

Item 25-0771: Request to approve a substantial amendment to the Community Development Block Grant (CDBG) 2021 Annual Action Plan (AAP) adjusting the proposed activity of Appleton Housing Authority's remaining allocation of \$37,000 to be used for rental rehabilitation rather than the current activity of homeownership assistance and homeowner rehabilitation

Community Development Committee

Wed, Jul 09, 2025 4:30PM

Alderson Denise Fenton (District 6) 01:31

We have one public hearing, item 25-0770, substantial amendment to the Community Development Block Grant (CDBG) 2021 annual action plan (AAP) adjusting the proposed activity of Appleton housing authority's remaining allocation of \$37,000 to be used for rental rehabilitation rather than the current activity of homeownership assistance and homeowner rehabilitation. This is associated with action item number 25-0771. And do we want to go ahead and talk about this one before we open the public hearing? Okay. Are you on two? Okay.

Alderson Vered Meltzer (District 2) 02:22

Director.

Alderson Denise Fenton (District 6) 02:24

Thank you.

Olivia Galyon (Community Development Specialist) 02:25

Okay, so for this item I'll just kind of go through the summary that I would give for the information—or for the action item for it. So, during the 2021 community development block grant application period, the Appleton Housing Authority applied for funds from the city to support their home buyer assistance and homeowner rehabilitation programs, and Appleton Housing Authority was awarded \$37,000 by Common Council in June of 2021. And now they're requesting to reprogram that award.

Olivia Galyon (Community Development Specialist) 02:57

So, the reason that the funds are still available—there's a couple different factors that made it difficult for them to spend down the 2021 dollars they were awarded. So, the first one is that they received program income from this program, because it's a 0% interest deferred payment loan for those programs, and so when a homeowner sells the home, they repay that, and any program income that's received during a CDBG program year must be spent before the entitlement funds that they were awarded by the city can be spent down. And so that was a portion of it. And because of pretty low interest rates in 2020 and 2021 they experienced a lot of people selling their houses and moving into different places and then thus triggering repayment of previously given loans. And so that led them to have a higher level of program income than they had in prior years. So that also kind of that, combined with the requirement to spend the program income before the entitlement dollars, led to them being unable to spend those entitlement dollars.

Olivia Galyon (Community Development Specialist) 04:12

And so those dollars sat there for a bit of time, and then, in recent years, they've been able to spend down the—some of the remaining entitlement dollars they had—or some of the remaining Program Income dollars from other program years as well, and then also other entitlement allocations that they had received. But those 2021 dollars had still gone unspent.

Olivia Galyon (Community Development Specialist) 04:36

So, at this point, because of the challenges with keeping up with spend down and also our program—or the CDBG program is required to spend down the funds within seven years of receiving them. So, we received the funds in 2021, so they'd have to be spend spent by the end of 2028. That kind of time limits them in how much longer they have to spend those funds. And with the nature of the program, they're not huge loans to each person, somewhere around like \$5000 and then if they need some assistance with home buyer as well. So, it might take—like, it might take longer to have, say, five individuals spend \$25,000 of that could take a year or two to find enough people that qualify for it for the home buyer program and also are able to find houses within the city of Appleton. That was another thing they struggled with was just having clients being able to actually find units in the city of Appleton that they would want to buy and that were meeting the purchase eligibility requirements for the housing authority's program.

Olivia Galyon (Community Development Specialist) 05:47

So now they're requesting instead, to reprogram these funds and use them to rehabilitate a unit that their nonprofit agency, Neighborhood Housing Incorporated, owns, and then rent those units out to low- and moderate-income residents at affordable income levels. So, the funds would still be benefiting housing availability and housing affordability in the city, but instead of being focused on homeowners this time around as they were allocated, this would be a substantial amendment to adjust the funds just for the 2021 program year to instead be used for rental rehabilitation.

