



**City of Racine, Wisconsin**  
**AGENDA BRIEFING MEMORADUM**

<b>AGENDA DATE:</b>	December 7, 2020 CDBG Advisory Board
<b>SUBJECT:</b>	Communication sponsored by Mayor Mason that the FY 2020-2024 Five-Year Consolidated Plan, including the 2020 Annual Action Plan, be approved and adopted.
<b>PREPARED BY:</b>	Matthew Rejc, Manager of Neighborhood Services
<b>EXECUTIVE SUMMARY:</b>	Following the conclusion of the previous Five-Year Consolidated Plan (Con Plan) from FY 2015-2019, HUD requires that the City of Racine submit a new Con Plan for the FY 2020-2024 time period. The Con Plan includes the FY 2020 Annual Action Plan (AAP) as well. The original deadline of August 16, 2020 was extended to August 16, 2021 to enable Con Plan jurisdictions like the City of Racine to prioritize allocation of CDBG-CV and ESG-CV funds.
<b>BACKGROUND &amp; ANALYSIS:</b>	<p>According to HUD: “The Consolidated Plan is designed to help local jurisdictions assess affordable housing opportunities, community development needs and current market conditions to make data-driven, place-based investment decisions. The consolidated planning process serves as the framework for a community-wide dialogue to identify housing and community development priorities that align and focus funding from the block grant programs.”</p> <p>The U.S. Department of Housing and Urban Development (HUD) requires communities that receive Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), or Emergency Solutions Grant (ESG) funding to review and re-evaluate their priorities for allocation of funds every five years. The result of the review is a document called the Consolidated Plan. FY 2020 is the first year of a new five-year cycle for the City of Racine.</p> <p>The Neighborhood Services Division of the City Development Department began preparation of the 2020-2024 Consolidated Plan in the fall of 2019. The process involved review of the prior Consolidated Plans, the annual plans submitted to HUD for 2015 through 2019, and the annual reports on the use of block grant funds for 2015 – 2019. The plan also applies statistics on the population, housing, and economic characteristics of the city from the 2010 Census and more recent data sources; information on the financial resources and constraints that the city is likely to face in the next five years; and public input regarding community needs and past uses of block grant funds.</p> <p>The City of Racine received input from over 200 community members throughout the public consultation process for the FY 2020-2024 Consolidated Plan. Input was sourced through focus meetings, canvassing at community events, and online surveys. NSD staff conducted focus groups at local community centers and the public library, and with representatives from public service recipients and other housing and community development agencies. Participants offered input on the strengths and shortcomings of the community development programs in Racine over the past five years (2015-2019) and anticipated community development needs in Racine over the next five years (2020-2024).</p>

A significant factor in planning for community development funding in the next five years is the declining amount of funding that the city received in the recent past. In this plan, we have assumed the same amount of funding will be available each year as was awarded for 2020. We recognize that annual adjustments will be needed to reflect the funding that HUD actually provides and that these adjustments may be significant.

The Consolidated Plan provides additional detail on the proposed funding allocation for the 2020 – 2024 period, the rationale behind the proposed allocation, and the outcomes expected from the funding. A few of the major changes from the previous Consolidated Plan are highlighted below:

- CDBG
  - Up to \$244,960 available for certified Community Development Financial Institutions (CDFIs) to offer technical assistance and business development loans/grants for eligible activities
  - Public Services funding will be allocated evenly to applicants fostering the creation of homeownership opportunities and applicants who provide training to move residents into living wage employment
  - A total of 27% of the CDBG allocation will be provided for Code Enforcement activities to implement the RENTS ordinance
  - Public Infrastructure funding is targeted toward capital improvements at community centers and physical work necessary to expand the provision of healthcare services to low-/moderate-income households in the City. Other potential uses include neighborhood infrastructure such as park equipment, public art, or transit improvements
- HOME
  - Up to \$147,492 in funding will be made available to support direct assistance to eligible households seeking to become homeowners in the City of Racine through down payment or closing cost assistance, or other eligible forms of assistance

**BUDGETARY IMPACT:**

The City of Racine expects to receive around \$13 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 2020-2024 Consolidated Plan and FY 2020 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.

