COMMUNITY DEVELOPMENT AUTHORITY
CITY OF WEST ALLIS
RESOLUTION NO: 1541
DATE ADOPTED: August 18, 2026

A Resolution to approve the terms and conditions for a Tax Increment Financing Loan to Element 84 LLC, for a property located at 1482 S. 84 St. in an amount not to exceed $1,500,000.

WHEREAS, the Community Development Authority of the City of West Allis (the "Authority") previously entered into Tax Increment District No. 11 (TID #11) financing arrangements in connection with the Element 84 development project; and

WHEREAS, in August 2025, an extreme regional storm event caused severe flooding at Element 84 Apartments, during which the underground garages and mechanical areas flooded to a depth of approximately 6.5 feet, resulting in significant physical damage exceeding three million dollars to critical building systems including electrical service, HVAC equipment, elevators, fire suppression systems, water heaters, communication systems, and other infrastructure; and

WHEREAS, the owners of Element 84 incurred additional economic losses exceeding one million dollars related to temporary resident housing, lost rental income, elevated vacancies, and prolonged resident concessions required due to extended outages of elevators and other building systems; and

WHEREAS, Element 84 Apartments is located outside of a FEMA designated floodplain, and its insurer denied all claims for physical damage and business interruption because the event was classified as flooding, leaving the owners without viable reimbursement; and

WHEREAS, HUD financing regulations prohibit the use of private sector secondary financing, and SBA Disaster Loan financing remains uncertain, may require subordination of City interests, and may not be financially feasible for the project; and

WHEREAS, the owners of Element 84 have depleted operating reserves and currently face more than 1.14 million dollars in unpaid physical repair invoices, including one contractor lien, while maintaining current payments on permanent debt service, insurance, and tax escrows; and

WHEREAS, the Authority has reviewed the developer's request for a City loan in the amount of $1,500,000 dollars at an interest rate of 7.0 percent, amortized over eleven years, supported by updated leasing projections showing vacancy declining from 31 units in August 2026 to stabilized occupancy by February 2027; and

WHEREAS, Authority staff have evaluated the financing request and determined that a TIF funded loan, sourced exclusively from increment generated by Element 84 within TID #11, would not extend the statutory life of the district and would improve the district's overall cash flow through interest income and fees; and

WHEREAS, Authority staff further find that failure to provide disaster recovery financing may result in additional contractor liens, investor capital calls leading to investor dilution, or potential sale of the property prior to full restabilization, negatively affecting both the development and the financial performance of TID #11; and

WHEREAS, the Authority finds that the proposed loan is necessary to protect the City's investment in TID #11, stabilize the tax base, and facilitate continued recovery of the Element 84 development following an extraordinary disaster event.

NOW, THEREFORE, BE IT RESOLVED by the Community Development Authority of the City of West Allis as follows:

1. The Authority hereby approves and authorizes a Tax Increment Financing loan in the principal amount of $1,500,000 dollars to Element 84 LLC, at an interest rate of 7.0 percent amortized over eleven years, to assist with disaster recovery costs resulting from the August 2025 flooding event.

2. The Executive Director is authorized to execute all documents reasonably necessary to complete the loan transaction, and to make such nonsubstantive changes, modifications, additions, and deletions as may be needed to finalize the documents.

3. The City Attorney is authorized to make such nonsubstantive changes, modifications, additions, and deletions to and from the provisions of the loan documents, including attachments, exhibits, and amendments, as may be necessary to eliminate ambiguity, correct inconsistencies, and clarify provisions to preserve the general intent thereof, and to prepare and deliver such additional documents as may be reasonably required to complete the transaction.

Approved: ______________________________
Patrick Schloss, Executive Director
Community Development Authority