



**City of Racine, Wisconsin**  
**AGENDA BRIEFING MEMORADUM**

**AGENDA DATE:** October 12, 2020

**SUBJECT:**

Communication from Mayor Mason requesting commitment of \$1,082,617 in Community Development Block Grant (CDBG) and CARES Act Community Development Block Grant (CDBG-CV) Public Services funding along with \$822,567 of CARES Act Emergency Solutions Grant (ESG-CV) funding.

**PREPARED BY:**

Matthew Rejc, Manager of Neighborhood Services, Dept. of City Development

**EXECUTIVE SUMMARY:**

Department of City Development – Division of Housing and Community Development requests that the CDBG Advisory Board review the CDBG/CDBG-CV and ESG-CV applications and funding recommendations.

**BACKGROUND & ANALYSIS:**

As directed by the most recently approved 2019 Annual Action Plan Substantial Amendment, which was reviewed by the CDBG Advisory Board on August 10, 2020, a total of \$640,000 in CDBG-CV funds and \$100,000 in CDBG funds were made available through a Notice of Funding Availability (NOFA) process for Public Services including Educational Attainment, Eviction Prevention, and Foreclosure Prevention. Similarly, \$827,567 in ESG-CV funds were also made available to housing providers and homelessness service agencies through a simultaneous NOFA process.

The NOFAs for both CDBG/CDBG-CV and ESG-CV funds were released on September 10<sup>th</sup>, 2020 and application materials were due to the Department of City Development on September 30<sup>th</sup>, 2020. CDBG-CV and ESG-CV funding streams are competitive and open to all qualified organizations.

On September 11<sup>th</sup>, 2020, HUD notified the City of Racine that it had made an additional \$342,617 in CDBG-CV Round 3 funding available to the City. After reviewing the applications that were submitted by September 30<sup>th</sup>, 2020, staff determined that this funding would be best and most efficiently used by committing it to activities proposed in the NOFA process. As such and as required by the City's Citizen Participation Plan, staff drafted a substantial amendment to the FY 2019 Annual Action Plan that would incorporate these funds and broadly permit their uses on activities such as eviction/foreclosure prevention, rapid rehousing (RRH), and educational attainment. Public comments on the substantial amendment may be provided and are due to the City Development Department at 4pm on October 12<sup>th</sup>, 2020. A summary of comments will be relayed to the CDBG Advisory Board at the meeting. Staff is recommending that these funds be committed to projects as described in this memorandum.

City Development staff have received a total of six (6) applications, including two collaborative applications. Both collaborative applications were submitted by HALO, which proposes to oversee the use of CDBG-CV and ESG-CV funds on behalf of six other agencies that would report directly to HALO. Department of City Development Staff have reviewed the applications to ensure the funding

proposals are in compliance with HUD’s CDBG-CV and ESG-CV regulations. Per Community Development Committee practice, all applicants are invited to speak for up to three minutes.

**CDBG-CV Public Services – Educational Attainment**

| Organization            | Program                                       | Funds Available | Request          | Staff Recommendation       |
|-------------------------|---|-----------------|------------------|----------------------------|
| YWCA                    | HSED Program                                  | \$100,000       | \$100,000        | \$100,000                  |
| Racine Literacy Council | Workskills Program (Pre-GED/HSED)             |                 | \$25,000         | \$25,000 (CDBG-CV Round 3) |
| Great Lakes CCC (HALO)  | Step Forward! (Job/education skills training) |                 | \$55,000         | \$0                        |
| <b>Totals</b>           |   |                 | <b>\$180,000</b> | <b>\$125,000</b>           |

The YWCA is proposing a program that would enable prospective students to earn high school credentials and workplace skills within 15-20 weeks in a safe, virtual manner to ensure that program participants can continue their educational pursuits despite the ongoing pandemic. The Racine Literacy Council has received standard CDBG funds for its workforce training and educational programs in the past, and is requesting \$25,000 for its Workskills Pre-GED program. Staff is recommending funding for both agencies as specified in the associated table due to the need for both programs and the demonstrated abilities of both applicant agencies. Great Lakes Community Conservation Corps applied to this funding source as a collaborative applicant with HALO, and has performed well with standard CDBG funds in the past, but staff is not recommending funding to them through this allocation of CDBG-CV funds due to the program’s less direct relationship to HSED or GED attainment and the high degree of competition in this category.

