CITY OF WEST ALLIS
RESOLUTION R-2026-5580

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 City of West Allis previously established Tax Increment District No. 11 (TID #11) to support redevelopment and reinvestment activities within the district, including 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 fully 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 Common Council has reviewed the developer's request for a City loan in the amount of $1,500,000 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, City 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, City 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 re-stabilization, negatively affecting both the development and the financial performance of TID #11; and

WHEREAS, the Common Council 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 Common Council of the City Of West Allis as follows:

1. The Common Council approves and authorizes a Tax Increment Financing loan in the principal amount of $1,500,000 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 Mayor and City Clerk are authorized to execute all documents reasonably necessary to complete the loan transaction and to make any non-substantive changes needed to finalize the documents.

3. The City Attorney is authorized to make any non-substantive changes to the approved documents to effectuate their intent and to prepare and deliver any other documents necessary to complete the approved transaction.

SECTION 1: **<u>ADOPTION</u>** "R-2026-5580" of the City Of West Allis Municipal Resolutions is hereby *added* as follows:

A D O P T I O N

R-2026-5580*(Added)*

PASSED AND ADOPTED BY THE CITY OF WEST ALLIS COMMON COUNCIL AUGUST 18, 2026.

	AYE	**NAY**	**ABSENT**	**ABSTAIN**
Ald. Ray Turner	X			
Ald. Kimberlee Grob	X			
Ald. Chad	X			

Halvorsen				
Ald. Marissa Nowling	X			
Ald. Suzzette Grisham	X			
Ald. Danna Kuehn	X			
Ald. Dan Roadt			X	
Ald. Patty Novak	X			
Ald. Kevin Haass	X			
Ald. Marty Weigel	X			

Attest

Tracey Uttke, City Clerk, City Of West Allis

Presiding Officer

Dan Devine, Mayor, City Of West Allis

CITY OF WEST ALLIS
BY GOVERNORS
LETTERS PATENT
APRIL 12, 1906
WISCONSIN