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Committee:
Redevelopment Authority

Meeting Date:
4/28/2025

Subject:
Review and act on a request by Habitat for Humanity of Waukesha & Jefferson Counties for Affordable Housing Development Fund Construction Loans for Lots 1 and 13 at Domenica Park Subdivision.

Details:
Habitat for Humanity of Waukesha County is Requesting two construction loans from the City's Affordable Housing Development Fund. This fund was created to assist with development costs associated with creating and rehabilitating affordable housing units.

The loan request is for two (2) \$200,000 short-term construction loans to assist with the construction of single-family homes on Lots 1 and 13 at Domenica Park, the subdivision that Habitat is developing in the vicinity of S. Greenfield Avenue & Ellis Street. Like previous construction loans, Habitat would pay back the principal plus 3% interest at the time of sale to the selected Habitat families. The loans would be secured with a junior mortgage on the property.

Currently Habitat has five outstanding RDA short-term construction loans, totaling \$800,000.

302 E. Main Street	\$100,000
427 N. Oakland Avenue	\$150,000
435 N. Oakland Avenue	\$150,000
431 N. Oakland Avenue	\$200,000
422 N. Greenfield Avenue	\$200,000
Total	\$800,000

Given the outstanding loans, staff and Habitat are proposing that the release of funds for these two loans would be tied to two things:

1. The repayment of at least one outstanding loan at Domenica Park per new loan disbursement
2. Issuance of building permits for the house on the lot receiving the loan funds.

It is anticipated that 302 E. Main Street will close on April 30. The repayment to the fund includes \$100,000 in principal, plus \$2,106.85 in interest.

Options & Alternatives:

The Redevelopment Authority can adjust any aspect of the loan request or deny the request.

Financial Remarks:

The Redevelopment Authority's Affordable Housing Development Fund has an uncommitted balance of \$1,503,200. This, combined with the release of new funds being tied to loan repayments, means there is more than adequate funds available for this project.

Executive Recommendation:

Staff recommends approval of the two \$200,000 loans with the following conditions:

1. Release of these loan funds shall be tied to the repayment of at least one outstanding loan per new loan disbursement and the issuance of building permits
2. 3% annual interest rate calculated from the time of loan disbursement.
3. Repayment due at time of sale/transfer to selected Habitat family