



MEMORANDUM

TO: Mayor and Members of the Common Council

FROM: Peggy Steeno, Director of Finance/Comptroller/Treasurer
Patrick Schloss, Community Development Manager

DATE: March 17, 2020

SUBJECT: Options for TIF Number Nine

Tax Increment District Number 9 - Pioneer Neighborhood was created in 2006 to acquire and to attract development to the former Laidlaw bus company site located along W. National Avenue between S. 77th to S. 81st Street. TIF #9 performed well for the City with over \$10.6 million of incremental value currently from the Heritage Senior Living Apartment Complex development. The TIF district generates about \$300,051 of incremental taxes and the district has demonstrated the ability to pay all liabilities allowing for the closure of the district. The City must notify the DOR by April 15, 2020 of plans to dissolve the TIF.

Under Wisconsin State Statutes 66.1105(6)(g), the life of TIF can be extended for one additional year to benefit affordable housing and improve the housing stock anywhere within the community provided the City adopts a resolution extending the life of the district for one year explaining how the city intends to improve its housing stock as required and forward the resolution to the Wisconsin Department of Revenue. Through this extension of funds, the City must use at least 75% of those tax increments to benefit affordable housing anywhere within the City. Affordable housing is defined as housing costing no more than 30% of the household's gross monthly income. As a reference to the extension concept as a tool for housing purposes is an article from The Municipality magazine that highlights several diverse communities utilizing the affordable housing in the TIF law. Note, funds can be used throughout the community and the law does not require a timeline to utilize the funds.

With both a City Strategic goal to facilitate development through effective use of TIF and strategic goal to address an aging housing stock and assist those in distressed populations, the termination of TIF #9 poses a unique opportunity to consider the value of the affordable and housing stock tool. Common Council has the following options to review that offer a variety of advantages. Again, the current amount of increment from all taxing jurisdictions going to the district is \$300,051.

Option 1 - Dissolve the TIF #9

- a. All properties in the TIF will return to the general tax roll and the City will receive approximately 42.56% of \$290,555.58 (assessed value vs equalized) or an estimated \$123,657.26.
- b. The City will be allowed to increase its levy, due to the TIF closure by: \$54,929.51

- c. The remaining \$68,727,75 would be a tax reduction, as required by state law.

Option 2 - Extension for One Year

- a. Council would vote to keep the TIF open for one additional year to benefit Affordable Housing and to improve the housing stock anywhere in the City
- b. Decision must be made no later than April 15, 2020
- c. City retains the entire increment of \$300,051 for one year for the housing initiative
- d. 75% or \$225,038 will be used for affordable housing
- e. 25% of \$75,012 can be used for housing stock without economic restriction

Option 3 - District Remains Open

- a. No decision by the April 15, 2020 date, TIF would remain open until 4/14/2021
- b. TIF accumulates an additional year of increment
- c. Entire balance is distributed to all the taxing entities next year (the year of closure)

For Option 1, the added funds will definitely support the City's budgetary needs and provide property tax reduction. For housing initiatives under Option 2, program could be a painting grant program, curb appeal program, major renovation to convert multifamily to single family homes, homebuyer program, etc. The increment funds reserved for affordable housing would be important to address goals of the City and would not require the federal provisions that are part existing programs funded with HOME or Community Development Block Grant funds. Further, additional funds for affordable housing are often a public need because of the general cost to construct new affordable housing units or to maintain quality older housing.