



City of Racine, Wisconsin
AGENDA BRIEFING MEMORADUM

AGENDA DATE: October 22, 2018 Finance and Personnel Committee

SUBJECT:

Communication from the Manager of Housing and Community Development requesting the City transfer the deed of following properties to the Racine Revitalization Partnership (RRP): 1516 Owen Avenue, 1624 Phillips Avenue, 1107 Twelfth Street, and 1204 Highland Avenue.

PREPARED BY:

Matthew Rejc, Manager of Housing and Community Development

EXECUTIVE SUMMARY:

The City of Racine received the deed to ten (10) properties from Racine County in June of 2018 from the 2017 In Rem/Foreclosure request.

The request for these properties was made in collaboration with the RRP, who are interested in redeveloping the properties using federal funding and fundraising. The properties are all within the City of Racine's Greater Uptown Area Neighborhood Revitalization Strategy Area (NRSA), which was created in 2017 to coordinate and enhance redevelopment initiatives in the Uptown neighborhood. RRP has requested that the City provide the deeds to the properties at 1624 Phillips Avenue, 1107 Twelfth Street, and 1204 Highland Avenue. RRP plans to construct single family homes on 1624 Phillips and 1516 Owen Avenue, and is currently contemplating the construction of townhomes on 1107 Twelfth Street and 1204 Highland Avenue, which are adjacent parcels.

The property at 1516 Owen Avenue is recommended to be received from Racine County in the latest in rem property transfer process and transferred to RRP for redevelopment, as well.

BACKGROUND & ANALYSIS:

The City of Racine acquired 1624 Phillips Avenue, 1107 Twelfth Street, and 1204 Highland Avenue through the 2017 in rem tax foreclosure process. Demolition activities were recently completed at 1624 Phillips, turning it into a grass-covered lot, while 1107 Twelfth Street and 1204 Highland Avenue were received from Racine County without structures. The property at 1516 Owen Avenue is a grass-covered lot that was recently acquired by Racine County via the in rem tax foreclosure process, and donation of the property has been requested by the City for redevelopment.

Any transfer will include a written agreement with the City detailing that:

- Property transfer is contingent on financing availability.
- All work will be performed with proper building permits and the buildings will be in compliance with City building codes before resale.
- Certificate of occupancy (completion of construction/rehabilitation) must be obtained within two years of receiving the property.
- RRP must comply with all Federal regulations associated with these properties should any or all of the properties be approved for Federal funding.

- The City will execute appropriate legal instruments prior to transfer of the property that will allow the City to regain ownership of the property if RRP is not compliant with any of the above stipulations or, if applicable, Federal regulations.

RRP is a certified Community Housing Development Organization (CHDO) and Community Based Development Organization (CBDO), allowing them to receive CHDO set-aside funds from the City's allocation of HOME funds and CDBG funding for new construction activities respectively. These two designations require that RRP maintain substantial low-/moderate-income representation on its board, and that its development focus remain on the Greater Uptown Area NRSA. The U.S. Department of Housing and Urban Development (HUD) requires that 15% of the City's annual HOME allocation be committed via a legally binding agreement to a certified CHDO, which makes the continued sustainability of the CHDO a key objective for the City.

By providing these properties to RRP and working with the organization to develop them, the City is fostering a strong CHDO and CBDO, and in turn protecting the sustainability of its Federal funding streams. Ultimately, the goal of this property transfer is to redevelop these parcels and to return them to the tax rolls. RRP has identified the subject properties in its "Racine Uptown Neighborhood Initiative," in addition to its ongoing rehabilitation of 1315 Grand Avenue. The redevelopment and sale of these parcels will generate revenue for RRP, or program income for the City which can be returned to RRP to continue its development activities. RRP estimates that the redevelopment of these properties will amount to a roughly \$1,260,000 investment in the Uptown Neighborhood.

BUDGETARY IMPACT:

RRP will reimburse the City for title transfer, recording, or any other applicable fees, estimated at approximately \$120.

RECOMMENDED ACTION:

That the Finance and Personnel Committee recommend approval of the transfer of deed from the City of Racine to the RRP, with conditions as recommended by staff, for the properties at: 1516 Owen Avenue, 1624 Phillips Avenue, 1107 Twelfth Street, and 1204 Highland Avenue.