

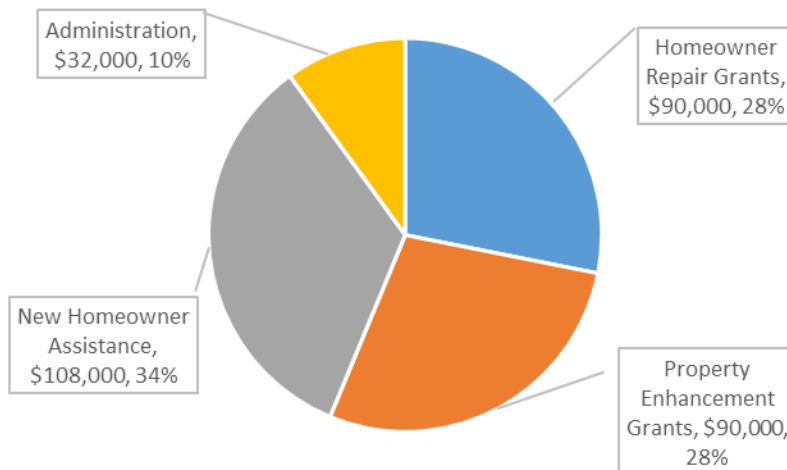
Residential TID Funding Program: TID 22 Revenue

TID 22 has generated a total of roughly \$320,000 in increment since its creation, and this funding is available for use in the district. The funding proposal outlined below describes a recommended distribution for the funds, as well as a proposed timeline. This proposal recommends splitting the increment among the following activities: Homeowner Repair Program, Property Enhancement Program, and New Homeowner Assistance. The funds would be divided among the activities as outlined below:

Residential TID Funding Allocation

Homeowner Repair Grants	28%	\$90,000
Property Enhancement Grants	28%	\$90,000
New Homeowner Assistance	34%	\$108,000
Administration	10%	\$32,000
Total		\$320,000

Residential TID Funding Allocation



The distribution of funds to the various products is reflective of the relevant goals for the City. The term “grant” may be used in this document, while the actual financing mechanism proposed for each of the three programs in question will take the form of a forgivable loan. The bulk of the funding is proposed to be allocated to New Homeowner Assistance Program as an effort to boost homeownership rates in the City, especially among minority populations. Increasing homeownership has the dual impact of generating wealth for populations that may have previously been unable to obtain homeownership, while also stabilizing units and neighborhoods with long-term residents. The Homeowner Repair Program is intended to be a successor to the Rebuild Racine program in TID 22, since it would reflect much of Rebuild Racine’s process and criteria. The Property Enhancement Program is a new type of program that would provide 50% matching forgivable loans for selected activities that would increase the assessed value of residential structures. Either the Homeowner Repair Program or the Property Enhancement Program may be combined by an applicant with the New Homeowner Assistance Program to create an acquisition-rehabilitation activity, but not both.

Product #1: Homeowner Repair Program

Eligible Expenses

Funds must address outstanding building or health code orders issued against the property by the City of Racine, or property maintenance issues that would qualify as building or health code orders, as identified at the property by the City. Costs unrelated to the correction of an actual or potential order, as determined by the City of Racine, are not eligible through this program.

Costs that may be financed through this program do not include the following:

- The costs of construction, substantial reconstruction, or expansion of a structure, whether an accessory structure (garage, shed, etc.) or a principal dwelling unit
- The finishing of unfinished spaces such as an attic or basement;
- The costs of materials, fixtures, equipment, or landscaping of a type or quality which exceeds that customarily used in properties of the same general type as the property to be rehabilitated or which is not readily available from local dealers;
- The costs to purchase, install, or repair furnishing or appliances; and
- The costs of regular household maintenance items used for such activities as housecleaning, lawn care and snow removal
- Expenses that were incurred prior to the execution of the loan agreement

Product Information

Minimum Award Amount: \$1,000.00

Maximum Award Amount: \$10,000.00

- Product type: Forgivable loan
- Payment: No repayment necessary; a Land Use Restriction Agreement (LURA) and mortgage must be recorded on the property to ensure that the property is occupied as a principal residence of the loan recipient for at least five years following issuance of the loan.
 - Forgivable loan will be forgiven at a rate of 20% per year until it is completely forgiven at the end of the fifth year

Owner Contribution

Funding through this program would be provided on a reimbursement basis directly to the contractor performing the relevant work. A \$75.00 administrative fee may be charged to cover recording or other necessary charges. Applicants denied a loan through this program will only be charged actual costs incurred and the balance will be refunded. Owners will be required to contribute 10% of the total project cost as determined by the City in the scope of work unless a hardship waiver is approved along with the loan by the CDA.

