



Department of City Development
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MEMORANDUM

FOR MEETING DATE: July 16, 2015

TO: Community Development Committee

FROM: Matt Sadowsk, Interim Director

SUBJECT: Housing Department HOME Grant Request
1801 Grand Avenue

The Housing Department, a division of the Department of City Development, completed the HOME Request for Proposal per the application process applicable to all potential grantees. They are requesting \$262,500 to build a 1,800 square foot, 3 bedroom, two bathroom home with a two car garage for sale to an income eligible homeowner at 1801 Grand. It is anticipated that the new home will eventually sell for \$95,000.

For background, the City of Racine originally acquired 1801 Grand through tax foreclosure in cooperation with the County. The property had a derelict structure on it that was not feasible to rehabilitate, and was subject to a raise order from the Building Department (see photo “a” below). The City utilized a Wisconsin Housing and Economic Development Authority Strategic Blight Elimination Program grant to raise that structure. The property is currently a vacant lot that is maintained by the Housing Department, requiring on-going snow removal and lawn care.

The home the Housing Department seeks to build will utilize the same floor plan and design of 1016 Park Street (see photo “b” below), which was built using the Neighborhood Stabilization Program with a general contractor “hard” cost of \$223,000.

Please know that the Housing Department’s application includes \$23,000 of construction contingency, which represents 10% of construction costs and is required in the application. Given that this is new construction of a home that Housing Department staff has experience building before, CD staff recommends that contingency not be funded at this level.

Staff recommends that the Community Development Committee move to recommend that the Mayor, City Clerk, and Director of City Development be authorized to execute a written agreement with the Housing Department consistent with its application and federal regulations for \$239,500 of HOME funds for the purpose of building a single-family house for-sale to an eligible homeowner.

Fiscal Note: There are sufficient HOME funds available to meet this request.

PHOTO A:



PHOTO B:

