



City of Racine, Wisconsin
AGENDA BRIEFING MEMORANDUM

AGENDA DATE:	September 13, 2018
SUBJECT:	Amendment to Housing Rehabilitation and General Administration Policy and Procedures Manual
PREPARED BY:	Matthew Rejc, Manager of Housing and Community Development
EXECUTIVE SUMMARY:	<p>Department of City Development - Division of Housing and Community Development requests that the Loan Board of Review approve an amendment to Resolution 10-2318 authorizing changes to the Housing Rehabilitation and General Administration Policy and Procedures Manual concerning maximum unit limits of assisted properties.</p>
BACKGROUND AND ANALYSIS:	<p>The City of Racine Housing Loan Program and its products are governed by the Housing Rehabilitation and General Administration Policy and Procedures Manual. This document has been continuously updated over time to reflect constantly evolving needs. Recent changes have been made related to topics such as maximum loan amounts, interest rates for extremely low-income borrowers, and the addition of certain eligible rehabilitation costs, among others.</p> <p>Owners of structures containing more than four (4) units are currently prohibited from applying for funding from any loan program aside from the dedicated multifamily loan product that is intended to supplement projects that have been approved for Low-Income Housing Tax Credits (LIHTC). This regulation is stated in Resolution 10-2318 and prevents owners of small apartment complexes or large houses from obtaining rehabilitation loans on their property. The only proposed amendment to the Resolution would replace the existing maximum number of assisted units as stated in Resolution 10-2318 with seven.</p> <p>Rehabilitating more than four units in a single structure does trigger a number of HUD requirements that are currently avoided by the existing policy, including the following:</p> <ul style="list-style-type: none">• An affirmative marketing plan is required for all CDBG-assisted housing of five or more units. The affirmative marketing plan must be designed by the property owner/manager and approved by the City.• Federal regulations at 24 CFR 58.35(a)(3)(ii) state that rehabilitation of multifamily structures may require an environmental assessment if they do not meet specified exemption criteria. An environmental assessment could require up to 60 days to complete due to HUD-mandated comment periods. <p>The language of the proposed policy change specifies that the affirmative marketing plan and environmental assessment will be triggered if structures containing 5-7 units are rehabilitated using CDBG funds. Accepting loans for no more than seven units is recommended as the maximum, since Davis-Bacon prevailing wages will be triggered for assisting structures with eight or more units.</p>

The specific proposed revisions refer to Section A(2) and Section B(ii)(f) of the Housing Rehabilitation and General Administration Policy and Procedures Manual. The revised language is proposed to appear as follows:

- Section A(2): The maximum loan for any property up to 4 7 units, is ~~\$50,999~~ \$50,000. HOME funded projects will be assessed and approved by the Community Development Committee
- Section B(ii)(f): In the event there is a situation that does not fit i or ii above, it will be taken to the Loan Board of Review for consideration. ~~This does not include properties that are larger than four (4) units, as the property will not qualify for this source of funding. Projects that involve Federally-funded rehabilitation of more than four (4) units but no more than seven (7) units require an environmental assessment, which involves public notice and review periods. This process is expected to require up to 60 days prior to the time that a contract can be executed. The owner of such a property must also agree to create an affirmative marketing strategy.~~

BUDGETARY IMPACT:

The proposed revision to the Housing Rehabilitation and General Administration Policy and Procedures Manual will have no direct budgetary impact. Indirectly, the revision could allow for additional loans to be approved for projects that would currently not be eligible for funding.

RECOMMENDED ACTION:

Staff recommends that the Loan Board of Review approve the amendment to Resolution 10-2318 authorizing the Loan Board of Review to administer the Housing Rehabilitation Loan Program for properties with seven or fewer dwelling units.