Eligibility Requirements

- Applicant must be the owner-occupant of a single-family or duplex property, or have an executed purchase agreement for such a property, within TID 22
- Applicant must be current on mortgage payments
- Applicant must be current on property taxes or be actively participating in a City-approved payment plan arranged with Racine County with regards to property taxes

- Applicant must not have previously received a loan through the City of Racine’s “Rebuild Racine” program
- All approved applicants for loans must complete homeowner post-purchase counseling (“I Bought a House! Now What?”) and submit proof of completion to staff no later than one year following loan closing. Classes must be taken through Housing Resources Inc. (500 Wisconsin Avenue, Suite 205, Racine, WI 53403). Information about the classes can be found at <https://hri-wi.org/> or by calling (262) 636-8271.
- All other eligibility requirements listed in the Housing Rehabilitation and General Administration Policies and Procedures Manual apply unless superseded by the terms specifically outlined in this document.
- This product may be combined with the New Homeowner Assistance Program alone to complete an acquisition-rehabilitation project

By agreeing to participate in this program, the homeowner agrees to permit staff of the City Assessor to re-assess the interior and exterior of the property following completion.

Product #2: Property Enhancement Program

Eligible Expenses

This product is designed to facilitate existing homeowner investment into permanent assets on their property. All eligible expenses must relate to activities that will increase the assessed value of the property in question based on the sole opinion of the City Assessor. Funds may be awarded for the following types of projects:

- Adding square footage to existing housing units
- Constructing secondary structures as permitted by building and zoning regulations
- Remodeling kitchens, bathrooms, or other interior elements of housing units except the basement

Product Information

Minimum Award Amount: \$5,000.00

Maximum Award Amount: \$10,000.00

- Product type: Forgivable loan
- Payment: No repayment necessary; a Land Use Restriction Agreement (LURA) and mortgage must be recorded on the property to ensure that the property is occupied as a principal residence of the loan recipient for at least five years following issuance of the loan.
 - Forgivable loan will be forgiven at a rate of 20% per year until it is completely forgiven at the end of the fifth year

Owner Contribution

A \$75.00 administrative fee may be charged to cover recording or other necessary charges. Applicants denied a loan through this program will only be charged actual costs incurred and the balance will be refunded.

Funding through this program would be provided on a reimbursement basis directly to the contractor performing the relevant work. Homeowners would be eligible for an award of up to 50% of eligible project costs for approved projects as determined through the scope of work or \$10,000, whichever is less, while the remaining eligible project costs must be covered by the homeowner. Each dollar of subsidy provided through this program must be matched by at least one dollar in private funding for the same project.

Eligibility Requirements

- Applicant must be the owner-occupant of a single-family or duplex property, or have an executed purchase agreement for such a property, within TID 22
- Applicant must be current on mortgage payments
- Applicant must be current on property taxes or be actively participating in a City-approved payment plan arranged with Racine County with regards to property taxes
- Program funding is limited, not all eligible applicants may be served
- Work shall be completed within one year of execution of the loan unless otherwise specified by the City Development Department.
- No less than three written quotes/bids for work must be obtained from appropriately licensed contractors.
- All other eligibility requirements listed in the Housing Rehabilitation and General Administration Policies and Procedures Manual apply unless superseded by the terms specifically outlined in this document.
- This product may be combined with the New Homeowner Assistance Program alone to complete an acquisition-rehabilitation project

By agreeing to participate in this program, the homeowner agrees to permit staff of the City Assessor to re-assess the interior and exterior of the property following completion.

Product #3: New Homeowner Assistance

Eligible Expenses

This product is designed to remove barriers that may be impeding homeownership for City of Racine residents. Funds may be used for the following expenses:

- Down payment
- Closing costs

Product Information

Minimum Award Amount: \$1,000.00

Maximum Award Amount: \$10,000.00

- Product type: Forgivable loan
- Payment: No repayment necessary; a Land Use Restriction Agreement (LURA) and mortgage must be recorded on the property to ensure that the property is occupied as a principal residence of the loan recipient for at least five years following issuance of the loan.

- Forgivable loan will be forgiven at a rate of 20% per year until it is completely forgiven at the end of the fifth year

Owner Contribution

A \$75.00 administrative fee may be charged to cover recording or other necessary charges. Applicants denied a loan through this program will only be charged actual costs incurred and the balance will be refunded.

Funding through this program will be provided directly to the homeowner, who must have at least an amount equal to 1% of the purchase price contributed to the purchase of the property payable at closing.

