



**City of Racine, Wisconsin**  
**BRIEFING MEMORANDUM**

**AGENDA DATE:** August 10, 2020

**SUBJECT:**

Request from the Manager of Neighborhood Services to amend the Housing Rehabilitation and General Administration Policy & Procedures Manual (COVID-19 Temporary Homeowner Assistance Policy).

**PREPARED BY:**

Matthew Rejc, Manager of Neighborhood Services

**EXECUTIVE SUMMARY:**

Department of City Development – Neighborhood Services Division requests approval and adoption of a temporary assistance policy for borrowers who are currently repaying housing rehabilitation loans to the City of Racine.

**BACKGROUND & ANALYSIS:**

**Funding Source:**

The City of Racine has operated a Community Development Block Grant (CDBG)-funded housing rehabilitation revolving loan fund since the 1980s, and has provided around \$5 million in low-interest loans to hundreds of homeowners and investment owners since that time. Per requirements by the U.S. Department of Housing and Urban Development (HUD), any repayment of funds from a borrower must remain designated as CDBG funding and must be reinvested into the community.

Given the current economic uncertainty stemming from the COVID-19 pandemic and the policies put into place to respond to it, the City proposes the following temporary policy to apply to any eligible homeowners who request to participate in it by December 31, 2020 and are approved to do so by staff.

**Proposal:**

Staff recommends the following allowances be made to borrowers upon request and provision of applicable documentation:

- Upon request of the borrower, the monthly payments should be modified as such:
  - Reduced to \$10 per month for a period of up to 4 months
  - Waive all late fees
  - Spread balance of what is owed over the immediate 12 months in addition to regular payments
- Borrower(s) to provide proof of
  - Loss of employment, whether temporary or permanent
  - Receiving unemployment (if eligible)
  - Current with property taxes and homeowner's insurance
- City will not negatively report on loans in modified status for a period of 16 months (the initial 4 months and the 12 month catch up period) as long as borrower is complying with the terms set and agreed to.
- Borrower may pay back in advance without penalties.
- Borrower agrees to sign a temporary (short term) modification

**BUDGETARY IMPACT:**

Sufficient funding exists to support current operations of the Neighborhood Services Division through 2020, even assuming maximum utilization of this policy. Depending on economic circumstances, a potential extension of this policy may be considered toward the end of 2020.

**RECOMMENDED ACTION:**

To recommend approval and immediate adoption of the proposed COVID-19 Temporary Homeowner Assistance Policy as presented, and permit staff to amend the Housing Rehabilitation and General Administration Policy & Procedures Manual to incorporate it.