



Community Development Authority
Meeting Minutes
Thursday, February 18, 2020 at 9:00 a.m.
via Tele/Video-Conference

Present: Chair Peter Hammond, Tr. Davida Amenta, Michal Dawson, Jon Krouse, Desty Lorino and Tr. Kathy Stokebrand

Also present: Village Manager, Rebecca Ewald; Finance Director Mark Emanuelson; Planning & Development Director Bart Griepentrog; and Katie Gnau, Elder Services Advisory Board

1. Call to order.

The meeting was called to order at 9:03 am.

2. Consider extension of TID 1 for purposes of affordable housing.

Chair Hammond introduced the item and noted that this discussion had been identified as a priority item and that numerous previous discussions had already taken place. He noted that staff had done some additional research on the topic and asked Village Manager Ewald to provide an update.

Village Manager Ewald updated the CDA that her research confirmed that any extension would have to capture the entire year's increment and that a lesser amount could not be utilized. She also noted that there would be no deadline to use the funds and that there were no defined income limits on who the money could benefit, but that the State's definition noted that affordable housing must benefit persons who spend more than 30% of their gross income on housing. She provided HUD's low-income limits by county in the packet for reference, as suggested by the Department of Revenue. She noted that the DOR recommended that a local attorney be utilized for guidance on defining low income in each municipality. Lastly, she provided that the extension could be rescinded, but as a "best practice" the funds would then revert proportionally to the respective taxing jurisdictions.

Village Manager Ewald noted that discussions of the TID extension were prioritized within Strategic Planning to take place after a TIF Policy was adopted, which the Village Board passed on February 15, 2021. She noted that the Village has a small staff, but would continue to explore program options for the extension, with a goal of developing a plan within 12 months. She stated that approval of any program would be the responsibility of the Village Board, but that the CDA, as the Village's Housing Authority, would be the body to work on developing the program options and recommending them to the Board.

Ms. Dawson questioned the advantage of extending the TID for affordable housing without having a proposal to use the funds in place. She questioned why the Village should not just close it and start up a new TID when a new project is proposed. Mr. Krouse noted that he had the same question. He stated that the incremental value being discussed was \$2.5 million revenue. Chair Hammond reminded the CDA that the incremental revenue would be shared proportionally with other taxing jurisdictions and that approximately \$700,000 of it would go to the Village.

Chair Hammond reminded the CDA of the goal of providing increased affordable housing. He stated that in order to accomplish that goal, funds would be needed and that the TID extension provided a

window of opportunity. He acknowledged that it would be nice if the program options were further developed, but suggested that the money be set aside to fund the future initiatives.

Ms. Dawson reiterated her question of why not wait for a proposal, and Mr. Krouse concurred. Tr. Amenta stated that reserving the funds now would offer greater flexibility in their use. She noted that grant programs for seniors or increased housing options, such as triplexes, would not necessitate the development of a new TID. She stated that TIF would be used for a big project, but that other projects to support affordable housing would qualify for these funds. She also acknowledged that creation of a new TID is administratively much more work.

Tr. Amenta noted that the proportional distribution of funds would relate to the excess cash remaining in the TID after its expenses were all paid. Chair Hammond asked Finance Director Emanuelson to confirm the understanding that the excess cash would be proportionally redistributed and that the additional \$2.5 million of incremental revenue would not necessarily be split to the jurisdictions, but rather that the increased value would be added to the taxing structure upon which future rates and revenues would then be calculated. Mr. Emanuelson clarified that the email he provided the CDA was predicated on extending and reserving the \$2.5 million, but then rescinding it at a later date, at which point those total funds would be proportionally shared. Mr. Emanuelson did confirm that the amount to be redistributed pro rata based on the percentages of the tax bills upon closure would be known at the end of the year.

Tr. Amenta also pointed out that the additional revenue to the school is adjusted for equalization by the State the next year, so the district would receive less State aid essentially neutralizing the increased revenue.

Ms. Dawson stated that she was uncomfortable keeping these funds without having a firm project and trying to justify that to the other taxing entities and the Village Board at a time of economic uncertainty. Mr. Emanuelson noted that this would be an opportunity to capture the increment up front to be used for the restricted purposes of affordable housing without a definitive spend down period on it. He noted the risk of assuming that an affordable housing project would be presented to the Village in the future and stated that modest projects might not fit the parameters of a new TID.

