



Department of Planning & Community & Economic Development  
**Community Development Division**

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TO: CDBG Committee  
FROM: Nancy Dungan  
DATE: 6/20/2011  
RE: Recommendation to authorize the reallocation of Project Home loan guarantee funds

Attached is a resolution for the Common Council to approve the reallocation of \$51,462 within Project Home's Home Repair program to make better use of already allocated funds. A resolution for Council is necessary because we are recommending a change of use from the original authorization in 1986 as a revolving loan fund, then subsequent authorization for use as a loan guarantee, to the proposed use as program funds with direct benefit to low-income homeowners.

The \$51,462 of City General Purpose revenues have been utilized since 1999 in the Home Repair program as a loan guarantee for low-income homeowners who required a loan to pay for larger repairs to their homes. In the last two years there has been declining demand for the loan guarantee and Comm. Dev. staff are recommending that these funds be reallocated within the Home Repair contract to maximize their utility. Specifically, the recommendation is to fund subsidies for the cost of installation of new water heaters for low-income homeowners. Replacement of water heaters is currently a repair service Project Home is unable to offer homeowners, and the subsidy program design would address this unmet need.

The proposed program design would provide a subsidy to offset costs of replacing a water heater based on 50% of replacement costs, with a maximum subsidy available of \$1,000. Project Home anticipates requests for 10 to 15 water heater replacements per year. Comm. Dev. and Project Home staff will evaluate the program design at the end of the contract year, and make modifications if needed.