



CDBG Advisory Board | City of Racine, Wisconsin

Agenda Briefing Memorandum

AGENDA DATE:

CDBG Advisory Board – July 28, 2025

Common Council – August 5, 2025

PREPARED BY: Katheryn Knoff, Contract and Grant Coordinator II

REVIEWED BY: Veronica Seymour, Housing Manager

SUBJECT: Communication sponsored by Mayor Mason, that the FY 2025-2029 Five-Year Consolidated Plan, including the 2025 Annual Action Plan, be approved and adopted.

BACKGROUND & ANALYSIS:

The U.S. Department of Housing and Urban Development (HUD) requires all jurisdictions receiving Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), or Emergency Solutions Grant (ESG) funds to develop a five-year Consolidated Plan. This plan serves as a strategic framework for assessing community development and housing needs and establishing priorities for investment of federal funds. It is developed through a data-informed and community-engaged process.

The 2025–2029 Consolidated Plan builds on the goals and progress of the previous (2020–2024) Plan. Development of this Plan began in fall 2024 and included a review of prior plans and performance reports from 2020–2024, analysis of updated demographic and housing data, and broad public consultation. Input was gathered from over 250 residents, local agencies, service providers, and other stakeholders through public meetings, focus groups, surveys, and direct outreach.

Key Focus Areas:

The City's 2025–2029 priorities are centered around:

- Expanding access to affordable housing and homeownership
- Addressing deteriorated housing conditions through rehabilitation and code enforcement
- Supporting individuals and families experiencing or at risk of homelessness
- Investing in public infrastructure, neighborhood facilities, and community safety
- Promoting economic mobility through workforce development and small business support

Funding Highlights:

While federal allocations may fluctuate annually, this Plan assumes level funding based on FY 2025 appropriations. Notable funding strategies include:

- Prioritizing HOME funds for new construction and rehabilitation to support homeownership
- Allocating CDBG funds to support code enforcement, community facility improvements, and public services aligned with housing and employment goals
- Targeting infrastructure funds to enhance service access in low- and moderate-income neighborhoods

FY 2025 ANNUAL ACTION PLAN: Annually, the City of Racine receives an Entitlement Allocation from HUD that requires the creation of an Annual Action Plan (AAP) for CDBG, HOME, and ESG. This year, the AAP is due to HUD on or before August 16, 2025.

Below represents the allocation received by the City of Racine based on HUD's formula for the past 2020-2024 Consolidated Plan and FY 2025 allocation.

	CDBG	HOME	ESG
2025	\$1,743,518	\$479,767	\$155,704
2024	\$1,771,629	\$515,160	\$158,967
2023	\$1,808,710	\$660,044	\$163,852
2022	\$1,864,293	\$704,930	\$160,046
2021	\$1,903,946	\$573,953	\$160,724
2020	\$1,884,584	\$540,696	\$166,729

The funding priority categories were selected through the 2025-2029 Consolidated Plan. The Annual Action Plan (AAP) sets the budget for each funding year. Staff recommendations for the following funding for 2025 eligible HUD activities are referenced below.

The allocations recommended below are based on our 5-year plan and eligible activities according to "Basically CDBG for Entitlement Communities" and do not represent any specific project(s).

CDBG Funds:

The regulations implementing the CDBG Program are found at 24 CFR Part 570. CDBG offers grantees a high level of flexibility in choosing program activities. Grantees are free to select those activities that best meet the needs of their communities, in accordance with the national objectives and other requirements of the CDBG Program.

Housing Activities (Chapter 4): \$238,289.30

Funds will be used for HUD-eligible activities such as homeowner rehabilitation, home purchase activities, rental housing activities, and new construction for the benefit of low-moderate-income (LMI) individuals or families.

Other Real Property Improvements (Chapter 5): \$707,498

Funds will be used for HUD-eligible activities such as code enforcement, lead-based paint hazard evaluation and reduction, and other eligible activities for the benefit of low-moderate-income (LMI) area(s).

Recommend allocations:

- \$657,498 Code Enforcement
- \$50,000 Lead-based paint hazard evaluation and reduction

Public Facilities, Special Assessments, and Privately-Owned Utilities (Chapter 6): \$187,500

Funds will be used for HUD-eligible activities such as acquisition, construction, reconstruction, rehabilitation, or installation of public facilities and improvements for the benefit of low-moderate-income (LMI) area(s).

- \$150,000 Public Facilities & Improvements
- \$27,500 Parks, Recreational Facilities

Public Services (Chapter 7): \$261,527.70 (15% HUD maximum)

Funds will be used for a wide range of HUD-eligible activities such as employment services, education programs, services to senior citizens, recreational services, etc.

Financial Management (Chapter 11): \$348,703 (20% HUD maximum)

Funds will be used for HUD-eligible activities such as internal administration and planning of the overall program.

HOME Funds:

The HOME Investment Partnerships Program (HOME) provides formula grants to states and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. The rules governing the HOME program can be found in 24 CFR 92 effective August 23, 2013. HOME is the largest federal block grant to state and local governments designed exclusively to create affordable housing for low-income households.

Administration: \$47,976.74 (10% HUD maximum)

Funding may be used to support administration activities primarily conducted by the Economic Development and Housing Division, with support from other staff in the City Development Department.

Homeowner Rehabilitation: Home funds may be used to assist existing owner-occupants with the repair and rehabilitation of homes.

Homebuyer Activities: May finance the acquisition and/or rehabilitation, or new construction of homes for homebuyers.

Rental Housing: Affordable rental housing may be acquired and/or rehabilitated or constructed.

Community Housing Development Organization (CHDO) Reserve Funds: \$71,965.11 (15% HUD required)

Funds must be set aside for specific activities to be undertaken by a special type of nonprofit called a Community Housing Development Organization (CHDO).

Operating Funds: Operating expenses mean reasonable and necessary costs for the operation of the community housing development organization.

ESG Funds:

The regulation implementing the Emergency Solutions Grant Program is found in 24 CFR Part 576. The Emergency Solutions Grants (ESG) Program is designed to assist people in quickly regaining stability in permanent housing after experiencing a housing crisis and/or homelessness. The program provides funds for various activities to address homelessness, as authorized under the federal Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009.

Administration: \$11,677.80 (7.5% HUD maximum)

- Homeless Management Information Systems (HMIS) \$4,671.12 (3%)
- General administration activities \$7,006.68 (4.5%)

Shelter Services: \$93,422.40 (60% HUD maximum)

- Emergency Shelter Operations and Essential Services

Rapid Re-Housing and Homeless Prevention: \$50,603.80

Used for housing search and/or rental assistance.

BUDGETARY IMPACT:

FY 2025 funds will be expended according to HUD regulations for CDBG \$1,771,629, HOME \$515,160, and ESG \$158,967 funds. The City of Racine expects to receive around \$14 million in CDBG, HOME, and ESG funds over the course of the next five years. The Con Plan and AAP will guide the use and allocation of those funds towards community development and affordable housing needs.

RECOMMENDED ACTION:

That the CDBG Advisory Board recommend approval of the FY 2025-2029 Consolidated Plan and FY 2025 Annual Action Plan and authorize staff from the City Development Department to submit the Plan to the U.S. Department of Housing and Urban Development.