Department of City Development
730 Washington Avenue, Racine, Wisconsin 53403
Phone: (262) 636-9151   FAX: (262) 635-5347

M E M O R A N D U M

FOR MEETING DATE: June 29, 2017

TO: Community Development Committee

FROM: Laura Detert, Manager of Housing and Community Development

SUBJECT: HOME Funding Request: 1418 Washington Ave

Racine Revitalization Partnership (RRP) is a non-profit organization that meets the definition of a Community Housing Development Organization (CHDO) for HOME funds. The organization is requesting $185,957 of HOME CHDO reserve funds in the form of a grant for redevelopment/ rehabilitation of 1418 Washington Avenue.

- 1418 Washington is a 4,000 square-foot mixed-use building in Uptown built in 1925. The building is currently owned by the Racine Redevelopment Authority (RDA); the RRP has site control through an option to purchase the property from the RDA.

- RRP plans to acquire the building from the RDA and rehabilitate two rental apartment units on the upper floor of the building. The ground floor will be rehabilitated /white-boxed commercial space. Rehabilitation includes replacement of all mechanical systems and lead abatement in the entire building. Wisconsin Partnership for Housing Development is serving as a development consultant for the project.

- The U.S. Department of Housing and Urban Development (HUD) requires that all communities that receive HOME funds, like Racine, reserve 15% of all HOME funds for CHDO development projects. The City of Racine has not had a CHDO for several years and is in danger of losing funding soon if not invested into a qualifying HOME project.

- The following funds will expire on July 31, 2017:
    - FY2014 $65,115.45
    - FY2015 $58,334.10

Staff recommends approval of a $185,957 forgivable loan to Racine Revitalization Partnership for construction costs for rehabilitation of 1418 Washington Avenue. The loan will be forgiven after 15 years of compliance with HOME regulations. HOME contract will be contingent on secure funding commitments from all other listed sources or equivalent.