



**Mayor and Honorable Members of the Common Council:**

**Re: Update on Federal Funding - Community Development Block Grant Program, HOME, and Housing Choice Voucher**

In recent weeks, there has been much discussion at the federal level regarding the FY 2025 Budget and a Continuing funding resolution. The ongoing discussions in Congress and events involving staffing at federal agencies have impacted the normal process on how the City receives annual allocations of federal funding. Furthermore, the discussions have highlighted potential changes to previous funding levels.

The federal programs providing grants to the City include the following:

\$1.2 MM of Entitlement funding - Community Development Block Grant Funds (CDBG)

\$255,439 in HOME funds

\$3.5 MM in Housing Choice Voucher Funds (Section 8)

These programs are all based on serving low to moderate income individuals and neighborhoods within the City.

**Purpose:** These are in unprecedented and uncharted times. Generally, in the past, the City of West Allis would have received a letter from Housing and Urban Development (HUD) that indicates 2025 funding levels. The notice typically would have been sent in January or February. Staff would then compare the funding level provided in the letter to the estimated levels incorporated into the current City budget for such things as staff (i.e. Planning, Economic Development, Housing) and community activities such as healthy homes, domestic abuse, Code Enforcement.

The City applies to Milwaukee County for HOME funds. Various organizations have indicated reductions are being considered.

The Housing Choice Voucher funding or Section 8 is being funded at proration of the previous year funding until a budget is approved.

**Background:** Each year, the City of West Allis provides upfront funding to CDBG staffing or community activities. The federal process has not aligned with the City's fiscal year.



Once the Annual Plan is approved by HUD, the city is reimbursed. The time for disbursement of these funds by HUD has been getting later and later each year.

**Impact:** At this time, Staff continue to monitor the federal situation. With the federal funding for 2025 being unclear, programs that were approved for funding were informed to not assume funding or absorb costs that may not be reimbursed.

The potential changes in funding could have an impact on City Departments that include Health, Fire, Police, Code Enforcement, etc. Overall, 2024 could result in budget shortfall and increase the City’s portion of costs for programs. In addition, fundings is eliminated or reduced, some community programs might not occur such as Liberty Heights Wading Pool Staffing, health programs, housing rehabilitation, small business loans, commercial façade improvements, crime prevention or pedestrian safety improvements, etc.

As further information, the recommended FY 2025 Annual Plan Budget for CDBG is attached.

**Programs supporting City Staff funded with CDBG 2025 funds:**

<b>CDBG Administration</b>	<b>\$310,230</b>
<b>Fair Housing</b>	<b>\$7,109</b>
<b>Code Enforcement</b>	<b>\$200,000</b>
<b>Health – Vermin Abatement</b>	<b>\$10,000</b>
<b>FIRE</b>	<b>\$5,000</b>
<b>Police – Gang Prevention</b>	<b>\$11,820</b>
<b>Domestic Violence Support</b>	<b>\$10,270</b>
<b>Community Service Officer</b>	<b>\$40,000</b>
<b><u>Housing Rehab</u></b>	<b><u>\$28,750</u></b>
<b>Total</b>	<b>\$623,179</b>

Various professional organizations for federal programs that City staff monitors have indicated that Congressional discussions have included cutting the HOME program and reducing administrative fees for the Section 8 Housing Choice Voucher Program.



**Contingency:**

As we write this communication to the Common Council, Congress is debating a funding bill that will fund the government until September 2025. Based on drafts of legislation, there could be reductions and changes to various programs. Also, the process of how and when funds will be disbursed could be revised. Optimistically, if the City is awarded funds, there might be a reduction with a delay to when funds might reach the City. In a worse case scenario, funding might not be awarded and the City and activities will be dramatically impacted.

The following is what Staff is doing to prepare if changes should occur:

- 1. Continue to monitor the situation**
- 2. Exploring other grants and programs to assist community needs**
- 3. Flexibility or aligning staff time to other programs (i.e. Using program reserves or other grant opportunities)**
- 4. Planning differently for 2026**

Thank you for your review of this information. Again, Staff is sharing this update to draw attention to a possible budget impact that not only impact City operations but community programs. If you have any additional questions or comments, please feel free to call Steve Schaer or myself.

