



# CDBG Advisory Board | City of Racine, Wisconsin

## Agenda Briefing Memorandum

**AGENDA DATE:**

CDBG Advisory Board – September 11, 2023

**PREPARED BY:** Cathy Anderson, Manager of Economic Development and Housing

**REVIEWED BY:**

**SUBJECT:**

Communication sponsored by Mayor Mason requesting a program update for the CDBG Homeowner and Landlord Repair Program. No action is required for this item.

**BACKGROUND & ANALYSIS:**

This program was implemented on February 1, 1980, and has been a valuable resource for qualified city residents and landlords to make necessary repairs to their dwellings for the past 43 years.

Eligible owners may use these funds to make repairs to their primary residence, and Landlords may use these funds to make repairs to the rental units so long as their tenants meet HUD's income and program qualifications.

The following program information is from the June 2010 adopted Procedures Manual, note that HUD has made updates to this program since the last adoption of the manual was published. A third-party consulting company specializing in HUD programs was hired to bring the manual up to date. Once finalized it will be brought before the CDBG Advisory Board, this is expected to occur at the October 2023 meeting.

**Loan Limits**

Subject to the debt limit constraints contained in subsequent sections of this manual, the following are the minimum and maximum loan amounts:

- a. The minimum loan that will be made under this program is \$3,000.
- b. The maximum loan for any property up to seven units is \$50,000.

The above loan limits are, however, subject to the debt limit constraint described below.

**Eligible Costs****a. Code-Related. Code-related costs eligible for repair assistance include:**

- i. The costs of repair work needed to correct existing violations.
- ii. The costs of repair work needed to correct “incipient violations.”
- iii. The costs of energy conservation work, including but not limited to insulation, caulking, weather stripping, and new efficient windows and doors, etc.

**b. Other Eligible Costs. Other repair costs that are eligible for assistance include:**

- i. Costs needed, although not required by provisions of the applicable property repair standards, to place the property in a sound and readily maintainable condition. Such costs may include but are not necessarily limited to
- ii. The repair, removal, or replacement of existing elements of the structure, including the basic equipment (e.g. furnaces, water heaters, siding, roofing, plumbing, etc.).
- iii. Reconstruction of porches, walkways, or driveways may be done in conjunction with improvements to the residence.
- iv. Priority will be given to the residential structure, lead paint hazards, and code items.

- i. The cost of repairing/replacing sewer and water laterals.
- ii. Special alterations or costs related with making the dwelling more convenient or accessible for handicapped persons. All work performance in these units must comply with all applicable codes as well as Federal and State regulations.
- iii. All costs associated with the control of lead-based paint hazards must comply with requirements given at 24 CFR 570.608.
- iv. Repair costs not specifically required by the building code but found necessary for the safety, health, and general welfare of the occupants of the structure may be considered.
- v. Where the applicant contracts the use of architectural and/or other design services to prepare plans and/or specifications for repair work, the reasonable costs of such services.
- vi. Administrative costs such as title reports, appraisals, credit reports, recording fees, etc. Fees are paid through a standard loan fee by loan type:
  1. Investor loan/mixed-use loan fee is \$500.
  2. Owner occupied (two units or less) loan fee is \$300.
  3. A deposit of \$225 will be charged at the time of application for all loans and applied towards the loan fee.

### **Ineligible Costs**

Ineligible costs include the following:

- a. The costs of construction, substantial reconstruction, expansion of a structure, or the finishing of unfinished spaces such as an attic or basement.
- b. The costs of materials, fixtures, equipment, or landscaping of a type or quality that exceeds that customarily used in properties of the same general type as the property to be rehabilitated or which is not readily available from local dealers.
- c. The costs to purchase, install, or repair furnishing or appliances; and the costs of regular household maintenance items used for such activities as housecleaning, lawn care, and snow removal.
- d. Repair or replacement of interior fixtures, equipment, or other improvements that are in functional order as determined by the Economic Development and Housing Manager, designee.
- e. Cannot be used to subsidize or assist the new construction of housing, unless carried out by a CBDO, as part of certain kinds of projects.
- f. May not be used to guarantee mortgage financing directly, and grantees may not provide such guarantees directly.
- g. May not be used to provide ongoing income payments such as paying for a tenant's rent or a household's mortgage.
- h. The purchase of construction equipment.
- i. Properties scheduled for sale, acquisition, foreclosure, demolition, or condemnation, are not eligible for rehabilitation.
- j. Repairs or replacement of items for cosmetic purposes.
- k. Repairs to unoccupied buildings.
- l. Repairs to detached garages.
- m. Repairs to any outbuildings.
- n. May not be used to pay for the same work twice.

### **BUDGETARY IMPACT:**

**RECOMMENDED ACTION:**

No action required.