



**Department of City Development**  
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## **MEMORANDUM**

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FOR MEETING DATE: August 6, 2015

TO: Community Development Committee

FROM: City Development Staff

SUBJECT: Housing Department CDBG Request for Home Repair Loan Match Program

The City of Racine Department of City Development housing staff recommends referral of a new loan program to the Common Council. The program was referred to the Community Development Committee by the Loan Board of Review on 7/16/15 by item 15-00622. The program would use FY15 CDBG funds as approved in the 2015 Annual Action Plan and 2015-2019 Consolidated Plan for the City of Racine.

The 2015 Annual Plan set aside \$136,939 of CDBG dollars for Existing Owner Housing Rehab/Repair and \$45,646 for Rental Property Rehab. Under the proposed program, these funds would be used to help repair houses within Low to Moderate-Income (LMI) areas of Racine. CDBG funds would match dollars loaned under Racine's existing traditional loan program to help increase the housing repair benefit for those willing to invest in their property.

### Program details:

- The loan would be used for any repair work needed
- Property owners must live in an LMI area as defined by HUD CDBG regulations
- Loan dollars will match Racine's existing housing rehabilitation loan program 1:1 up to \$10,000. The match loan will be a 5-year forgivable loan.
- Single-family owners pay a standard loan fee of \$300, rental owners a fee of \$500.
- Traditional loan payments (when made with the matching forgivable loan) must equal at least \$25/ month.
- The matching loan will be forgiven at 20% per year with CDBG program compliance. The balance of the traditional loan would be repaid monthly until the principal and interest has been paid in full.
- Owners to participate in an educational component- post purchase and credit management.
- Loans may be made to existing owner-occupied single family houses and rental properties with four units or less.
- The program will continue until \$136,939 has been matched for single-family owner-occupied housing loans and \$45,646 matched for rental property loans