



Community Development Authority AGENDA BRIEFING MEMORANDUM

AGENDA DATE: January 7, 2021

SUBJECT:
City of Racine TID 22 Funding Allocation Plan

PREPARED BY:
Matthew Rejc, Manager of Neighborhood Services

EXECUTIVE SUMMARY:
Department of City Development - Division of Neighborhood Services has prepared a proposed allocation for the \$320,000 in tax increment revenue generated by TID 22 for the purposes of neighborhood stabilization.

PROJECT BACKGROUND AND ANALYSIS:
The preliminary project plan for TID 22 was approved by Common Council through Resolution No. 1082-19 on September 30, 2019. The TID runs roughly from Lake Michigan to the City boundary in the west as shown in the map below.



TID 22 was approved alongside TID 23, which was a similar residential TID on the south side of the City. The plan for TID 22 called for:

“Funds drawn from the TIDs will be used to support loans, grants, and other financial mechanisms that will extend the economic life and/or increase the assessed valuation of homeowner occupied housing units. The increment received from the TIDs will also be used to provide down payment and closing cost assistance to encourage homeownership.”

The proposed funding plan provides a systemic approach to accepting potential projects from homeowners and allocating resources in accordance with the parameters and goals outlined in the original project plan. Specifically, the funding allocation plan establishes three different products along with an administration set-aside:

- **Homeowner Repair Program:** This program largely replicates TID 8 Rebuild Racine program, allows up to \$10,000 per household to be used for repair of code violations. Given the realities of COVID-19, priority will be placed on homeowners with existing exterior code violations and repair orders (28% or \$90,000 total for 2021).
- **Property Enhancement Program:** This product is designed to facilitate existing homeowner investment into permanent assets on their property via a 1:1 match of private dollars up to

\$10,000 per 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 (28% or \$90,000 total for 2021).

- **New Homeowner Assistance:** This product is designed to remove barriers that may be impeding homeownership for City of Racine residents, and permits approved homebuyers within the TID to receive up to \$10,000 in closing cost assistance and down payment assistance (34% or \$108,000 total for 2021).
- **Administration:** Remaining funds will cover administrative expenses among City staff and/or subrecipients (10% or \$32,000 total for 2021).

Each individual applicant for these products will be vetted by City staff from the Neighborhood Services Division or a designated subrecipient, and presented to the CDA for final consideration. Specific terms and conditions for each product are provided as an attachment to this memorandum. In future years, funding will be allocated to each of the three programs on the percentage basis as described above or modified by the CDA.

BUDGETARY IMPACT:

TID 22 generated around \$320,000 in increment during 2020, and is expected to generate similar amounts in subsequent years. This program is expected to be retained, and modified if necessary, throughout the life of the TID.

RECOMMENDED ACTION:

Staff recommends that the Community Development Authority of the City of Racine approve a Resolution authorizing the Neighborhood Services Division to implement the TID 22 proposed funding allocation as presented.