



City of Racine, Wisconsin
AGENDA BRIEFING MEMORADUM

AGENDA DATE:	February 21, 2019
SUBJECT:	Request by the Manager of Neighborhood Services for up to an additional \$50,000 in HOME funds at 1418 Washington Avenue
PREPARED BY:	Matthew Rejc, Manager of Neighborhood Services
EXECUTIVE SUMMARY:	<p>A request that the Community Development Committee approve a resolution authorizing up to \$50,000 in additional HOME Investment Partnerships (HOME) Program funds for Racine Revitalization Partnership (RRP) to fund the rehabilitation of two rental apartments at 1418 Washington Avenue.</p>
BACKGROUND & ANALYSIS:	<p>The City of Racine agreed to fund RRP for \$185,957 in HOME funds to subsidize the rehabilitation of two rental apartments at 1418 Washington Avenue through Resolution 0240-17, which was passed by the Common Council of the City of Racine on July 5, 2017. The property at 1418 Washington is a 4,000 square-foot mixed-use building in Uptown built in 1925, which was transferred to RRP from the City of Racine Redevelopment Authority (RDA) in 2018.</p> <p>RRP is a certified Community Housing Development Organization (CHDO). The U.S. Department of Housing and Urban Development (HUD) requires that all communities receiving HOME funds, including the City of Racine, reserve 15% of all HOME funds for CHDO development projects. Providing additional funds to RRP for this project will help the City to meet its upcoming HOME CHDO commitment deadline on September 30, 2019.</p> <p>The request for additional funding stems from unanticipated roof and window conditions that RRP has encountered at the property. Correction of the roof and window conditions is estimated to cost at most \$50,000, on top of previously estimated repair costs. Per HOME regulations, the actual amount of additional funding approved for the project must stem from fully documented the repair costs, which can be provided through a bid or estimate from a qualified contractor. With this in mind, the repair cost could be less than the full amount of \$50,000.</p> <p><u>Staff Recommendation</u></p> <ul style="list-style-type: none">• Based on underwriting and program requirements, staff recommends authorizing up to \$50,000 of additional HOME funding for rehabilitation of two rental units at 1418 Washington Avenue. Total amount of HOME funding for the development would be at most \$235,957.• HOME funds may be used for rental rehabilitation activities.• Both units must be rented to low-/moderate-income homebuyers. HOME-funded developments receiving greater than \$40,000 per unit will require a 15-year period of rental affordability.

BUDGETARY IMPACT:

There are sufficient HOME funds for the staff recommendation for use as outlined in the 2018 Annual Action Plan.

RECOMMENDED ACTION:

Staff recommends that the Community Development Committee authorize up to an additional \$50,000 of HOME funds to Racine Revitalization Partnership for rental rehabilitation activities at 1418 Washington Avenue, for a total of \$235,957. The total amount is inclusive of the funds authorized for the activity under Resolution 0240-17.

Further, that the Mayor and City Clerk be directed to enter into an amendment to the applicable HOME agreements with Racine Revitalization Partnership consistent with its application and all applicable Federal regulations.