



**WISCONSIN DEPARTMENT OF
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- POLICY:** ED 01-2017
- TITLE:** Use of Non-Program Income Funds by Department of Administration (DOA)-Certified Community Development Organizations (CDO) with Funding Derived from a Rural Economic and Area Development Initiative Award
- EFFECTIVE:** This policy replaces ED 01-2016 and applies to all CDO Organizations.
- PURPOSE:** Policy ED 01-2017 addresses the use of HCDA section 105(a)(15) funds from the State's Small Cities program in an HUD entitlement City.
- DESCRIPTION:** Under the Community Development Block Grant (CDBG) program, the State grants funds to Wisconsin's small cities for the benefit of low to moderate income (LMI) households/individuals.
- Under section 105(a)(15) of the Housing and Community Development Act of 1974, as amended (HCDA), and funded under the Rural Economic and Area Development Initiative (READI) as approved by the U.S. Department of Housing and Urban Development (HUD), funds are granted to the Unit of General Local Government (UGLG), who in turn grants the funds to a Community Development Organization (CDO). The CDO makes a loan: to a business in return for the creation of LMI jobs, to a housing developer for the creation of LMI housing and makes a grant or a loan for worker training. Upon repayment of the loans, and meeting all of the requirements of the READI program, the CDO does not need to report the repaid loans as program income.
- Pursuant to HUD's Categories of Eligible Activities guidance document under HCDA section 105(a)(15) assistance is provided to neighborhood-based nonprofit organizations serving the development needs of communities in nonentitlement areas.
- "Section 105(a)(15):** Activities assisted under this title may include only –assistance to neighborhood-based nonprofit organizations, local development corporations, nonprofit organizations serving the development needs of the communities in nonentitlement areas, or entities organized under section 301(d) of the Small Business Investment Act of 1958 to carry out a neighborhood revitalization or community economic development or energy conservation project in furtherance of the objectives of section 101(c) of this title, and assistance to neighborhood-based nonprofit organizations, or other private or public nonprofit organizations, for the purpose of assisting, as part of neighborhood revitalization or other community development...."*
- POLICY:** Similar to all other Small Cities Community Development Block Grant awards and as directed by HUD, CDO's are prohibited under the READI program from making loans in HUD entitlement communities.