



City of Racine, Wisconsin
AGENDA BRIEFING MEMORADUM

AGENDA DATE:	June 13, 2018
SUBJECT:	Extension of Temporary Match Grant and Loan Interest Rates
PREPARED BY:	Laura Detert, Manager of Housing and Community Development
EXECUTIVE SUMMARY:	<p>Department of City Development - Division of Housing and Community Development requests that the Loan Board of Review approve an extension of the temporary CDBG Housing Repair Loan Program match grant and loan interest rates.</p>
BACKGROUND & ANALYSIS:	<p>In January, 2018 the City of Racine Loan Board of Review approved a temporary match grant and reduction of loan interest rates to encourage a higher number of homes to be rehabilitated within the City. The temporary grant and interest policies were authorized for homeowner and rental loans approved by the Loan Board of Review between February and July, 2018.</p> <p>Along with an increase in advertising, the temporary policy changes have resulted in a higher number of loan applications and loan approvals by the Loan Board of Review. City Development staff requests that the Loan Board of Review extend these policies for an additional 6-month period. Staff believes an additional 6-month policy extension will result in a continuation of a higher number of housing units rehabilitated in 2018 than in recent years.</p> <p>The proposed extension period would be in effect for all CDBG-funded loans approved by the Loan Board of Review between August, 2018 and January, 2019. Unless approved for an additional extension, the previous (permanent) policies and procedures would return for loans approved in February, 2019 and later.</p> <p>As passed by the Loan Board in 2015, the match program will continue using current (non-revolving-loan-fund) CDBG funds until \$136,939 has been matched for single-family owner-occupied housing loans and \$45,646 matched for rental property loans. After these funds have been expended, all match funds will be drawn from the appropriate CDBG housing revolving loan fund. Match funds may be up to \$10,000 for all approved CDBG homeowner and rental rehabilitation projects, regardless of location within City of Racine city limits.</p> <p>The temporary policy also reduced interest rates. The requested extension would continue the following interest rates:</p> <ul style="list-style-type: none">• CDBG Homeowner Repair Loans: 0%• CDBG Rental Rehabilitation Loans: 2%

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 grants will be drawn from specified accounts created in 2015 until all allocated funds are expended; if these accounts are expended match funds will be drawn from the appropriate CDBG housing revolving loan fund.

RECOMMENDED ACTION:

Staff recommends that the Loan Board of Review approve an extension of temporary amendments to the CDBG Housing Repair Loan Program Policies and Procedures between August, 2018 and January, 2019.