



CDBG Advisory Board | City of Racine, Wisconsin
 Agenda Briefing Memorandum

AGENDA DATE:

July 8, 2024 – CDBG Advisory Board
 July 16, 2024 – Common Council

PREPARED BY: Katheryn Knoff, Contract and Grants Coordinator I

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

SUBJECT: Communication sponsored by Mayor Mason to approve the FY 2024 HUD Entitlement Annual Action Plan Allocations and Eligible Activity uses.

BACKGROUND & ANALYSIS:

Annually the City of Racine receives an Entitlement Allocation from the U.S. Department of Housing and Urban Development (HUD), which requires entitlement communities such as the City of Racine, to create an Annual Action Plan (AAP) for the Community Development Block Grant (CDBG), HOME Investment Partnership (HOME), and Emergency Solutions Grant (ESG) funding sources as administered through HUD.

This year, the AAP is due to HUD on or before August 16, 2024.

Below represents the allocation received by the City of Racine based on HUD’s formula for the 2020-2024 Consolidated Plan.

| | CDBG | HOME | ESG |
|-------------|-------------|-------------|------------|
| 2024 | \$1,771,629 | \$515,160 | \$158,967 |
| 2023 | \$1,808,710 | \$660,044 | \$163,852 |
| 2022 | \$1,864,293 | \$704,930 | \$160,046 |
| 2021 | \$1,903,946 | \$573,953 | \$160,724 |
| 2020 | \$1,884,584 | \$540,696 | \$166,729 |

The funding priority categories were selected through the 2020-2024 Consolidated Plan. The Annual Action Plan (AAP) sets the budget for each funding year. Staff recommendations for the following funding for 2024 eligible HUD activities are referenced below.

The allocations recommended below are based on our 5-year plan and eligible activities according to “Basically CDBG for Entitlement Communities” and do not represent any specific project(s).

CDBG Funds:

The regulations implementing the CDBG Program are found at 24 CFR Part 570. CDBG offers grantees a high level of flexibility in choosing program activities. Grantees are free to select those activities that best meet the needs of their communities, in accordance with the national objectives and other requirements of the CDBG Program.

Housing Activities (Chapter 4): \$172,094

Funds will be used for HUD-eligible activities such as homeowner rehabilitation, home purchase activities, rental housing activities, and new construction for the benefit of low-moderate-income (LMI) individuals or families.

Other Real Property Improvements (Chapter 5): \$739,000

Funds will be used for HUD-eligible activities such as code enforcement, lead-based paint hazard evaluation and reduction, and other eligible activities for the benefit of low-moderate-income (LMI) area(s).

Recommend allocations:

- \$195,000 Code Enforcement
- \$530,000 Clearance (the 30% max was taken)
- \$14,000 Lead-based paint

Public Facilities, Special Assessments, and Privately-Owned Utilities (Chapter 6): \$140,466

Funds will be used for HUD-eligible activities such as acquisition, construction, reconstruction, rehabilitation, or installation of public facilities and improvements for the benefit of low-moderate-income (LMI) area(s).

- \$140,466 Parks, Recreation & Cultural Services Department

Public Services (Chapter 7): \$265,744 (15% - HUD maximum)

Funds will be used for a wide range of HUD-eligible activities such as employment services, education programs, services to senior citizens, recreational services, etc.

- \$10,466 Recreational Services
- \$124,600 Employment Services
- \$57,744 Education Programs
- \$52,000 Crime Prevention
- \$20,934 Service for Homeless Persons

Economic Development and Section 108 (Chapter 8): \$50,000

Funds will be used for HUD-eligible activities such as acquiring, constructing, rehabilitating, commercial or industrial buildings, assisting private for-profit businesses, etc.

- \$50,000 Microenterprise

Financial Management (Chapter 11): \$354,325 (20% - HUD maximum)

Funds will be used for HUD-eligible activities such as internal administration and planning of the overall program.

- \$354,325 Administrative Costs

Lead-Based Paint (Chapter 17): \$50,000.

Funds will be used for HUD-eligible activities such as renovations, repairs, and painting in the presence of lead-based paint.

- \$50,000 Lead Safe Housing Rule

HOME Funds:

The HOME Investment Partnerships Program (HOME) provides formula grants to states and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. The rules governing the HOME program can be found in 24 CFR 92 effective August 23, 2013. HOME is the largest federal block grant to state and local governments designed exclusively to create affordable housing for low-income households.

Administration: \$51,516 (10% HUD maximum)

- Funding may be used to support administration activities primarily conducted by the Economic Development and Housing Division, with support from other staff in the City Development Department.

Homeowner Rehabilitation:

- Home funds may be used to assist existing owner-occupants with the repair and rehabilitation of homes.

Homebuyer Activities:

- May finance the acquisition and/or rehabilitation, or new construction of homes for homebuyers.

Rental Housing:

- Affordable rental housing may be acquired and/or rehabilitated or constructed.

Community Housing Development Organization (CHDO) Reserve Funds:

- Funds must be set aside for specific activities to be undertaken by a special type of nonprofit called a Community Housing Development Organization (CHDO).

Operating Funds: \$25,758 (5% HUD maximum)

- Operating expenses mean reasonable and necessary costs for the operation of the community housing development organization.

ESG Funds:

The regulation implementing the Emergency Solutions Grant Program is found in 24 CFR Part 576. The Emergency Solutions Grants (ESG) Program is designed to assist people in quickly regaining stability in permanent housing after experiencing a housing crisis and/or homelessness. The program provides funds for various activities to address homelessness, as authorized under the federal Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009.

Administration: \$11,922 (7.5% HUD maximum)

- Homeless Management Information Systems \$4,769 (3%)
- General administration activities \$7,153 (4.5%)

Shelter Services: \$95,380 (60% HUD maximum)

- Street Outreach
- Emergency Shelter Operations and Essential Services

Rapid Re-Housing and Homeless Prevention: \$51,665

- Used for housing search, rental assistance, or homeless prevention services.

BUDGETARY IMPACT:

All funds will be expended according to HUD regulations for FY2024 CDBG \$1,771.629, HOME \$515,160, and ESG \$158,967 funds.

RECOMMENDED ACTION:

That the CDBG Advisory Board approves the FY2024 Annual Action Plan.