \$10,000 minimum for a few reasons. One, which is mentioned above, is that this amount will allow staff to eliminate the administrative burden of monitoring very small awards that may have minimal impact for constituents and also cause inefficiency in administering the program. The second is that, based on the funding allocation described in the Cooperation Agreement, a minimum set higher than \$10,000 would have a negative impact on smaller municipalities.

The removal of a maximum dollar amount per project also allows Milwaukee County to be more flexible with its Annual Plan submissions. In recent years, there have been many high impact projects that have been supported through Housing Division funding. Removing a maximum dollar amount allows the County the flexibility to accomplish high impact projects that might fit a strategic goal in the Consolidated Plan using CDBG funds.

A previous policy of limiting the amount of consecutive years a public service project received funding was put in place to allow other non-profit agencies the opportunity to receive funding. Staff believes this cap is no longer necessary as there is now a competitive scoring mechanism that allows for transparency on funding decisions. If a public service project is a high performer and continues to rank higher than other projects, it should be awarded funds. This is especially true if the public service project continues to meet an urgent need based on existing challenges for the jurisdiction, such as a project that assists with preventing foreclosures. The current competitive process also allows the scoring panel to make recommendations on how many public service projects are funded based on their merits so limiting the number of projects funded is also no longer necessary.


Recommendation

The Director, Department of Health and Human Services is requesting approval to change the Community Development Block Grant allocation policy for future years as follows: (a) decreasing the minimum allocation amount from \$25,000 to \$10,000; (b) eliminating a maximum allocation amount; (c) eliminating a maximum number of public service projects; and (d) eliminating a maximum number of years a public service project may be funded. Staff will inform the Board if a recommended project has previously received funding for three consecutive years. This will allow the Housing Division to run the CDBG program more efficiently and effectively.

Fiscal Effect

Funds for the CDBG program have already been budgeted for 2013 and there is no fiscal impact. A fiscal note form is attached.

Respectfully Submitted,



Héctor Colón, Director
Department of Health and Human Services

cc: County Executive Chris Abele
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