



City of Racine, Wisconsin

AGENDA BRIEFING MEMORADUM

AGENDA DATE:

July 10, 2022 CDBG Advisory Board

SUBJECT:

Communication sponsored by Mayor Mason that the FY 2021 Annual Action Plan be approved and adopted.

PREPARED BY:

Brendan Saunders, Manager of Housing and Community Development

EXECUTIVE SUMMARY:

HUD requires that the City of Racine submit a new Annual Action Plan for 2022.

BACKGROUND & ANALYSIS:

U.S. Department of Housing and Urban Development (HUD) requires entitlement communities, including 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 12, 2022.

Via HUD's formula allocations for FY 2022, the City of Racine expects to receive \$1,864,293 (+ \$443,751 in program income), \$2,308,044 total in CDBG funding, \$701,930 (+ \$34,929 in program income), \$739,859 total in HOME funding, and \$160,046 in ESG funding. This represents slight decreases in CDBG and ESG funding relative to FY 21, as well as an increase in HOME funding relative to FY 21.

The funding priority categories were selected through the 2020-2024 Consolidated Plan. The AAP sets the budget for each funding priority; each individual activity funded under each category is later approved through the CDBG Advisory Board and Common Council. Staff recommendations for 2022 funding by category are attached. The CDBG Advisory Board and Common Council may vote to increase or decrease funding amounts by category provided that:

- Administration is capped for CDBG, HOME, and ESG at 20%, 10% and 7.5% respectively;
- CDBG funds for public services is capped at 15%.

The percentage allocations used for the FY 2022 Annual Action Plan, as informed by the FY 2020-2024 Consolidated Plan, also guide the proposed allocations for the FY 2022 Annual Action Plan. Specific funding uses are outlined on the following documents.

BUDGETARY IMPACT:

The City of Racine expects to receive \$2,729,269 through the CDBG, HOME, and ESG funding allocations in FY 2022. The AAP will guide the use and allocation of those funds towards community development and affordable housing needs.

RECOMMENDED ACTION:

That the CDBG Advisory Board recommends approval and adoption of the FY 2021 Annual Action Plan, and authorizes staff from the City Development Department to submit the plan to the U.S. Department of Housing and Urban Development.

City of Racine: 2022 Annual Plan Funding

CDBG	Admin	Rental Housing	Owner Housing	Public Services	Public Infrastructure	Economic Development	Code Enforcement	CHDOs	Blight Reduction	Total
2022	\$ 372,858			\$ 279,643	\$ 466,073	\$ 242,359	\$ 503,360			\$ 1,864,293
PI			\$105,603.57		\$338,148.07					\$2,308,044
HOME										
2022	\$ 70,493	\$ 140,986	\$ 352,465					\$ 140,986.00		\$ 704,930
PI			\$34,929							\$ 739,859
ESG	Admin	Services								
2022	\$ 12,003	\$ 148,043								\$ 160,046

	2021	2022	Change from previous year
CDBG	\$ 1,903,946	\$ 1,864,293	\$ (39,653)
HOME	\$ 573,953	\$ 704,930	\$ 130,977
ESG	\$ 160,724	\$ 160,046	\$ (678)
	\$ 2,638,623	\$ 2,729,269	\$ 90,646

Proposed Allocation of \$1,864,293 + 443,751 (program income) in FY 2022 CDBG funds

Administration: \$372,858 (20% - HUD maximum)

- Funding will be used to support administration activities primarily conducted by the Neighborhood Services Division, with support from other staff in the City Development Department

Economic Development: \$242,359 (13%)

- Up to \$242,359 available for certified Community Development Financial Institutions (CDFIs) to offer technical assistance and business development loans/grants for eligible activities
 - Quantifiable goals for forgivable loans with technical assistance to micro-enterprises will be required and incorporated into award contracts. Preference will be given to lenders who have a Racine office or are willing to create a dedicated Racine presence

Public Services: \$279,643 (15% - HUD maximum)

- Up to \$139,821 will support organizations that will foster the creation of homeownership opportunities in the City of Racine, or financial empowerment for the purpose of homeownership
 - Minimum funding request will be \$60,000
 - Preference will be given to applicants whose work directly fosters racial equity
 - A performance retainage may be held until completion of quantifiable metrics as agreed upon between the City and applicant
- Up to \$139,821 will be used to support organizations that provide training for City of Racine residents to move into living wage employment, or programs that minimize barriers to accessing training
 - Minimum funding request will be \$60,000
 - Preference will be given to applicants whose work directly fosters racial equity
 - A performance retainage may be held until completion of quantifiable metrics as agreed upon between the City and applicant

Code Enforcement: \$503,360 (27%)

- Up to \$503,360 will be used to pay the wages and benefits of inspectors and related staff working in selected LMI Area Benefit block groups and within the Neighborhood Stabilization and Enhancement District.

