



CITY OF WAUKESHA

Administration

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Committee: Redevelopment Authority	Date: 2/18/2021
Common Council Item Number: #21-1743	Date: 2/18/2021
Submitted By: Jennifer Andrews, Community Development Director	City Administrator Approval: Kevin Lahner, City Administrator
Finance Department Review: Bridget Souffrant, Finance Director	City Attorney's Office Review: Brian Running, City Attorney
Subject: Review and act on a Tax Incremental Finance (TIF) Affordable Housing Extension policy	

Details:

In 2009 the State of Wisconsin added an "Affordable Housing Extension" to the Tax Incremental Finance Statutes. This law allows municipalities to leave open Tax Incremental Finance districts that have paid all of their costs (infrastructure, grants, municipal revenue obligations, administration costs, etc.) but have not been formally terminated for up to an additional year to benefit affordable housing. There are some restrictions on how the funds can be spent, but municipalities have a pretty broad power to design programs that best fit the affordable housing needs of their communities. The statutes define affordable housing as "housing that costs a household no more than 30 percent of the household's gross monthly income." Additionally, the statute also requires that a minimum of 25% of any funds be used to rehab existing housing stock.

The Redevelopment Authority (RDA) and Community Development staff has been working on a proposed policy for Common Council adoption for a few months. The proposed policy has two main elements; an Affordable Housing Rehabilitation Program and an Affordable Housing Development Fund.

The **Affordable Housing Rehabilitation** Program will meet the requirement that 25% of the funds must be used to improve existing housing stock by establishing a zero-interest loan program to assist owners with various house rehabilitation projects. Loans would be limited to those at or below the Waukesha County median household income level. The full details of the program requirements and eligibility are outlined in the policy. The RDA has determined this element of the program will be targeted towards owner-occupied properties, as the RDA already has a Rental Rehab Program that can be used to assist landlords with similar improvements.

The second element is the **Affordable Housing Development Fund**, which would designate funds to various activities that could make affordable housing development more feasible. Funds could be used for land acquisition, site preparation, grants/loans to developers, neighborhood improvement projects, housing planning activities, and rapid rehousing. Any use of these funds would require Redevelopment Authority approval. The full details of eligibility and requirements are outlined in the policy.



Approval of this policy does not extend the life of any Tax Incremental Finance District or fund any programs, it is only a policy. Statutes require that the extension of any TID would need a separate Common Council resolution that specifies how long the TID will stay open (up to one year maximum) and how the funds will be used to improve the housing stock and benefit affordable housing.

Options & Alternatives:

1. Approve the policy
2. Deny the policy and not take advantage of the TIF Affordable Housing extension statutes.

Financial Remarks: Adoption of the policy will not have a direct fiscal impact on the City until the Common Council approves a TID extension for this purpose. That will result in a delay of up to one year for the taxing jurisdictions to receive the increased tax revenue created by the increased values of properties within the district.

Staff Recommendation: Staff recommends the Common Council approve the TIF Affordable Housing Extension Policy