**Proposed Allocation of \$1,884,313 in FY 2020 CDBG funds and Percentage Allocations for the 2020-2024 Consolidated Plan**

*NOTE: Dollar amounts reflect the proposed 2020 allocation, while percentages reflect 2020-2024 allocation amounts. This document will be incorporated into the 2020 Annual Action Plan.*

**Administration: \$376,862 (20% - HUD maximum)**

- A portion of the funds will be used to reorient an existing position as a Land Bank Coordinator
  - The Land Bank Coordinator will oversee the redevelopment of City-owned 1-4 unit properties for the purposes of fostering homeownership

**Economic Development: \$244,960 (13%)**

- Up to \$244,960 available for certified Community Development Financial Institutions (CDFIs) to offer technical assistance and business development loans/grants for eligible activities
  - Quantifiable goals for loans/grants to micro-enterprises will be required and incorporated into award contracts. Preference will be given to lenders who have a Racine office or are willing to create a dedicated Racine presence

**Public Services: \$282,646 (15% - HUD maximum)**

- Up to \$141,323 will support organizations that will foster the creation of homeownership opportunities in the City of Racine, or financial empowerment for the purpose of homeownership
  - Minimum funding request will be increased from \$20,000 to \$60,000
  - Preference will be given to applicants whose work directly fosters racial equity
  - A performance retainage may be held until completion of quantifiable metrics as agreed upon between the City and applicant
- Up to \$141,323 will be used to support organizations that provide training for City of Racine residents to move into living wage employment, or programs that minimize barriers to accessing training
  - Minimum funding request will be increased from \$20,000 to \$60,000
  - Preference will be given to applicants whose work directly fosters racial equity
  - A performance retainage may be held until completion of quantifiable metrics as agreed upon between the City and applicant

**Code Enforcement: \$508,764 (27%)**

- Up to \$381,573 will be used to pay the wages and benefits of inspectors and related staff working in selected LMI Area Benefit block groups within the Neighborhood Stabilization and Enhancement District.
- Up to \$127,191 will be used to pay the wages and benefits of inspectors working in selected LMI Area Benefit block groups within both the Neighborhood Stabilization and Enhancement District and the Greater Uptown Neighborhood Revitalization Strategy Area (NRSA)