Public Infrastructure: \$466,073 (25%) + \$338,148 (PI)

- Up to \$804,221, less any funds separately allocated to the Building Division for demolition or clearance, will be prioritized for capital improvements at community centers and physical work necessary to expand the provision of healthcare services to low-/moderate-income households in the City. Other potential uses include neighborhood infrastructure such as park equipment, public art, or transit improvements
- Up to \$50,000 may be accessed by the Building Division for demolition or clearance activities on properties necessitating such actions within the Greater Uptown Neighborhood Revitalization Strategy Area (NRSA)

Owner Housing (New Housing Units): \$105,603

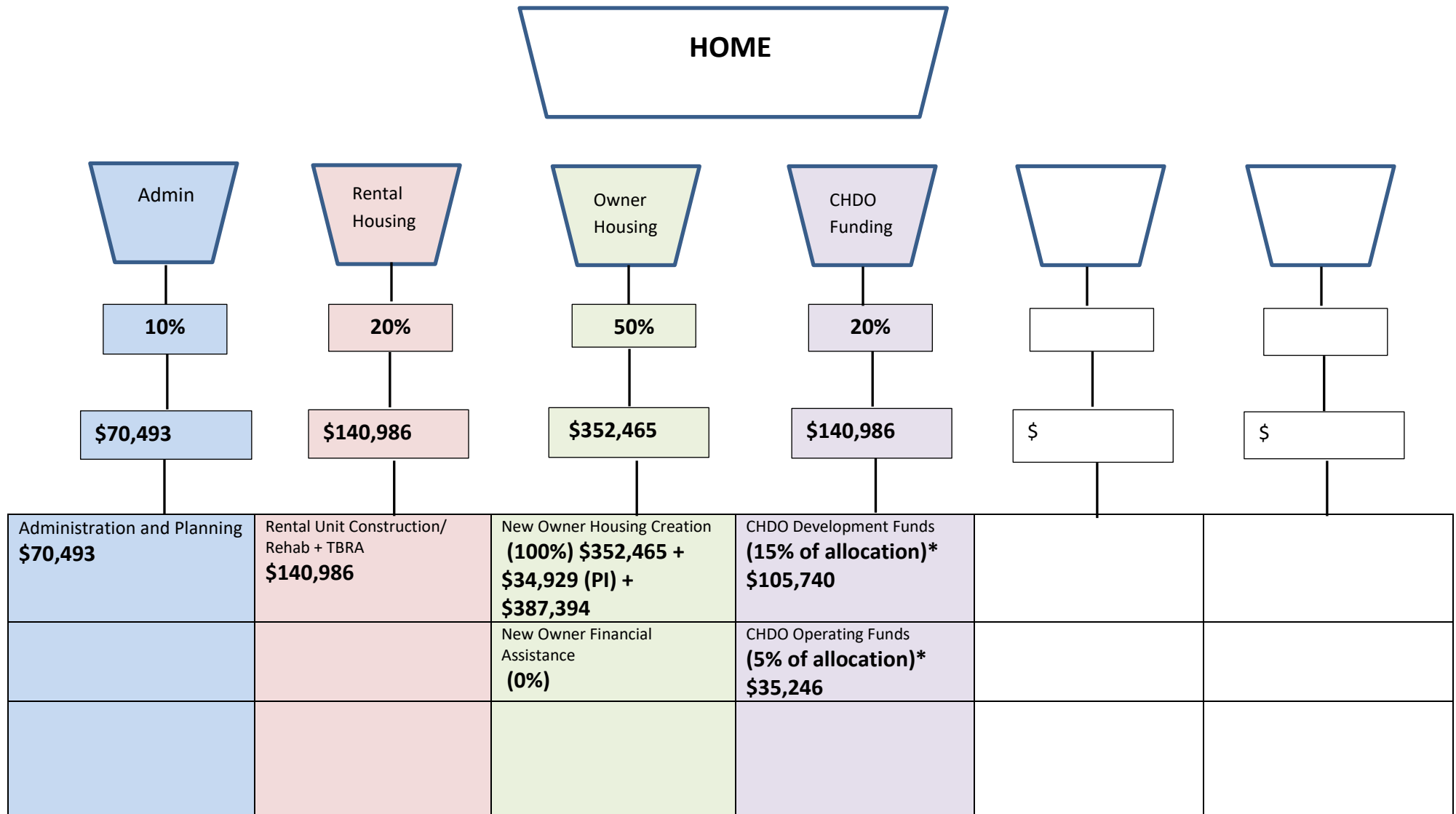
- \$105,603 was added to the existing loan to Racine Revitalization Partnership for the development of three townhomes at 1200 Highland Ave. Funds must be allocated to a certified Community Based Development Organization (CBDO), which provided the organization with additional flexibility for undertaking CDBG-funded activities. Among the advantages, a CBDO may use CDBG funds for new construction activities within a designated Neighborhood Revitalization Strategy Area (NRSA), which would otherwise be ineligible for CDBG funding.

Total: \$2,308,044

FY 2022 Emergnecy Solutions Grant	
Available	\$ 160,046.00
Shelter Cap (60% Max)	\$ 96,027.00
Homelessness Prevention and Rapid ReHousing (32.5%)	\$ 52,016.00
Admin Cap (7.5%)	\$ 12,003.00
Adminsitration (4.5%)	\$ 7,202.00
HMIS (3%)	\$ 4,801.00

RACINE FY 2022 HOME FUNDING PRIORITIES

Amount Available: HOME: \$704,930 + \$34,929 (PI) = \$739,859



*HUD regulations require that 15% of each allocation of HOME funds be set aside for CHDO development activities. Up to 5% of each allocation can be used for CHDO operations expenses, and a portion of the funds must be used to create a business plan for financial self-sufficiency.