TOWNSHIP OF LOWER MERION

GRANTS AND COMMUNITY DEVELOPMENT COMMITTEE

Wednesday, December 12, 2018
6:30 PM (Approximately)

Chairperson: Tiffany O'Neill
Vice Chairperson: Anna Durbin, Anthony C. Stevenson

AGENDA

1. **CONSIDER THE USE OF DEDICATED AFFORDABLE HOUSING FUNDS TO DIRECTLY ASSIST A LOW INCOME HOMEOWNER**

AGENDA ITEM INFORMATION

ITEM: CONSIDER THE USE OF DEDICATED AFFORDABLE HOUSING FUNDS TO DIRECTLY ASSIST A LOW INCOME HOMEOWNER

Consider for recommendation to the Board of Commissioners approval of the use of $5,000 of the Township's Affordable Housing funds to assist a low income homeowner with the replacement of a heater.

PUBLIC COMMENT

ATTACHMENTS:

	Description	Type
🗋	ISSUE BRIEFING	Issue Briefing

TOWNSHIP OF LOWER MERION

Grants and Community Development Committee

Issue Briefing

Topic: Proposal for use of Affordable Housing Funds

Prepared By: Emily Crane, Community Development Technician

Date: December 7, 2018

I. Action to Be Considered by The Board:

Approve the use of $5,000 of the Township's Affordable Housing funds to assist a low income homeowner with the replacement of a heater.

II. Why This Issue Requires Board Consideration:

Approval from the Board of Commissioners is required to use any of the dedicated Affordable Housing Funds.

III. Current Policy or Practice (If Applicable):

There is currently no policy on how the funds are to be used.

IV. Other Relevant Background Information:

The Township currently has approximately $153,000 held in an escrow fund dedicated to affordable housing. These funds were submitted in lieu of providing affordable housing units in a development on Sibley Avenue and the funds must be used for an affordable housing project. There is no current plan for use of these funds. Staff is seeking authorization from the Board of commissioners to use $5,000 of these funds for a heater replacement project summarized below.

CDBG funds were used to purchase and renovate a home on St Pauls Road in Ardmore within the last year. The home was renovated and sold approximately 10 months earlier to a family meeting HUD's low/moderate income standards. Prior to establishing the scope of work required to bring this home up to minimum housing standards, staff performs a building inspection and hires a roofing and HVAC contractor to inspect the roof and heating system. The heater was inspected and found it to be working and in acceptable condition. The heater was old but worked properly at the time of the inspection. Over the Thanksgiving weekend, the carbon monoxide detector went off and

the fire company responded to the home and discovered the heater was not working properly causing a release of carbon monoxide. The new owner moved out temporarily and contacted a heating contractor to install a new heater. Although she is income eligible to participate in our CDBG rehab program, the program guidelines do not allow her to participate in the program for one full year from the purchase date. Since she wasn't eligible to be funded by our rehab program, she had the heating contractor install a new heater and charged the $5,000 expense to her credit card since she didn't have the funds to pay for the heater. Given the property owner's low income, it will be very difficult for her to pay off this debt. Staff is concerned that it will take years for her to pay off the bill, and at a cost (with interest charges) significantly higher than the original $5,000 expense.

Although the Township has no legal obligation to assist this property owner, the property was sold less than one year ago and the heater shouldn't have failed this quickly. CDBG funds cannot be used because the heater has already been installed, and multiple bids were not sought for the work.

If the Board is willing to dedicate the affordable housing funds to cover the cost of this heater, they have three options for funding.

1. Authorize a grant with no payback obligations.
2. Authorize zero interest loan and establish a payment plan.
3. Authorize a loan with a market rate interest.

V. Impact on Township Finances:

If approved by the Board of Commissioners, the funds to pay for this heater would come from the Affordable Housing Fund.

VI. Staff Recommendation:

Since this property owner's income and assets qualify for funding under the CDBG Rehab program, staff recommends approval to pay the $5,000 from the affordable housing fund and treat this the same as a CDBG funded project with a five year declining balance lien. The plan would be a direct payment to the credit card company to pay off the debt and avoid any potential for these funds to be used for other purposes. If this is not possible, an agreement will be prepared committing the property owner to use these funds to pay off the $5,000 credit card expense.