



City of Racine, Wisconsin Agenda Briefing Memorandum

AGENDA DATE:

April 10, 2023 – CDBG Advisory Board

April 17, 2023 – Common Council

SUBJECT:

Communication sponsored by Mayor Mason to approve the FY 2023 Annual Action Plan.

PREPARED BY: Brittany Brown, Compliance Specialist & Brendan Saunders, Program Specialist & Fair Housing

REVIEWED BY: Cathy Anderson, Manager of Economic Development and Housing

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, 2023.

Via HUD's formula allocations for FY 2023, the City of Racine expects to receive \$1,808,710 in CDBG funding, \$660,044 total in HOME funding, and \$163,852 in ESG funding. This represents slight decreases in CDBG and HOME funding relative to FY 22, as well as an increase in ESG funding relative to FY 22.

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 2023 funding by category are attached. The CDBG Advisory Board and Common Council may vote to increase or decrease funding amounts by category provided that:

The allocations recommended below are based on our 5-year plan and are not representing any specific project(s).

CDBG:**Administration: \$361,742 (20% - HUD maximum)**

- Funding may be used to support administration activities primarily conducted by the Economic Development and Housing Division, with support from other staff in the City Development Department

Economic Development: \$195,945 (10%)

- Up to \$195,945 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 microenterprises 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: \$271,306 (15% - HUD maximum)

- Up to \$135,653 may be used support organizations that foster the creation of homeownership opportunities in the City of Racine, or financial empowerment for the purpose of homeownership
- Up to \$135,653 may be used to support organizations that provide economic mobility for City of Racine residents.
 - Minimum funding request must be \$60,000
 - Preference will be given to applicants whose work directly fosters racial equity

Code Enforcement: \$195,945 (10%)

- Up to \$195,945 may 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: \$475,943

- Up to \$475,943 will be allocated to the Building Division with a priority of increased public safety by discarding unsafe or inhabitable buildings in order to promote growth within our communities.
- Other potential uses include neighborhood infrastructure such as park equipment, public art, or transit improvements

Housing Units: \$307,831

- \$307,831 may be used for unit rehab to be sold to low to moderate-income households.

HOME:

Administration: \$66,004 (10% - HUD maximum)

- Funding may be used to support administration activities primarily conducted by the Economic Development and Housing Division, with support from other staff in the City Development Department.

Rental Housing: \$132,009 (20%)

- Funding may be placed in a revolving loan fund for the creation of new HOME-funded rental units or rehab of existing rental units. Low-income households must occupy all HOME-funded rental units.

Owner Housing: \$330,022

- Funding may be placed in a revolving loan fund for the creation of new HOME-funded rental units or rehab of existing rental units. Low to moderate-income households must occupy all HOME-funded ownership units.

Community Housing Development Organization (CHDO): \$132,000 (20%):

- Funding may be used to provide general operating funds to a HUD-designated CHDO (\$33,002 5%).
- Funding for development is reserved for HUD-designated CHDO (99,007 15%)

ESG:

Administration: \$12,288 (7.5%)

- Administration is split between **Homeless Management Information Systems \$4,915 (3%)** and **general administration activities \$7,373 (4.5%)** primarily conducted by the Economic Development and Housing Division and the ESG Lead Agency.
- Shelter Services \$98,311 (60%) may be used for Street Outreach and Emergency Shelter Operations and essential services.
- Rapid Re-Housing and Homeless Prevention \$53,251 (37.5%) may be used for housing search, rental assistance, or homeless prevention services.

The percentage allocations used for the FY 2023 Annual Action Plan, as informed by the FY 2020-2024 Consolidated Plan, also guide the proposed allocations for the FY 2023 Annual Action Plan.

BUDGETARY IMPACT:

The CDBG Advisory Board will oversee the FY2023 CDBG \$1,808,710, HOME \$660,044, and ESG \$163,852 funds.

RECOMMENDED ACTION:

That the CDBG Advisory Board approves the FY2023 Annual Action Plan.