



PLANNING AND DEVELOPMENT

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Memorandum

To: Community Development Committee
From: Caroline Gregerson
Date: 10/5/2018
File ID: 18-1399
Re: **Approval of CDBG Policies and Procedure Change: combine Replacement Housing Revolving Loan and Housing Rehabilitation Revolving Loan**

The Community Development Block Grant program allows the establishment of revolving loan funds to give cities sustainability in operating their programs and flexibility. The City currently operates three separate revolving loans funds – Small Business Development RL, Housing Rehabilitation RL, and Replacement Housing RL. The most recent one- the Replacement Housing RL was approved by the Community Development Block Grant Committee 12/2014.

Since then, HUD has changed its policies making it more difficult for cities to operate revolving loan funds by putting new “timeliness” requirements in place, which put pressure on municipalities to spend their funds very quickly. Currently, we are required to provide monthly reports to HUD on the status of our revolving loans and try to spend funds more quickly, which is very time consuming when operating three funds. One recommendation from our HUD representative is to combine some of our revolving loan funds- primarily to create more flexibility in how to expend those funds.

A natural combination is the Housing Rehabilitation Loan Fund and the Replacement Housing Fund into one “Housing Revolving Loan Fund”. This means we can easily deploy funds for more projects out of one fund. Additionally, this should save some administrative time by only tracking income and expenditures for a total of 2 funds (versus 3).

Attached to this item is the proposed new policy. After the Committee’s approval, this new fund will be included in our policies and procedures manual. This also may involve a change in financial account set-ups and tracking.