



City of Racine, Wisconsin
BRIEFING MEMORANDUM

AGENDA DATE: August 10, 2020

SUBJECT:

Request from the Manager of Neighborhood Services recommending adoption of a substantial amendment to the City of Racine 2019 Annual Action Plan and Citizen Participation Plan to allocate \$1,108,649 of CARES Act Community Development Block Grant (CDBG-CV), other CDBG funds, and \$1,224,679 in Emergency Solutions Grant (ESG-CV) funding to undertake emergency COVID-19 response activities.

PREPARED BY:

Matthew Rejc, Manager of Neighborhood Services

EXECUTIVE SUMMARY:

Department of City Development – Neighborhood Services Division requests adoption of substantial amendments to allocate \$1,108,649 of CARES Act Community Development Block Grant (CDBG-CV) and other CDBG funds for housing assistance, employment, and infrastructure activities related to COVID-19 response activities, as well as \$1,224,679 in Emergency Solutions Grant (ESG-CV) funding for activities to assist residents experiencing homelessness or at risk of homelessness.

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 \$1,108,649 in CDBG-CV funds for the prevention and mitigation of COVID-19-related impacts among Racine residents. The City typically receives allocations of around \$1,800,000 of CDBG funds annually, and this emergency allocation is supplemental to the annual allocations. Furthermore, the specially-allocated CDBG-CV funds have a number of flexibilities, including that the 15% public services cap has been removed.

The City has also been allocated \$1,224,679 in Emergency Solutions Grant (ESG-CV) funding in two distinct funding rounds. Although specific uses for the CDBG-CV funds are identified in the draft Substantial Amendment, funding amounts and activities related to the ESG-CV funds are yet to be determined.

Proposal:

To maximize the increased flexibility provided by the CDBG-CV funds, staff recommends using the CDBG-CV funds primarily to fund public services activities to counteract the impacts of COVID-19. Specifically, the draft amendment proposes creating new public services programs for the CDBG-CV funds.

- Healthcare Services
 - Up to \$400,000 in CDBG-CV funds to be allocated for operational costs for the Racine Community Health Center at Julian Thomas Elementary School
- Housing Relief
 - Up to \$520,000 in CDBG-CV funds to be allocated to local non-profit organizations experienced in and prepared to immediately undertake foreclosure prevention activities for City of Racine homeowners.

- Up to \$120,000 in CDBG-CV funds to be allocated to partner agencies in the Homelessness and Housing Alliance/Racine Continuum of Care for direct assistance to City of Racine tenants to prevent evictions.
- Economic Stability
 - Up to \$115,000 in FY 2019 CDBG funds to be allocated to Housing Resources, Inc. to launch the Financial Empowerment Center in partnership with the City, bringing in \$150,000 in matching funds from the Cities for Financial Empowerment Fund.
 - Up to \$100,000 in FY 2019 CDBG funds to be allocated to local non-profit organizations experienced in and prepared to assist Racine adults in attaining their HSED or Diplomas, with special emphasis on programs also connecting those adults to post-secondary education and training paths.

The FY 2019 CDBG funds proposed for reallocation to the Healthcare Infrastructure program are currently dedicated to match grants for housing rehabilitation loan recipients. Funding currently exists within the CDBG Housing Rehabilitation Revolving Loan Fund to meet the current need for match grants.

All CDBG funds must primarily benefit low-/moderate-income households (80% of area median income or AMI) in the City of Racine when used for public services activities. This proposed use of funds is intended to complement the use of up to \$396,712 in CARES Act Emergency Solutions Grant (ESG-CV) funds that have been allocated to the City of Racine by HUD, which have been allocated for homelessness prevention activities for City of Racine households making up to 50% of AMI.

Timeline and Process:

On March 31, 2020, HUD released a memorandum regarding the availability of waivers of consolidated plan requirements in light of the ongoing pandemic. Among these waivers is the allowance of 5-day comment periods for substantial amendments and greater flexibility on the part of grantees to determine what constitutes reasonable notice and opportunity to comment given their circumstances.

With this in mind, draft changes to the City's Citizen Participation Plan are proposed to accommodate the restrictions put in place due to COVID-19. In particular, the draft amendment authorizes the use of a 5-day comment period to ensure that funds are deployed quickly, and also permits virtual hearings and document review.

Assuming substantial amendments are adopted by Common Council on Tuesday, August 18, 2020, then staff will begin to prepare Notices of Funding Availability (NOFAs) for applicable projects related to the CDBG-CV and ESG-CV funds. Responses to the NOFAs will be reviewed by staff, who will then provide recommendations back to the CDBG Advisory Board and Common Council. Upon approval by Common Council, staff will execute contracts with selected agencies and begin funding eligible activities.

BUDGETARY IMPACT:

\$1,108,649 of CDBG-CV funds are available for allocation, while \$215,000 in unspent FY 2019 CDBG funds are proposed for re-allocation. A total of \$1,224,679 in Emergency Solutions Grant (ESG-CV) are also subject to this substantial amendment.

RECOMMENDED ACTION:

To recommend approval of a substantial amendment related to the acceptance and use of FY 2019 CDBG funds and CDBG-CV funds as indicated in this memorandum, and that the City accept the full award of \$1,224,679 in Emergency Solutions Grant (ESG-CV) funding. Staff also recommends approval of a substantial amendment related to Citizen Participation Plan updates reflecting restrictions put into place due to COVID-19.