



CDBG Advisory Board | City of Racine, Wisconsin

Agenda Briefing Memorandum

AGENDA DATE:

CDBG Advisory Board – May 11, 2026

Common Council – May 19, 2026

PREPARED BY: Katheryn Knoff, Contract and Grant Coordinator II

REVIEWED BY: Veronica Seymour, Housing Manager

SUBJECT: Communication sponsored by Mayor Mason, that the FY 2026 Annual Action Plan (AAP) be approved and adopted, and that staff be authorized to submit the Plan to the U.S. Department of Housing and Urban Development (HUD).

BACKGROUND & ANALYSIS: The City of Racine is an entitlement community that receives annual formula allocations from HUD under the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), and Emergency Solutions Grant (ESG) programs. As required under 24 CFR Part 91, the City must prepare and submit an Annual Action Plan (AAP) that identifies the proposed use of these funds for the program year.

The FY 2026 AAP implements the priorities and goals established in the City's 2025–2029 Consolidated Plan and outlines how federal resources will be used to meet identified community needs, principally benefiting low- and moderate-income (LMI) persons and households in accordance with HUD national objectives. The FY 2026 AAP is due to HUD on or before August 16, 2026.

Below are the City's HUD formula allocations for the past five (5) years:

	CDBG	HOME	ESG
2026	\$1,711,710	\$433,741	\$153,237
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

Funding recommendations are based on Consolidated Plan priorities, HUD eligibility requirements, and regulatory caps. Allocations reflect eligible activity categories and do not constitute approval of specific projects, which will be brought forward separately, as applicable.

CDBG PROGRAM (24 CFR Part 570):

CDBG funds will be used to support activities that meet one of the three national objectives:

- (1) benefit to low- and moderate-income persons,
- (2) prevention or elimination of slums or blight, or
- (3) urgent need.

Housing Activities: \$189,999

Funds will support eligible housing activities, including rehabilitation, homeownership assistance, and other housing-related activities that benefit LMI households.

Other Real Property Improvements: \$735,113

Funds will target neighborhood stabilization through eligible activities such as code enforcement and lead-based paint hazard evaluation and reduction in LMI areas.

- Code Enforcement: \$685,113
- Lead-Based Paint Activities: \$50,000

Public Facilities and Improvements: \$187,500

Funds will support acquisition, construction, reconstruction, or rehabilitation of public facilities and infrastructure improvements benefiting LMI areas.

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

Public Services: \$256,756.50 (15% statutory cap)

Funds will support eligible public service activities, including services for youth, seniors, employment, and housing stability.

Program Administration and Planning: \$342,342 (20% statutory cap)

Funds will support overall program administration, planning, and compliance activities necessary to carry out the CDBG program.

HOME PROGRAM (24 CFR Part 92):

The HOME Program provides funding to create and preserve affordable housing for low-income households through acquisition, rehabilitation, new construction, and related activities.

Administration: \$43,374.14 (10% statutory cap)

Supports program administration and compliance.

Affordable Housing Development: \$325,306.04

Supports development of affordable housing units to expand access to affordable housing opportunities for low- to moderate-income (LMI) households.

CHDO Set-Aside: \$65,061.21 (15% HUD requirement)

Reserved for projects undertaken by certified Community Housing Development Organizations (CHDOs).

CHDO Operating: Funds may be used to support reasonable and necessary CHDO operating expenses, in accordance with HOME regulations.

ESG PROGRAM (24 CFR Part 576):

The ESG Program supports activities to assist individuals and families experiencing homelessness or at risk of homelessness.

Administration: \$11,492.77 (7.5% statutory cap)

- HMIS: \$4,597.11
- Administration: \$6,895.66

Emergency Shelter: \$91,942.20 (60% statutory cap)

Supports shelter operations and essential services to maintain critical shelter capacity for individuals experiencing homelessness.

Rapid Re-Housing / Homelessness Prevention: \$49,802.03

Supports rapid placement into permanent housing and reduces homelessness duration through housing relocation, stabilization services, and short- to medium-term rental assistance.

BUDGETARY IMPACT:

FY 2026 HUD formula funds will be administered in accordance with federal regulations as follows:

- CDBG: \$1,711,710
- HOME: \$433,741.39
- ESG: \$153,237

The city may also allocate program income and prior year resources, as applicable.

RECOMMENDED ACTION:

That the CDBG Advisory Board recommend approval of the FY 2026 Annual Action Plan and authorize the City Development Department to submit the Plan to HUD in accordance with federal requirements.