Eligibility Requirements

- Applicant must have a maximum front-end ratio of 38% and back-end ratio of 45%
- Maximum combined loan to value ratio of the transaction cannot exceed 103%
- Applicant must have an approved mortgage offer from a lending institution to purchase a single family or duplex property within TID 22
- If currently living in the City of Racine, the applicant must be current on property taxes or be actively participating in a City-approved payment plan arranged with Racine County with regards to property taxes
- Applicants must provide the program administrators (or outside subrecipient) all required documentation necessary to determine program eligibility
- Program funding is limited, not all eligible applicants may be served
- No refinancing of existing loans is permitted through this program

By agreeing to participate in this program, the homeowner agrees to permit staff of the City Assessor to fully assess the interior and exterior of the property following acquisition.

Administration

Up to 10% of the increment received in TID 22 is proposed to be allocated to staff costs associated with managing these programs. Although most of the Neighborhood Services Division's staff time is largely paid for using CDBG or other Federal funds, the activities proposed under this program would not qualify as Federally-funded activities, and would be ineligible for staff administration funding. With that in mind, no more than \$32,000 would be set aside to pay for Neighborhood Services Division staff time.

A portion of the administration funding could also be provided to a selected subrecipient administrator of the New Homeowner Assistance program.

Application and Approval Process for All Products

Property Enhancement and Homeowner Repair Program Application Review

Prospective applicants would find applications online at <https://www.racinehousingloans.com/get-started-homeowners/> and would be encouraged to call (262) 636-9197 for questions and further information. Upon program approval, the website above will be updated with a new interface and application forms.

Neighborhood Services staff will provide full applications to applicants who submit program inquiry forms electronically.

Homeowners who are eligible for the Residential TID Homeowner Repair Program will be offered the option of pursuing financing through this program or any other program offered by the Neighborhood Services Division for which they may be eligible. Prospective applicants who are not eligible for any of the TID financial products described in this plan will be referred to other programs offered by the City of Racine or outside agencies for which the applicant might be eligible.

Once all necessary loan processing materials have been received by the Neighborhood Services Division, or designee, and a scope of work has been finalized following an inspection of the property, then the application will be forwarded for approval by the Community Development Authority (CDA). Approved applicants must then obtain estimates from contractors shown on the list of approved contractors. At least three estimates must be obtained for each item of work that must be completed, but the homeowner may choose any of the contractors from which they have obtained estimates, provided they are on the City's list of qualified contractors. The City will not reimburse homeowners for labor on their own properties, and the City will only reimburse contractors directly.

City Development staff will review completed applications once all necessary documentation has been submitted by the applicant, and loans will be reviewed by the CDA. Funding for this program will be limited. Some applicants may not be served if funding has been exhausted.

New Homeowner Assistance Program Application Review

The City of Racine may partner with a qualified subrecipient to administer the New Homeowner Assistance Program in TID 22. Interested participants would apply directly through the selected subrecipient for evaluation and intake for the program. Staff at the qualified subrecipient would process applications and collect information for the New Homeowner Assistance Program, and funding would be disbursed by the subrecipient and reimbursed by the City.

Security

All property owners who participate in any of the programs funded through TID 22 increment must agree to enter into an agreement with the City following approval by the CDA. No physical work may be completed until the approval from the CDA is granted and loan documents have been executed.

All recipients of TID 22 funding will be required to record a LURA and mortgage requiring that the property remain the principal residence of the fee simple owner for at least five years from

the date of execution of the agreement. Funding will be forgiven at a rate of 20% per year until the entire loan is forgiven at the end of the fifth year. No payment would be necessary subject to participating homeowners meeting all requirements and guidelines as laid out in this document.

Scope of Work

For products involving physical work, the scope of work will be approved through a staff review and subsequently by the CDA. All eligible expenses will be limited to the work necessary to either extend the remaining economic life of the principal structure owned by the applicant through the correction of code violations, or create a quantifiable increase in the assessed valuation of the property, as applicable to the appropriate program. All work must be performed by appropriately licensed and City-qualified contractors who will be required to warrant their work for at least one year. Permits, where necessary, must be obtained prior to starting work. Any work completed prior to the execution of loan documents is ineligible for funding. Pre/post-inspection and approval of work may include City Building Inspectors. Projects requiring applicable historic preservation reviews, zoning alterations, or applicable permits will be required to appear before and receive approval from the Planning, Heritage, and Design Commission prior to execution of funding documents.

None of the following would be considered eligible expenses in any of the included programs:

- The costs of materials, fixtures, equipment, or landscaping of a type or quality which exceeds that customarily used in properties of the same general type as the property to be rehabilitated or which is not readily available from local retailers;
- The costs of regular household maintenance items used for such activities as housecleaning, lawn care, and snow removal.
- Expenses that were incurred prior to the execution of loan documents

Timeline

The preliminary project plan for TID 22 was approved by Common Council through Resolution No. 1082-19 on September 30, 2019. Staff recommends the following process for approval of the final project plan:

- Community Development Authority: January 7, 2021
- Common Council: January 19, 2021
- Applications accepted: February 1, 2021 and rolling thereafter