Regards,

Steve Schaer, AICP  
Director of City Planning & Zoning

Regards,

Patrick Schloss,  
Executive Director Economic Development



## Additional Information:

The federal Community Development Block Grant (CDBG) program has been a critical source of federal funding for local communities across the United States, including the City of West Allis. On average, West Allis receives around \$1.2 million in CDBG funds through HUD. The funds work to address a variety of community needs that include job training, removing blighting influences, vacancy, assisting the creation of new businesses, and much more.

CDBG funds to entitlement communities are typically used to support community services serving low- and moderate-income residents (i.e. health programs, fire safety, domestic abuse program, early education, etc.), improve affordable housing, rebuild or add public infrastructure, economic development, and urgent needs after disasters.

West Allis' use of CDBG funds has continually made positive impacts on our community. Reduced funding or the possibility of freezing funding will challenge the delivery of services throughout our City:

### 1. Impact on Public Services:

CDBG funding also supports important social services:

- *Through a grant to Eras Senior Network, over **314** seniors were engaged, receiving assistance, transportation, home repairs, etc.*
- *For 49 weeks, **50** residents participated in the WISH program that is focused on assisting individuals and/or families facing domestic abuse situations*
- *Last year, **22** individuals received readiness job training and career counseling*
- *Provided staffing to the community wading pool, benefiting over **1,140** residents*

West Allis local nonprofit organizations rely on CDBG funds to provide services to low-income and disadvantaged populations. Reductions in funding may be forced to scale or eliminate their programs, further worsening social challenges in our City.

### 2. Affordable Housing Challenges:

CDBG funds are invested to assist low-income homeowners to address code and safety issues, reduce lead paint hazards, weatherize, energy efficiency, and to make homes accessible.

- *In 2024, funds were used to rehabilitate **nine** low-income single-family homes. The City averages rehabilitating between 8-12 homes a year depending funding and projects costs.*

A significant portion of CDBG funds often goes toward creating or maintaining affordable housing. With reduced funding, there may be fewer opportunities for low-income residents to access safe, affordable housing.



### 3. Economic Development Momentum:

West Allis CDBG funds are often used to stimulate local economic development, create jobs for low income residents, especially in underserved areas.

- *For every \$1 of CDBG funds loaned to a small business, an additional \$6 leveraged in private financing*
- *For every \$1 of CDBG funds granted to address blighted properties, an additional \$4 in private funds is leveraged*
- **32 jobs created in 2024 through economic development activities and 12 new or expanding business assisted**

Without sufficient CDBG funds, development projects may be delayed or canceled, hindering long-term economic growth and the creation of new job opportunities.

### 4. Condition of Public Improvements

CDBG funds have been an integral part of public improvements in the City:

- *Liberty Heights Park Pavillion improvement*
- *The addition of Rosevelt and Burnham Point Neighborhood Parks transformed vacant blighted lots and improved the living conditions within low income Census tracts.*
- *New pedestrian improvements to vehicle and pedestrian safety issues*

Through expenditure constraints and increased pressure on the local budget, these improvements would not have been completed unless for CDBG funding

### 5. Reduced CDBG Funding Challenges:

- **Vulnerable Citizens:** The primary purpose of the CDBG program is to benefit low- and moderate-income residents. Reductions in funding could disproportionately impact vulnerable groups such as seniors, individuals with disabilities, youth, and minorities could face greater challenges accessing services and support.
- **Local Priorities:** CDBG funds allow West Allis to respond to the unique needs and priorities of City. A reduction in funding would limit West Allis' ability to tailor programs and services to address the specific issues the city faces, such as neighborhood revitalization or environmental clean-up efforts.
- **Social and Economic Concerns:** CDBG Program works to address social issues from healthy homes, crime prevention such as gang enforcement, early childhood development, domestic abuse, and much more. Without funding, people would struggle with ongoing needs, potential for higher crime, and finding opportunities for advancement.

### Conclusion:

In summary, reduced funding for the CDBG program in West Allis would likely result in diminished community development, lack of a program to repair older housing that is often an affordable housing option, cuts to vital social services, and a slowdown in local economic growth. The city could face increased pressure to make up for the lost funding, potentially creating a cycle of economic uncertainty that impacts all residents. The CDBG program is an essential tool for



community growth, and any significant cuts or freezing of funding would likely have widespread negative effects on the city and its residents.

### Example of Programs