Chair Hammond noted the CDA's role was to make a recommendation to the Village Board who would weigh the bigger picture. He noted the CDA's role as the Village's housing authority and that resources were needed to accomplish its housing goals. He noted the flexible funds could be particularly useful for smaller projects. Mr. Krouse stated that made sense and agreed that CDA's purpose was narrower than the Village Board's. He questioned if affordable housing goals should relate to creating brand new affordable units or improving existing units, as in those occupied by seniors. Chair Hammond noted that at this point the specific goal was not known. He noted that a bigger project may be more logical, particularly given the constraints of a smaller staff. He noted that the CDA is not able to provide as definitive of a recommendation as it would like to and could be putting the Board in a challenging position. Mr. Krouse stated that the options are broad, but that sitting money is difficult, particularly with known budget challenges. He stated a belief that no one was against affordable housing, but also suggested that there may be political issues with approving a significant affordable housing project.

Ms. Dawson noted that the CDA already has its own money and could do small projects with those funds. She further suggested that more significant projects could utilize a new TID. Tr. Amenta noted that the CDA's reserved grant funds had all been given away to the businesses and that the remaining money had been reserved for revolving loans for businesses. Chair Hammond noted that the CDA's administrative "bucket" also had some remaining funds. Mr. Emanuelson confirmed that approximately \$100,000 of administrative funds were left.

Mr. Lorino stated that the original purpose of the TID was to convert blighted property into tax relief for the entire Village. He acknowledged that the increased revenue to the school would likely be neutralized. He noted that additional goals of senior housing, affordable housing, tax relief and energy efficiency have an impact on how the money could be used, if the TID was kept open, and the CDA's role was to fulfill those goals. He noted that the CDA was recently given the opportunity to see how other communities and their housing stock and tax structures were developed. He noted that he was a proponent of owner-occupied housing, which he sees a lack of within Shorewood. He noted that it can be risky for any community to get involved in the real estate market. He also questioned that if residents don't receive the tax relief they've been expecting, what was the purpose of the TID? Mr. Emanuelson stated that affordable housing extension did not need to relate to the original purpose of the TID.

Ms. Dawson shared that the CDA could be putting themselves into a defensive position with the other taxing jurisdictions who would likely send representatives to the Village Board meeting and may question why the district is being extended without a known project.

Mr. Emanuelson noted that the other jurisdictions would not need to approve the extension and stated that the other jurisdictions are not impacted by the decision to extend or not extend. He noted if the district were closed the incremental value would be added to the general assessed values, which would reduce the mill rate, which would reduce property taxes on property's whose values did not change. The other jurisdictions will proportionally receive the residual cash on hand as additional revenue when the district closes, but would not be losing any revenue regardless of the decision to extend or not. He noted that the tax rate charged to homeowners to determine how the taxes would be generated and distributed is what would be impacted, but not the revenue. Tr. Amenta clarified by saying that when the TID is closed assessed values would go up. If the tax levy stayed the same, the mill rate would go down. Alternatively, jurisdictions could raise their spending, but keep the same mill rate. She noted that every jurisdiction would go through the same process to determine their levy and the mill rate would be created based on the amended assessed values. Mr. Emanuelson also noted that the amounts being discussed would not even be a blip for jurisdictions with larger coverage areas, such as MATC and MMSD. Chair Hammond summarized that the beneficiary would be the taxpayer not the jurisdiction. Ms. Dawson noted that it was good to provide benefits to taxpayers.

Mr. Krouse questioned if the taxpayer did not receive the approximate \$400 for a \$300,000 house of tax relief this year that they would receive it next year. Mr. Emanuelson confirmed that was the current estimate, but previously provided the disclaimer that all things are never equal from one year to the next due to expected incremental increases that would offset some of the tax relief.

