



City of Racine, Wisconsin

AGENDA BRIEFING MEMORADUM

AGENDA DATE: August 30, 2021

SUBJECT:

Communication from Mayor Mason requesting an allocation of \$450,000 in American Rescue Plan Act (ARPA) funding for eviction prevention activities.

PREPARED BY:

Matthew Rejc, Assistant Director, Dept. of City Development

EXECUTIVE SUMMARY:

Mayor Mason requests that the Finance and Personnel Committee recommend approval of the use of \$450,000 for eviction prevention activities to be undertaken by the Racine County Here to Help Program.

BACKGROUND:

On August 26, 2021, The U.S. Supreme Court ruled that the Federal eviction moratorium, initiated by the Centers for Disease Control (CDC) on August 3, 2021, was unconstitutional. With no stay on the Supreme Court's decision, the eviction moratorium was immediately rendered unenforceable.

The Racine County Here to Help Program was previously allocated \$217,617 in Community Development Block Grant – Coronavirus (CDBG-CV) funds by the Racine Common Council through Resolution No. 0673-20. On July 20, 2021, the Common Council passed Resolution No. 0583-21, which authorized an allocation of up to \$500,000 in ARPA funding for foreclosure and eviction prevention activities. That action set the funding aside for those types of activities, and the item under consideration now would allocate funds to the Racine County Here to Help Program, specifically for eviction prevention activities such as rental assistance, tenant-landlord mediation, eviction diversion services, as well as other related activities.

The City of Racine Neighborhood Services Division has also spearheaded an effort to build communication, improve efficiency, and prevent duplication of benefits among the various rental assistance providers in the community. As a result, Here to Help has an effective partnership with the Racine Kenosha Community Action Agency – Wisconsin Emergency Rental Assistance (WERA) program. If Here to Help is not able to provide direct assistance to a household, then they still perform screening and referral services to ensure that eligible families are able to quickly take advantage of the WERA program or other rent assistance programs in the community. As with the CDBG-CV funds, the ARPA funds proposed under this item would only be used to benefit City of Racine residents.

ANALYSIS:

The Racine County Here to Help Program was previously allocated \$217,617 in Community Development Block Grant – Coronavirus (CDBG-CV) funds by the Racine Common Council through Resolution No. 0673-20. Since the beginning of 2021, Here to Help has served 57 households with an average of \$1,417.03 issued per client to preserve tenancy. Households are eligible for up to three months of rent within a timeframe of six consecutive months, and must be below 80% of Area Median Income (AMI) as defined by the U.S. Department of Housing and Urban Development (HUD),

which translates to \$61,750 per year for a household of four. Crucially, Here to Help has expended 70% of its authorized CDBG-CV budget for direct rental assistance, and expects the number of applicants per month to at least double due to the end of the moratorium.

Though ARPA funds are Federal funds, they are not associated with the CDBG program, and are in fact more flexible than the CDBG-CV resources that the Here to Help Program now uses. With that in mind, staff proposes replicating the CDBG program rules but restricting the use of the funds for rental assistance to households that have an annual household income that does not exceed 120% of AMI as defined by HUD for their household size (\$92,625 for a household of four). Furthermore, the three months of assistance can be used outside of the six consecutive month timeframe imposed by the CDBG program. Staff also recommends an overall \$6,000 limit on rent assistance across those three months of eligibility, and that the assistance not exceed the total of what is stated as being due each month in the tenant household's lease.

To meet what is expected to be a large demand for rental assistance due to the expiration of the moratorium, staff recommends allocating \$450,000 in ARPA funding to Racine County's Here to Help Program to provide rental assistance and eviction prevention services to households in the City of Racine.

BUDGETARY IMPACT:

A total of \$500,000 in ARPA funds have been reserved for activities including eviction prevention by Common Council Resolution No. 0583-21. Sufficient funding exists to meet this request.

RECOMMENDED ACTION:

Staff recommends that the request from Mayor Mason to allocate a total of up to \$450,000 in ARPA funding to Racine County for eviction prevention activities be forwarded to the Common Council with a recommendation for approval. Further, that the Mayor and City Clerk be authorized to enter into contracts with the organizations pursuant to local, state, and federal regulations.