Olivia Galyon (Community Development Specialist) 06:26

And rental rehabilitation is something that was included in the 2020 through 2024 Consolidated Plan as an allowable activity. So, we've met the requirement there, but it would just be making sure that we get approval here and then with Common Council in order to reallocate those funds through the substantial amendment process for rental rehabilitation. We also haven't had recent rental rehabilitation projects. We had previously funded some with CDBG dollars and then HOME funds, another source, in the past, but in the past five or so years, we haven't done any rental rehab programs, but we have heard feedback from residents and then also non-profits in the area, that rental rehab could—should be a priority, or could be something that would be beneficial for improvements there. And again, this would be units that are owned by the housing authority's nonprofit, so that helps ensure that they would remain at affordable rental rates for their clients as well.

Olivia Galyon (Community Development Specialist) 07:31

And as part of this process, we put out the request—the annual Action Plan amend—the amended version of the annual action plan, we put it out for public comment for a 30-day period. We did not receive any comments during that period, and then also now are having the hearing to ensure that there's adequate time for public engagement on the issue as well. So, the next step would be, if we get approved, then we'll submit it to HUD, and then the US Department of Housing and Urban Development would have their review period and just make sure that it complies with our plans and everything on that end as well.

Aldersperson Denise Fenton (District 6) 08:10

Okay, thank you. And for the record, that was Community Development Specialist Galyon explaining that to us. This is a public hearing. Is there anyone who wishes to speak? This is a public hearing. Is there anyone who wishes to speak? This is a public hearing. Is there anyone who wishes to speak? Seeing none, I declare that public hearing closed.

Alderson Denise Fenton (District 6) 08:32

And we will move on to the related action item, which is 25-0771, request to approve a substantial amendment to the Community Development Block Grant (CDBG) 2021 annual action plan (AAP), adjusting the proposed activity of Appleton housing authority's remaining allocation of \$37,000 to be used for rental rehabilitation rather than the current activity of homeownership assistance and homeowner rehabilitation. Can I get a motion?

Alderson Vered Meltzer (District 2) 09:01

Move to approve.

Alderson Josh Lambrecht (District 1) 09:02

Second.

Alderson Denise Fenton (District 6) 09:03

All right, we have a motion and a second. Are there any questions from the committee? Alder Meltzer.

Alderson Vered Meltzer (District 2) 09:09

I have definitely received some of that feedback that was mentioned about there being a need and maybe a gap that hasn't been filled as far as rental rehabilitation. So, I think that this is a good opportunity. My question is, given the nature of the feedback, is there kind of a bigger need or gap out there, and is this maybe something that could lead towards maybe more of an expansion of rental rehabilitation programs in the future?

Olivia Galyon (Community Development Specialist) 09:42

Yeah, that's a great question. We've definitely, like I said, gotten that feedback that they—people know about our housing—our homeowner rehabilitation loan program, but they also know that we have that gap for renters. In terms of the housing authority, at this point, with what they are interested in requesting for the 2026 program year, we don't expect them to have a rental rehabilitation request, but we did also continue to include rental rehabilitation as an option for eligible activities under the 2025 through 2029 Consolidated Plan. So just because we don't have necessarily interest right now, that doesn't mean that in the future, Appleton housing authority, or another nonprofit organization outside of kind of our city, or, you know, the governmental functions might also not—like they could also apply for that in the future. It's an eligible activity under there, and we made sure to include it so that that could be an—a gap area that we could fill in the future as well.

Alderson Vered Meltzer (District 2) 10:47

Thank you.

Alderson Denise Fenton (District 6) 10:48

Anything else?

Alderson Josh Lambrecht (District 1) 10:49

So, a question would be, if we are to approve the amendment, I know the intention is for the Appleton housing authority to receive those funds, but would that pool of dollars then go into an application for other organizations outside the Appleton Housing Authority?

Olivia Galyon (Community Development Specialist) 11:08

No, because they were already awarded the dollars originally, it would just be an amendment to their original contract, yes, to adjust it, and then that would also allow for them to start spending the dollars as soon as we

get that amendment done, so a bit quicker spend down than what the current, kind of, program is set up for as well.

Aldersperson Josh Lambrecht (District 1) 11:26

Thank you.

Aldersperson Denise Fenton (District 6) 11:27

Anything else? All right, seeing none, we'll go ahead and vote. All those in favor please signify by saying, aye.
Aye.