



City of Racine, Wisconsin
Agenda Briefing Memorandum

AGENDA DATE:

June 12, 2023 – CDBG Advisory Committee
July 17, 2023 – Common Council

SUBJECT:

Communication sponsored by Mayor Mason requesting an allocation up to \$240,000 of the Community Development Block Grant (CDBG) Revolving Loan Fund (\$120,000 – Forgivable; \$120,000 Loan) for the rehabilitation of 614 9th Street by Racine Revitalization Partnership.

PREPARED BY: Brittany Brown, Compliance Specialist & Brendan Saunders, Program Specialist

REVIEWED BY: Cathy Anderson, Manager of Economic Development and Housing

BACKGROUND & ANALYSIS:

614 9th Street is a three (3) unit building which was rehabbed using HOME Investment Partnerships funds in 2014-2015. The project was completed on December 18, 2015 and was owned and managed by LandQuest Construction, LLC. The property has a 10 year affordability period for three High HOME (at or below 60% Area Median Income) rental units, expiring December 19, 2025.

In late 2022 there was a fire that deemed the property inhabitable. In December 2022, LandQuest Properties (J&N Assets IV, LLC) sold the building to the Racine Revitalization Partnership for \$40,000 (\$15,000 cash and \$25,000 donation) with the intent to rehabilitate and complete the affordability period. The rehabilitation will keep the original layout of the building with two – one bedroom units and one - three bedroom unit. Racine Revitalization Partnership and the Women’s Resource Center have an agreement to provide referrals for clients transitioning into the community.

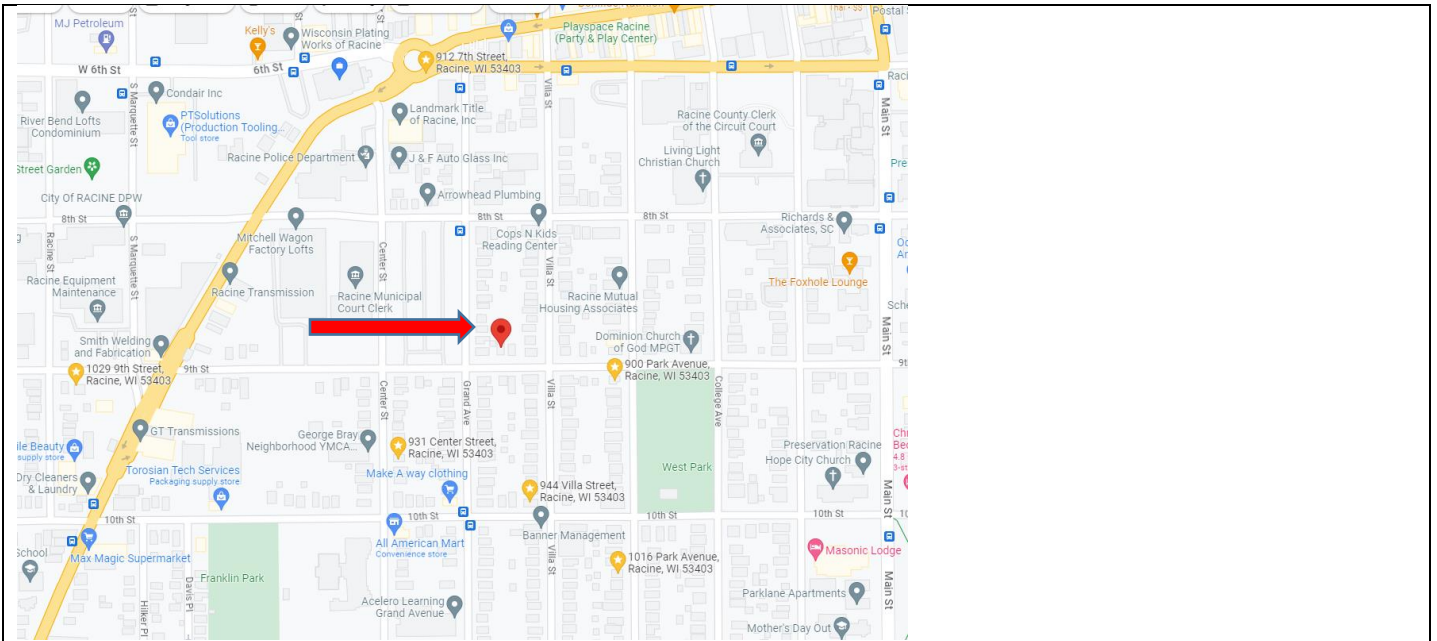
Racine Revitalization Partnership is requesting \$240,000 in CDBG revolving loan fund \$120,000 in forgivable loan and \$120,000 in repayment over 20 years at 4% APR. The forgivable loan will last the term of the repayable loan. The Racine Revitalization Partnership will contribute \$18,541 towards the revitalization.

Development Budget:

\$258,241 – total
(\$120,000) – Loan (20 years @4%)
(\$120,000) – Forgivable Loan (20 years)
(\$18,541) – Owner Contribution

Racine Revitalization Partnership will honor the original HOME agreement until it’s termination on December 19, 2025. The City of Racine will have a Land Use Restriction Agreement (LURA) stating that the forgivable portion of the loan must be repaid if the property is sold prior to the end of the agreement.

The CDBG Revolving Loan fund has money available for multi-family lending and requires 51% of residents (2 units) served upon competition of the project must make at or below 80% of the area median income. With the existence of the HOME funds in the property, all residents served must be at or below 60% of the Area Median Income.



BUDGETARY IMPACT:

The CDBG Multifamily Revolving Loan Fund has sufficient funds (org – 20419 \$380,042.91) to cover the cost of the loan and forgivable loan.

RECOMMENDED ACTION:

That the CDBG Advisory Board recommends approval of the \$240,000 multi-family CDBG revolving loan (\$120,000 – Forgivable, \$120,000 – Loan) to the Racine Revitalization Partnership.