



City of Racine, Wisconsin BRIEFING MEMORANDUM

AGENDA DATE: May 27, 2020

SUBJECT:

Request from the Manager of Neighborhood Services requesting allocation of \$396,712 for the **Utilization of the CARES Act Emergency Solutions Grant (ESG-CV) Funds to pay homelessness prevention costs for Very Low and Extremely Low income households.**

PREPARED BY:

Matthew Rejc, Manager of Neighborhood Services

EXECUTIVE SUMMARY:

Department of City Development – Neighborhood Services Division requests that **Lutheran Social Services of Wisconsin and Upper Michigan (LSS) receive up to \$396,712 to provide rental assistance of up to 2 months for up to 310 households in order to prevent evictions.**

BACKGROUND & ANALYSIS:

Funding Source:

On April 2, 2020, the City of Racine was notified that the U.S. Department of Housing and Urban Development (HUD) had awarded the City \$574,928 in ESG-CV funds for the prevention and mitigation of homelessness among Racine residents. The City typically receives allocations of around \$150,000 of ESG funds annually. Furthermore, the specially allocated ESG-CV funds have a number of flexibilities, including that they are exempt from typical ESG match requirements, and that they can be used to serve residents up to 50% of Area Median Income for homelessness prevention activities, instead of the usual 30%.

Proposal:

To maximize the increased flexibility provided by the ESG-CV funds, and to limit the number of households utilizing emergency shelter services, staff recommends using the ESG-CV funds primarily to fund homelessness prevention activities. Specifically, staff proposes creating the Racine Emergency Eviction Prevention Program and contracting with Lutheran Social Services of Wisconsin & Upper Michigan (LSS) to immediately provide 3-months of short-term service delivery, including: up to two months of rent and utility payments for approximately 300 City residents as well as screening clients, gathering data, coordinating with other funding sources, entering data into the Homeless Management Information System, and immediate case management with referrals to resources. All assisted households must be at or below 50% of the Area Median Income level as shown below.

HH Size	1	2	3	4	5	6	7
Income (50% AMI)	\$26,950	\$30,800	\$34,650	\$38,450	\$41,550	\$44,650	\$47,700

Eligibility/Prioritization for Racine Emergency Eviction Prevention Program Assistance:

All households assisted must meet the above income levels, and must be able to document that they are in “imminent risk of homelessness” as defined by HUD. The unit in which the applicant household

currently resides must also meet the ESG Habitability Standards prior to payment of ESG funds to the property owner. Further prioritization to assist the most vulnerable eligible households are outlined below. The highest scoring households will be prioritized for assistance.

A limit on rental assistance of no more than \$3,000 per household will be established, with provisions for exceptions with cause. Also, households must not have already received Wisconsin Rental Assistance Program (WRAP) funds. Property owners owing more than the amount of ESG funding for which they would be eligible in delinquent property taxes will not be able to participate.

Barrier	Scoring
Eviction history in past 24 months	1 point
Currently lives in or needs an accessible unit	1 point
Large family of five or more	1 point
Income impacted by COVID-19	3 points
Current participant or 2018-20 graduate of W RTP Big Step/First Choice Pre-Apprenticeship program	3 points
Current participant or 2018-20 graduate of YWCA SEW 5.09 HSED program	3 points
Household has child enrolled in Julian Thomas or Knapp Elementary schools for 2019 or 2020	3 points
Current participant or 2018-2020 graduate of Housing Resources Inc. homeowner education course	3 points

LSS currently receives funding from the City's annual allocation of HOME Investment Partnerships Program (HOME) funds to oversee a tenant-based rental assistance program in the City of Racine, through which it serves around 12 households with monthly rental assistance for a period of no more than 24 months. LSS also typically receives ESG funds in coordination with the City and County of Racine Continuum of Care, and has had no difficulty complying with either ESG or HOME requirements since receiving Federal funds from those sources. Additionally, LSS is a development partner on the recently completed Gold Medal Lofts affordable housing development in Uptown, and owns two other HUD-subsidized buildings in the City for individuals with chronic mental illness. The local administrative office for LSS is co-located with the United Way at 2000 Domanik Avenue.

Landlord Requirements:

In order to participate in the Racine Emergency Eviction Prevention Program, property owners/managers must also meet requirements and agree to terms:

- 1) Property owners/managers must not owe more than \$3,000 in 2018 or earlier property taxes, or must be current on a repayment plan for the rental property in question.
- 2) The housing unit must meet Emergency Solutions Grant Habitability Standards as required by the Department of Housing and Urban Development.
- 3) Property owners/managers agree to not terminate without cause a tenancy (ie. 28-day notice) for a period of three months for non-payment of rent from the date assistance is approved.

- 4) Property owners/managers must rescind any notices terminating tenancy issued prior to being approved for this emergency rent assistance and may not proceed with any actions in court.
- 5) Property owners/managers must fill out required paperwork to verify ownership.

Timeline and Process:

This project is scheduled to begin in mid-June, with specific public rollout dates and strategies to be determined. On May 26, 2020 the Circuit Courts of Wisconsin resumed business as usual and are accepting filings of cases for evictions. However, the State of Wisconsin has approved funding to assist tenants through the Wisconsin Rental Assistance Program (WRAP); these funds will be administered by the Racine Kenosha Community Action Agency, and are expected to provide the first line of defense against housing insecurity in the City of Racine. As these funds are exhausted, or at such a time as the need for additional resources becomes apparent, the City intends to open up access to these emergency eviction prevention services funded through the ESG-CV funds in question.

LSS has fully trained staff who will screen and administer the funds to households. A renters' assistance hotline along with internet applications will be available to all qualified residents within the City of Racine. Checks to the property owners/managers will be issued via the City of Racine.

Before checks can be issued the housing unit must meet the Emergency Solutions Grant Habitability Standards as required by the Department of Housing and Urban Development. LSS is qualified to conduct ESG Habitability Standards inspections for the units in question and their staff will conduct inspections on the units of tenants found eligible to participate in this program to ensure that the units meet the ESG Habitability Standards.

LSS is a member of the City and County of Racine Continuum of Care and is an active participant in working with the partnering agencies. LSS is well-connected within the City of Racine, and is able to refer applicant households to other services in the community as needed.

BUDGETARY IMPACT:

\$574,938 of Emergency Solutions Grant CARES Act funds are available for allocation.

RECOMMENDED ACTION:

To allocate ESG CARES funds to Lutheran Social Services of Wisconsin and Upper Michigan as indicated by staff, and that the Mayor and City Clerk be authorized to enter into a contract with the organization pursuant to the funding allocation and Federal regulations.