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City of Waukesha Cover Sheet

Committee: Redevelopment Authority	Meeting Date: 10/20/2025
ID Number: 25-02385	Ordinance/Resolution Number (if applicable): N/A
Name of Submitter: Jeff Fortin, Economic Development Project Manager	Target Next Board/Council Meeting Date: N/A
Agenda Item Title: Review and possible action on a request by Cherry Faith Properties for a for an Affordable Housing Development Fund Loan Agreement for a proposed 36-unit residential development on vacant parcel on Meadow Lane between Silvernail Road & Marshview Street (Tax Key No. WAKC0974906)	

Issue Before the Board/Council: Consider a request by Cherry Faith Properties for an Affordable Housing Development Fund Loan Agreement for a proposed 36-unit residential development.
Options & Alternatives: The RDA may make any changes to the loan terms or amount they feel are necessary.
Additional Details: At the August 18, 2025 meeting, the Redevelopment Authority approved an Affordable Housing Development Fund loan for Duffek Properties to assist with the development of a 36-unit apartment building on Meadow Lane between Silvernail Road & Marshview Street. The development was proposed to target households at or below the Waukesha County Median Income Level. The loan was structured as follows: \$720,000 total loan amount (\$20,000 per unit) with a 30-year repayment at 1% interest. In addition, the developer was also going to use additional assistance from the

Waukesha County Center for Growth GROW Fund and HOME funds. Unfortunately, the developer was unable to make the project feasible.

A new developer, Cherry Faith Development, is proposing to develop a very similar project based on the site and building layout and unit count of the previous proposal. They are requesting similar loan terms: \$720,000 loan at 1% with interest-only payments for first two years of the loan. The developer is looking to reduce project costs through a variety of means including doing leasing and property management themselves and evaluating other cost saving measures and funding sources. Like the previous proposal, the developer is also pursuing funding through the Waukesha County Center for Growth GROW Fund and HOME funds.

Staff had some concerns about the disbursement of loan funds proposed and is therefore recommending modifications, including not disbursing any funds until building permits are issued for the project. These have been discussed with the developer, and they have agreed the recommended changes.

What is the Strategic Plan Priority this item relates to:

People Centered Development

What impact will this item have on the Strategic Plan Priority?

This program will impact People Centered Development by creating more opportunities to add workforce housing units.

Financial Remarks:

Funding for this loan will come from the Redevelopment Authority Affordable Housing Development Fund, which has an uncommitted balance of \$1,272,445.

Suggested Motion:

I move to approve the \$720,000 Affordable Housing Development Fund Loan to Cherry Faith Development with the following terms and conditions:

1. Loan will carry a 1% annual interest rate to be amortized over 30 years.
2. First two years from time of disbursement will be interest only.
3. Disbursement of loan funds shall not occur until building permits have been issued for the development.
4. Units will be restricted to households at or below the Waukesha County Median Income Level.



Cherry Faith Properties: Cherry on Meadow Ln Request for Affordable Housing Development Funds

Cherry Faith Properties is seeking financial assistance through the Affordable Housing Development Fund to support the construction of Cherry on Meadow Ln. Cherry Faith Properties is requesting a construction loan in the amount of \$720,000.

Cherry on Meadow Ln will be located in Waukesha, WI, once completed will be a 36-unit, three-story development designed to serve as a model for families and individuals with mixed income. This project will include 11 workforce housing units aimed at households with incomes between 60% and 80% of the county median income. The remaining units will prioritize households with incomes between 80% and 100% of the county median income.

Offering a mix of 1- and 2-bedroom apartments in a contemporary building, Cherry on Meadow Ln will provide high-quality housing options for individuals and families. The location is strategically situated near I-94 and public transit, yet remains on a quiet road adjacent to a wetland reserve, making effective use of an underutilized site. Cherry on Meadow Ln is designed to address housing needs while supporting local workforce demands, promoting dignity and pride in affordable housing.

Cherry Faith Properties is seeking financial assistance through the Affordable Housing Development Fund to support the construction of Cherry on Meadow Lane. They are requesting a construction loan of \$720,000.

Loan Structure and Term Needs & Request:

Overall development cost: \$8.7M (subjected to change if construction budget decreases)

-Total Loan Amount: \$720,000 (\$20,000 per unit)

-Affordability Target: Households with income over 60% but under 80% county median income (11 units) & Households between 80% and 100% county median income (25 units)

-Interest Rate: \$1% (project is not feasible with any rate above 1%)

-Interest Accrual: Begins when occupancy for construction is issued

-Loan Disbursement: The disbursement of funds will occur in two increments. The first disbursement of \$440,000 will be made for the acquisition of the land, contingent upon securing all necessary sources to cover any financial gaps. The second disbursement of \$280,000 will take place at the start of physical construction (groundbreaking).

-Repayment Terms: 30 years or refinancing

-Other Funding Sources: \$1M from Growth Funds & \$1.1M HOME Funds

Reason for this Request:

The site has remained undeveloped for decades due to several challenges that this project is actively addressing.

Zoning: This site is not zoned for residential use, the site is unsuitable for retail due to poor access and visibility. Cherry Faith Properties is working with the City of Waukesha to implement a PUD overlay to allow residential use.

Utilities: The site lacks a completed utility water loop, with current lines ending at adjacent developments. The team has collaborated with engineers to design a cost- effective solution to complete the utility loop.

Soil Conditions: Geotechnical studies revealed unstable soils, requiring foundation stabilization through methods like rammed aggregate or helical piers due to the depth of correction needed.

Financial Feasibility: The greatest challenge is funding. While the site could support high-end market-rate units, achieving the project's goal of providing affordable, high- quality housing requires financial support to cover construction, interest rates, and site- related costs

Project Summary: Cherry on Meadow Lane is designed to accommodate families and individuals from mixed income backgrounds. With a focus on quality in design and construction, as well as its convenient location near local employment opportunities, this development will significantly benefit not only the future residents but also the surrounding community.