



July 11, 2018

Wisconsin Department of Administration
Division of Energy, Housing, and Community Resources
P.O. Box 7970
Madison, WI 53707-7970

RE: Substantial Amendment to the Wisconsin 2015-2019 Consolidated Plan - DRAFT CDBG-CLOSE program

To Whom It May Concern:

The Wisconsin Economic Development Association (WEDA) appreciates the opportunity to submit comments on the Substantial Amendment to the Wisconsin 2015-2019 Consolidated Plan - DRAFT CDBG-CLOSE program recently published by the Wisconsin Department of Administration (DOA).

The Wisconsin Economic Development Association is the state's leading professional association representing the interests of economic development professionals, businesses and other organizations committed to advancing Wisconsin's economy through pro-growth policies and programs. We help provide our members, which come from every region of the state and represent every sector of economic development, with the necessary tools to encourage business expansion, promote investment and drive job creation.

Due to the significant changes to the Economic Development Revolving Loan Fund (ED-RLF) program proposed by the CDBG-CLOSE draft plan and the numerous technical and policy issues it creates for communities across the state, WEDA would like to take this opportunity to express our thoughts on the proposal.

General Observations:

First, we commend DOA for their successful efforts to share information on the CDBG-CLOSE program with impacted communities and other stakeholders. We also appreciate what we view as the agency's thoughtful design of the proposed CDBG-CLOSE program to 1.) Address concerns raised by the U.S. Department of Housing and Urban Development (HUD) about Wisconsin's RLF funds; and 2.) Provide an avenue for communities to recapture RLF funding paid back to the state for eligible CDBG projects that will advance local economic development. However, concerns remain about the abrupt shift in policy under CDBG-CLOSE and what the long-term impact will be on economic development in communities across Wisconsin.

In fact, WEDA and our members who utilize the ED-RLF program would prefer to see the program continue in its current form (or with minor modifications), as the program is an important economic development tool for local communities and provides access to much-needed financing for Wisconsin businesses. But given HUD's increased scrutiny of Wisconsin's Revolving Loan Funds, and the potential risk that poses to RLF communities, we understand DOA's desire – and potential need – to close out the ED-RFL program.

Concerns:

While WEDA sees value in the options available to communities to close out their Revolving Loan Funds, we do not believe the CDBG-Close draft plan provides enough flexibility for local governments who wish to retain their RLFs at the local level.

Suggested Modification:

The suggested goals of the proposed CDBG-CLOSE program of protecting communities from liability and creating new avenues to fund local economic development projects are laudable, but WEDA believes the draft plan should be modified to give communities additional close-out options. Consequently, we recommend that DOA modify the DRAFT CDBG-CLOSE program to allow local governments to consolidate their Revolving Loan Funds into a regional RLF managed by an approved and certified non-profit organization. This consolidation process, which is authorized under 105(a)(15) of the Housing and Community Development Act, would “defederalize” a community’s Revolving Loan Funds and ensure greater use of the funds to meet the needs of Wisconsin businesses.

In closing, WEDA would like to thank DOA for the opportunity to submit this letter as our official public comments on the Substantial Amendment to the Wisconsin 2015-2019 Consolidated Plan - DRAFT CDBG-CLOSE. In addition, we appreciate the agency’s thoughtful consideration of our recommended modification to the draft plan as you prepare a final submission to HUD. We would also welcome the opportunity to meet to discuss our recommendation and other potential CDBG-CLOSE options.

Brian Doudna, Executive Director
Wisconsin Economic Development Association