Tr. Stokebrand questioned the administrative costs of implementing smaller projects. She stated that we would likely need to outsource the management of such programs and believed we would lose money to administration. Ms. Gnau, on behalf of the Elder Services Advisory Board, suggested that a third party organization could work with us on those programs. Tr. Stokebrand noted taxpayers could take their tax savings and do the smaller projects themselves. Ms. Gnau acknowledged that option and noted that if the goal is affordable housing that lower taxes helps as well. Village Manager Ewald noted that the program referenced by the Elder Services Advisory Board was Revitalize Milwaukee, which is currently available to all of Shorewood's low-income seniors for free. The extension funds could be used to expand that to that program to moderate-income seniors and that would require the Village to provide \$25,000 - \$35,000 of annual funds for them to hire an additional part-time staff member, plus an additional \$100,000 to be used on Shorewood residences.

Chair Hammond reminded the CDA that they were not at the solutions stage yet, but needed to decide if they wanted to extend it before defining solutions. Ms. Dawson stated that they could also work on a plan and priorities without extending the TID. Tr. Amenta noted that justice and equity are issues at the forefront of everyone's thoughts. She noted residential segregation issues within Milwaukee and the

historical issue of redlining. She also noted that it is more expensive than ever to live in Shorewood and that the community must start wrestling with that. She stated that this question related directly to that struggle. Chair Hammond followed-up on her thoughts by stating that solutions require funding and there is an opportunity to reserve that funding right now.

Mr. Krouse agreed with Tr. Amenta's statements, but thought that the CDA could work on ways to address those issues without extending the TID. He stated that without known projects he was having a hard time keeping the TID open. He did not see a huge benefit to extending it. He noted that when he thinks of affordable housing he is thinking of new units, not smaller projects. He suggested that the issue was too theoretical at this point, but that the tax savings were real.

Tr. Stokebrand noted that the same question will be asked when the next TID closes and that additional opportunities would be available.

Finance Director Emanuelson stated that the projected tax relief was not just a one year thing, but would last for years to come. He further noted that the affordable housing extension would only be one year. Deciding not to extend it would provide the tax relief one year sooner.

Chair Hammond questioned if other communities extended TIDs without a known plan. Village Manager Ewald noted that it has gone both ways. She noted that concepts can fall through, which requires communities to go back to work on other options. She also stated that many larger communities utilize these funds through their CDBG programs. She noted that the programs were unique to each community and believed 12 months for Shorewood to evaluate its options was reasonable.

Chair Hammond thanked the CDA for the great discussion on a challenging topic.

Mr. Krouse made a motion not to extend TID 1 for purposes of affordable housing; seconded by Ms. Dawson. A roll call vote was taken: Tr. Amenta – No, Mr. Krouse – Yes, Mr. Lorino – Yes, Tr. Stokebrand – Yes, Ms. Dawson – Yes, Chair Hammond – No. The motion passed 4-2.

Village Manager Ewald noted that the topic would be considered by the Village Board at their March 1 meeting.

3. Review draft Housing Chapter for the Comprehensive Plan Update.

4. Review draft Economic Development Chapter for the Comprehensive Plan Update.

Items 3 and 4 were discussed together.

Planning Director Griepentrog provided an overview of the chapter updates, noting that the CDA previously reviewed the content in September 2020, but that this was the first time they were seeing the proposed goals, objectives and recommendations. He also noted that the Plan Commission has reviewed all draft chapters, but that the CDA was only provided the housing and economic development chapters in recognition of their mission.

With respect to the project's timeline, he noted that the Plan Commission would have the opportunity to review the entire document at their next meeting on February 23 and that a virtual public open house had been scheduled for March 17. The final draft would need to be updated prior to that open house, but he noted that he was acceptable in delaying the CDA's discussion until their March 5 meeting, if they wanted to take more time to review the drafts. The ultimate goal would be to have all comments incorporated into a final draft for consideration of recommendation by the Plan Commission at their March 23 meeting.

Chair Hammond asked the CDA if they had an opportunity to review the draft documents. Mr. Lorino noted that he reviewed the documents but did not yet have comments to share. He requested some more time to formulate those. Chair Hammond noted he also had a few questions and had no fundamental issues with the draft, but suggested utilizing the March 5 meeting to discuss. The CDA was in agreement.

5. Adjournment.

Tr. Amenta motioned to adjourn the meeting at 10:11 am; seconded by Ms. Dawson. Vote 6-0.

Respectfully submitted,

A handwritten signature in blue ink that reads "Bart Griepentrog". The signature is written in a cursive, flowing style.

Bart Griepentrog, AICP
Planning & Development Director