



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

<b>AGENDA DATE:</b>	January 11, 2018
<b>SUBJECT:</b>	Temporary Amendment to Housing Repair Loan Program Policies and Procedures
<b>PREPARED BY:</b>	Laura Detert, Manager of Housing and Community Development
<b>EXECUTIVE SUMMARY:</b>	<p>Department of City Development - Division of Housing and Community Development requests that the Loan Board of Review approve a resolution revising the existing CDBG Housing Repair Loan Program Policies and Procedures between February and July, 2018, to encourage a higher number of homes to be rehabilitated within the City.</p>
<b>BACKGROUND &amp; ANALYSIS:</b>	<p>The City of Racine Loan Board of Review has approved a lower number of CDBG home repair loans in approximately the past five years than earlier periods of time. Economic factors within the city as well as national lending and credit trends have reduced the number of property owners eligible for loans given existing policies.</p> <p>City Development housing staff proposes a limited-time amendment of several Loan Board of Review policies that, along with an increase in advertising and outreach, may increase the number of residential units rehabilitated using CDBG loan funds in 2018. All proposed changes would be in effect for loans approved by the Loan Board of Review between February and July, 2018. Unless extended, the existing policies and procedures would take effect for loans approved in August, 2018 and later.</p> <p>In 2015 the Loan Board of Review approved a program (Res No. 15-0327) that allows up to \$10,000 of match to CDBG homeowner and rental property repair loans within CDBG Low-to-Moderate Income (LMI) census block groups within Racine. Staff suggests:</p> <ul style="list-style-type: none"><li>• All properties within the City of Racine be eligible for the CDBG Home Repair Loan Match Program, provided all other program eligibility is met given existing policies.</li></ul> <p>As passed by the Loan Board in 2015, the match program will continue until \$136,939 has been matched for single-family owner-occupied housing loans and \$45,646 matched for rental property loans.</p> <p>Staff also suggest a temporary reduction in loan rates. Current policy is a 1-3% interest rate for homeowner repair loans depending on the household income level. The rental rehabilitation loan rate is 5%. While interest on loans is needed for long-term program funding, a temporary reduction in loans may help the Department of City Development increase the number of housing units rehabilitated within the City. Staff suggests:</p> <ul style="list-style-type: none"><li>• All approved CDBG Homeowner Repair Loans have an interest rate of 0%.</li><li>• All approved CDBG Rental Rehabilitation Loans have an interest rate of 2%.</li></ul>

**BUDGETARY IMPACT:**

Decreased loan rates for CDBG Home Repair Loans would reduce the amount of program income earned on loans made within the given timeframe. Match approved as a grant will be drawn from specified accounts created in 2015 until all allocated funds are expended.

**RECOMMENDED ACTION:**

Staff recommends that the Loan Board of Review approve temporary amendments to the CDBG Housing Repair Loan Program Policies and Procedures.