



Office of the City Manager
312 W. Whitewater Street, P.O. Box 178
Whitewater, Wisconsin 53190

MEMORANDUM

www.whitewater-wi.gov
Telephone: (262) 473-0104
Fax: (262) 222-5901

To: CDA
From: John Weidl, City Manager
Date: 5/15/2024
Re: Analysis of Multifamily Development

Dear Community Development Authority Members,

As we face a critical decision for the future of Whitewater, it is essential that we consider all viewpoints to ensure a well-rounded and beneficial outcome for our community. The proposed multifamily development in your packet presents a strategic opportunity to address pressing housing needs, support economic growth, and enhance our city's overall well-being.

Objective, Evidence-Based Strategy: As we deliberate on the proposed multifamily development, it is essential to base our decisions on objective, evidence-based strategies that align with the best interests of our community.

Staff has conducted thorough research, and there are several specific examples of communities throughout Wisconsin successfully leveraging tax increment financing (TIF) for multifamily developments. This includes both local and statewide instances where TIF has been used effectively to support such projects. Notable examples include cities like De Pere and Milwaukee, which have utilized TIF to stimulate economic growth and address housing needs. The Economic Development Director will also be able to share other successful examples on Thursday in addition to the following:

- Milwaukee, Wisconsin: Milwaukee has significantly increased its use of TIF to support various private developments, including multifamily housing projects, contributing to the city's economic growth and revitalization. [Wisconsin Policy Forum | Tax Incremental Financing on the Rise \(wispolicyforum.org\)](http://wispolicyforum.org)
- De Pere, Wisconsin: De Pere has effectively utilized TIF for several projects, including the development of multifamily housing, aligning with the city's comprehensive plan and providing substantial community benefits. [Tax Incremental Financing \(TIF\) / De Pere, Wisconsin \(deperewi.gov\)](http://deperewi.gov)

Project Details and Safeguards: The City of Whitewater Project Worksheet and supplemental materials in your packet outlines the project's financial safeguards.

- Construction Timeline: The developer will commence construction by October 1, 2024, and complete it by November 30, 2025.
- Incentive Payments: Payments will not begin until property taxes are paid by the developer.

- Financial Guarantee: Should the development fall short of the minimum assessed value once constructed, the developer will pay a Payment in Lieu of Taxes (PILOT) for the difference.

Community and Economic Benefits: This development will generate significant benefits to the City, its taxpayers, residents, and businesses.

- New Tax Base: The project will generate over \$1,800,000 in total tax increment over the life of the district to support additional development and \$460,000 in increment annually by its final year, potentially contributing significantly to a future Affordable Housing Fund.
- Economic Impact: This development brings an estimated \$31 million direct and \$48 million indirect economic benefit, along with the creation of 146 jobs.
- Support for Local Businesses: Increased housing options attract and retain a diverse workforce essential for local businesses. Affordable housing allows workers to live near their jobs, reducing turnover and improving productivity. This also makes the region more attractive to potential employers, boosting local economic growth. According to Habitat for Humanity, affordable housing supports economic development by improving job retention and productivity.
- Community Development: The location in TID #11 will help stabilize and potentially attract additional economic development in the surrounding area. This can lead to the revitalization of the neighborhood and further investment in infrastructure and services
- Enhanced Quality of Life: New housing options will improve the quality of life for residents by reducing commuting times, decreasing stress, and providing modern amenities. Access to affordable and stable housing is closely linked to improved mental health and overall well-being, leading to a more productive and engaged community. More details can be found at housingmatters.urban.org.
- Job Creation: The construction phase and subsequent operation of the development will create numerous job opportunities. According to the National Housing Conference, housing projects stimulate local economies by generating jobs not only in construction but also in other sectors as new residents spend their incomes locally. This, in turn, increases consumer spending and tax revenues for the community.

Housing Market Conditions: As evidenced in your packet materials, the apartment market is in an extremely tight condition, and demand for additional conventional apartments is strong at varying rent levels. Recent studies indicate:

- Insufficient Supply: Supply has not been sufficient in recent years to keep up with demand.
- Constraints in For-Sale Sector: Supply-side constraints also exist in the for-sale sector, especially at lower to moderate price points.
- Market Pressure: Rising new construction home prices and a lack of certain for-sale housing products have created an abnormal differential between new construction and resale sectors, putting extreme pressure on the existing home market.
- Income Alignment Issues: Current new construction for-sale housing products do not align with the bulk of area incomes, disenfranchising the mainstream (middle) of the market.

Conclusion: Supporting this type of development aligns with the strategic needs of Whitewater. It addresses our community's pressing non-student rental housing needs, supports economic growth, and ensures financial viability through structured safeguards. Increasing the supply of non-student rental housing will also positively impact the owner-occupied market by freeing up existing stock and creating a ripple effect that, in turn, further drives investment and contributes to a balanced and thriving housing market. Developments like these are crucial for the overall long-term benefit of our community, ensuring that our decisions are aligned with Whitewater's best interests.

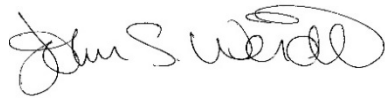
This multifamily development is a solid investment in our community's future. It addresses a critical housing need, supports economic growth, and ensures financial viability through structured safeguards. I encourage us all to support this development for the overall benefit of Whitewater.

Thank you for your attention to this important matter.

Additional Resources

- TIF Economic Development Tool - League of Wisconsin Municipalities: (<https://www.lwm-info.org/1544/TIF-Economic-Development-Tool>) This resource highlights the success of TIF in fostering economic development and job creation in various communities across Wisconsin. TIF has been instrumental in generating substantial increments in property value and supporting diverse types of development, including multifamily housing.
- Tax Incremental Financing on the Rise - Wisconsin Policy Forum: (<https://wispolicyforum.org/research/tax-incremental-financing-on-the-rise-how-do-municipalities-use-their-primary-development-tool/>) This report underscores how municipalities across the state have successfully utilized TIF to support private development and public infrastructure, including multifamily housing projects. The report provides valuable data and case studies demonstrating the positive impacts of TIF.
- The Do's and Don'ts of Tax Increment Financing – MSA: (<https://www.msa-ps.com/the-dos-and-donts-of-tax-increment-financing/>) This guide offers practical insights into the strategic use of TIF, emphasizing its benefits in supporting projects that contribute to community growth and economic stability. It includes examples of successful TIF-funded projects that have enhanced local economies.

Warmest Regards,

A handwritten signature in black ink, appearing to read "John S. Weidl". The signature is fluid and cursive, with the first name "John" being the most prominent.

John S. Weidl, City Manager