**CDBG-CV Public Services – Eviction Prevention**

| Organization                        | Program         | Funds Available | Request          | Staff Recommendation |
|-------------------------------------|-----------------|-----------------|------------------|----------------------|
| Legal Action of Wisconsin (HALO)    | Legal Services  | \$120,000       | \$50,000         | \$50,000             |
| Racine Vocational Ministries (HALO) | Case Management |                 | \$70,000         | \$70,000             |
| <b>Totals</b>                       |                 |                 | <b>\$120,000</b> | <b>\$120,000</b>     |

Both Legal Action of Wisconsin and Racine Vocational Ministries are applying to this funding category as collaborative applicants under HALO’s leadership, and all three agencies have received Federal funds from the City in the past. Their proposed programs have the potential to prevent eviction in a wide range of cases. CDBG-CV funds have added flexibility since they can be used to serve households up to 80% of Area Median Income (AMI), as opposed to 30% or 50% AMI in the case of ESG-CV. However, CDBG-CV funds have limited utility for direct assistance to tenants, as the funds can only be used for rental/utility assistance for up to six consecutive months per client, but case management and supportive services for clients can exceed this timeframe. The flexibilities associated with the CDBG-CV funds would allow both agencies, in coordination with HALO, to efficiently maximize their impact by ensuring that a range of services are available to households across the income spectrum. Staff is recommending full funding for both agencies.

**CDBG-CV Public Services – Foreclosure Prevention**

| Organization                     | Program                | Funds Available | Request          | Staff Recommendation        |
|----------------------------------|------------------------|-----------------|------------------|-----------------------------|
| Housing Resources Inc.           | Foreclosure Prevention | \$520,000       | \$520,000        | \$520,000                   |
| Legal Action of Wisconsin (HALO) | Legal Services         |                 | \$100,000        | \$100,000 (CDBG-CV Round 3) |
| <b>Totals</b>                    |                        |                 | <b>\$620,000</b> | <b>\$620,000</b>            |

Housing Resources Inc. (HRI) and Legal Action of Wisconsin have both previously received CDBG funds, and the operation of both of their proposed programs in tandem would enhance the outcomes of either program operating independently. Both programs would ensure that homeowners at risk of foreclosure due to household income reductions or increased expenditures are able to continue paying their mortgages and retain ownership of their property. In particular, this funding is intended to prevent a reduction in the City’s existing homeownership base, as occurred following the housing crisis of 2008. Staff is recommending full funding for both agencies.

**ESG-CV Homelessness Services**

| Organization  | Program                | Funds Available | Request            | Staff Recommendation        |
|---------------|------------------------|-----------------|--------------------|-----------------------------|
| HALO          | Shelter Operations/RRH | \$827,567       | \$827,567          | \$822,567                   |
| Racine County | RRH/Prevention         |                 | \$585,998          | \$217,617 (CDBG-CV Round 3) |
| <b>Totals</b> |                        |                 | <b>\$1,413,565</b> | <b>\$1,040,184</b>          |

ESG and ESG-CV funding is required by Federal statutes to be used only for homelessness prevention and mitigation through either direct assistance to tenants or provision of services. HALO has historically collaborated with a number of local non-profits and used this funding source to provide a range of activities including shelter operations, eviction diversion services, homelessness prevention, and rapid-rehousing, among others. HALO is again proposing to use ESG-CV funds for rapid-rehousing services under the purview of Lutheran Social Services, as well as for shelter operations and maintenance to expand capacity at the Women’s Resource Center and Safe Haven. Staff is recommending fully funding the application, while retaining \$5,000 for City administration activities.

The Racine County Human Services Division requested additional funding for their “Here to Help” program, which would serve households originating in the City of Racine in danger of eviction with direct financial assistance and case management services. Staff recommends partially funding the Racine County proposal, specifically a portion of its homelessness prevention services, with Round 3 CDBG-CV funds, as doing so will enable resources to reach populations that are facing economic hardships but may not yet be working with HALO or other agencies directly involved with the issue of homelessness.

**BUDGETARY IMPACT:**

This proposal would allocate \$982,617 of CARES Act funding for Community Development Block Grant (CDBG-CV) Public Services, reallocate \$100,000 for CDBG Public Services, and \$822,567 of CARES Act funding for Emergency Solutions Grant (ESG-CV) programs. These funds are unencumbered and have no match requirement.

**RECOMMENDED ACTION:**

To allocate CDBG/CDBG-CV and ESG-CV funds to organizations as indicated by staff, and that the Mayor and City Clerk be authorized to enter into contracts with the organizations pursuant to the funding allocation and federal regulations.