

COUNTY OF MILWAUKEE
Department of Health & Human Services
INTER-OFFICE COMMUNICATION

DATE: February 24, 2011

TO: Supervisor Lee Holloway, Chairman - Milwaukee County Board of Supervisors

FROM: Geri Lyday, Interim Director - Department of Health and Human Services

SUBJECT: FROM THE INTERIM DIRECTOR, DEPARTMENT OF HEALTH AND HUMAN SERVICES, REQUESTING BOARD AUTHORIZATION TO TRANSFER \$158,425 OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDING FROM THE COUNTY'S CHILD CARE LOAN FUND TO THE COUNTY'S EMERGENCY HOME REPAIR PROGRAM

Issue

The Housing Division is requesting approval to transfer \$158,425 of Community Development Block Grant funding from the County's Child Care Loan Fund to the County's Emergency Home Repair Program.

Background

The intent of the Emergency Home Repair Program is to provide home repair loans to low or moderate-income homeowners to make repairs to address problems that threaten their life, health or safety. The Program is flexible to meet the needs of a given situation but most loans are used to address heating plant failures, restoring power outages, rebuilding collapsed sewer or water laterals, securing building access points or other immediate needs. Thus the loans help make sure people have heat, power, water (including hot water), sewer services or a secure home (lockable doors).

The Program makes no cost or 3% interest loans to income eligible single-family home or duplex homeowners. Most of these homeowners lack the income or assets to be bankable with a private lender. Depending on the situation, some of the loans may allow deferred payment.

Loan applications are taken by phone and are expedited as necessary. Particularly urgent problems are resolved within 24 hours. Experienced private contractors registered with the Program carry out the necessary repairs. The homeowner approves the selection of a contractor (generally the low bid) and the final payout for completed work.

The Emergency Home Repair Program is a place of last resort for many low-income homeowners in need of urgent home repairs. The program receives inquiries for assistance

several times a week from homeowners and receives referrals from County Departments, social service agencies, local municipalities, County Supervisors and from building inspections.

Discussion

The Emergency Home Repair Program had been funded with an annual allocation of CDBG funds until three years ago. Since then, the Program has relied on program income, or repayments of prior loans, to originate new loans. This has led to a reduction in program activity. Because the Program makes loans to the County's lowest income homeowners, some borrowers have problems making even modest payments so program income is modest.

In 2009 there were 28 Emergency Home Repair loans committed for a total of \$106,166. In 2010 there were 12 Emergency Home Repair loans committed for a total of \$59,465.

As of February 22, 2011, the Program has only an estimated \$6,000 to commit to additional loans. Because of the nature of the program, it is difficult to rely on Program Income as the only source of funding. There is no longer adequate funding to maintain the Program.

There is \$250,425 in program income in the old Child Care Loan Program. Of this amount, \$156,425 is not being considered for use at this time. A final repayment of \$2,000 from the Neighborhood House will also be added to this fund on June 1, 2011.

These funds are no longer needed for child care loans. In the decision-making process for 2011 CDBG funding, it was determined that the need for the Child Care Loan Program that was created in the 1980s was no longer there, in part, because there are alternative means of building these businesses; no new loans had been originated in years; and the staff that operated the program were no longer present. Per the Rules adopted by the Milwaukee County Board of Supervisors for CDBG funding, Child Day Care Centers are ineligible for CDBG funding.

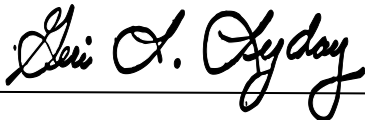
The Milwaukee County Board of Supervisors has in the past, reallocated some Child Care Loan Funds to the Emergency Home Repair Program. (File No. 04-424 & File No. 06-219)

Recommendation

Staff recommends that the interim director be authorized to transfer \$156,425 as well as the \$2,000 expected on June 1, 2011 for a total of \$158,425 of Community Block Grant (CDBG) funding from the Child Care Loan Fund to the Emergency Home Repair Program.

Fiscal Effect

The action has no fiscal effect.



Geri Lyday, Interim Director
Department of Health and Human Services

Cc: Marvin Pratt, Interim County Executive
Terrence Cooley, Chief of Staff – County Board
John Ruggini, Interim Fiscal and Budget Administrator
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