



Community Development Authority (CDA) AGENDA BRIEFING MEMORANDUM

AGENDA DATE: March 17, 2021

SUBJECT:

City of Racine CDBG Public Facilities and Infrastructure Notice of Funding Availability (NOFA)

PREPARED BY:

Billy J. Bowers, Executive Director of the Community Development Authority

EXECUTIVE SUMMARY:

Request by the Executive Director to apply for \$471,078 in CDBG Public Facilities and Infrastructure funding from the City of Racine for the demolition and clearance of CDA-owned buildings at 1500 N. Memorial Drive.

PROJECT BACKGROUND:

In 2015, the Racine County Circuit Court designated the City of Racine (City) as the receiver of the 1500 N. Memorial Drive property due to its status as a public nuisance. The Redevelopment Authority (RDA) took possession of 1500 N. Memorial Drive (the "site") in 2019 from the City, which in turn received the property from Racine County after it acquired the site through the in rem tax foreclosure process in December of 2018. RDA Resolution 19-21, passed on July 18, 2019, authorized the RDA to take possession of the site from the City. The City authorized transfer the site to the RDA and simultaneously declared the site "to be a blighted area in need of blight elimination" and subject to a redevelopment plan. Declaring the site to be blighted and as being subject to a redevelopment plan enables the RDA, now Community Development Authority (CDA), to demolish the site and prepare it for redevelopment.

The site is an industrial property of approximately 3.1 acres, generally known for the name of a past owner, "Unlimited Products Engineering Co." or "UPEC". There are four masonry and steel buildings and one wood frame building on the site. The total floor area of the buildings is approximately 69,200 square feet. Phase I and II environmental assessments have been completed on the property. The property has been vacant for years and is in general disrepair with a portion of the roof collapsed. The building contains asbestos and abandoned containers of waste, some of which are exposed to the elements and all of which would be accessible to trespassers. The building has no operating fire suppression system, the deteriorated condition of the building and property detracts from the neighborhood, and the exposed asbestos and waste containers make it a danger to the public. To safeguard the public and the environment, the site has been slated for demolition and the property further investigated for environmental pollution and remediated in preparation for redevelopment.

ANALYSIS:

On March 10, 2021, the City of Racine Division of Neighborhood Services released a Notice of Funding Availability (NOFA) for \$471,078 in Federal Community Development Block Grant (CDBG) funds to be used for public facilities and infrastructure. CDBG funds are a highly regulated form of Federal funding, but the funds may be used for "Clearance Activities," which are defined as "[c]learance, demolition, and removal of buildings and improvements."

CDBG funds do carry a number of restrictions, including that all gross income generated from the use of real estate assisted with CDBG funds be treated as CDBG Program Income and carry all CDBG restrictions. However, only income "received by the grantee and its subrecipients" would be treated as Program Income, meaning that the proceeds of sale received by the CDA would be considered Program Income, but a for-profit entity that purchases the property would be able to undertake any activities they see fit on-site.

Staff recommends the CDA submit an application to the Neighborhood Services Division for the entire allocation of \$471,078 in CDBG Public Facilities and Infrastructure funding. Specifically, staff recommends that the application include a request that the funds meet the Slum/Blight National Objective, and that any funds not used for demolition of the buildings on the site may be retained by the CDA used for eligible rehabilitation or clearance activities at other CDA-owned properties.

BUDGETARY IMPACT:

The proposed request is for \$471,078 in CDBG funds from the City of Racine. No CDA match is required. Funds would be retained by the City and disbursed on a reimbursement basis for eligible activities.

RECOMMENDED ACTION:

Staff recommends that the Community Development Authority of the City of Racine approve a Resolution authorizing Executive Director to apply for \$471,078 in CDBG Public Facilities and Infrastructure funding from the City of Racine for the demolition and clearance of CDA-owned buildings at 1500 N. Memorial Drive.