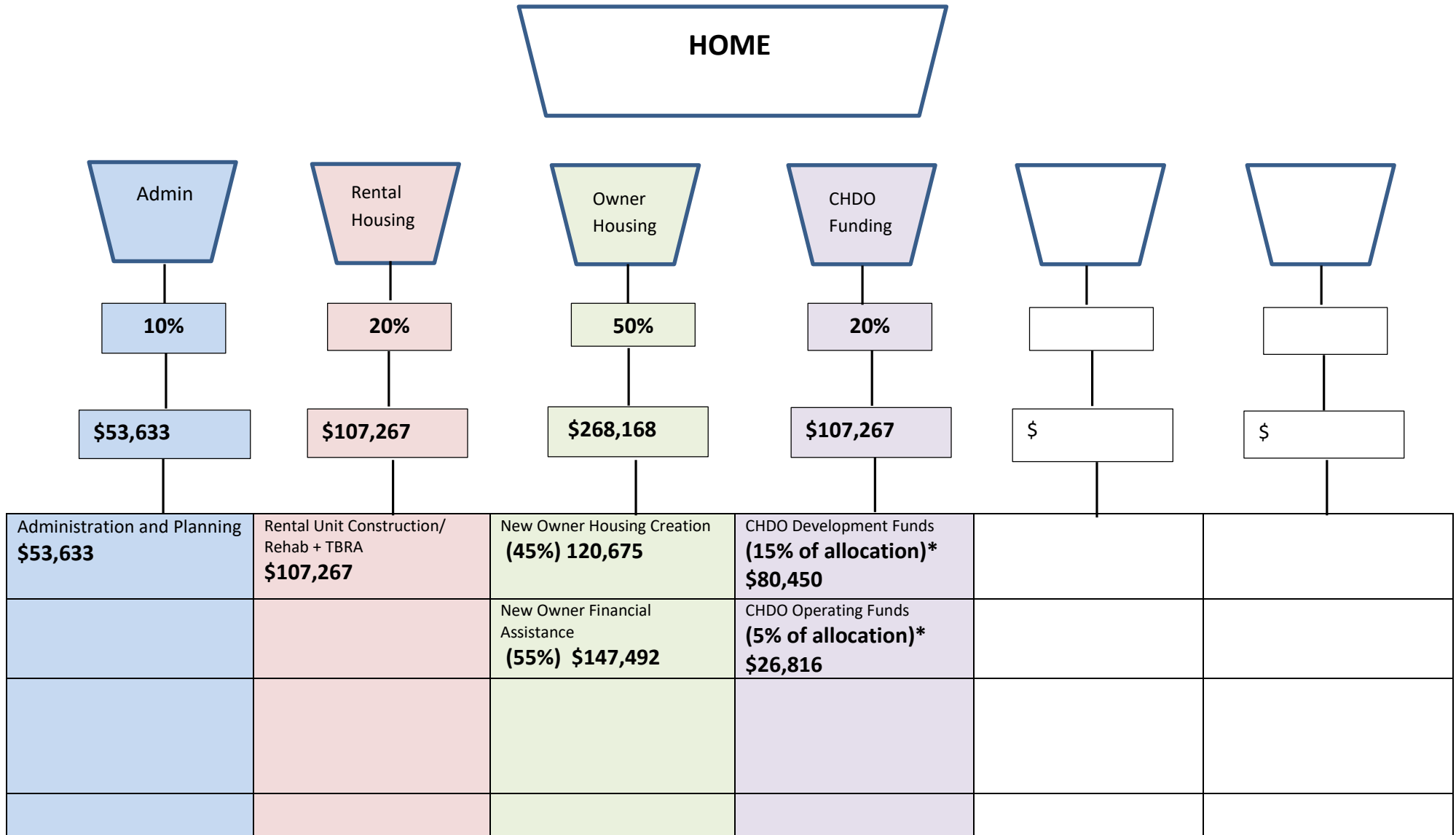
**Public Infrastructure: \$471,078 (25%)**

- Up to \$423,953 will be prioritized for capital improvements at community centers and physical work necessary to expand the provision of healthcare services to low-/moderate-income households in the City. Other potential uses include neighborhood infrastructure such as park equipment, public art, or transit improvements
- Up to \$47,108 may be accessed by the Building Dept. for demolition or clearance activities on properties necessitating such actions within the Greater Uptown Neighborhood Revitalization Strategy Area (NRSA)

**Total: \$1,884,313**

## RACINE FY 2020 HOME FUNDING PRIORITIES

**Amount Available: HOME: \$536,337 (percentages and categories will be held the same in FY 2021-2024)**



\*HUD regulations require that 15% of each allocation of HOME funds be set aside for CHDO development activities. Up to 5% of each allocation can be used for CHDO operations expenses, and a portion of the funds must be used to create a business plan for financial self-sufficiency.

FY 2020 Emergency Solutions Grant	
Available	\$166,729
<i>Percentages will remain the same in FY 2021-2024</i>	
Shelter Cap (60% Max)	\$100,037
Homelessness Prevention and Rapid Re-Housing (32.5%)	\$54,188
Admin Cap (7.5% Max)	\$12,504
<i>Administration (4.5%)</i>	\$7,503
<i>HMIS (3%)</i>	\$5,001