

CITY OF NEENAH
SPECIAL FINANCE AND PERSONNEL COMMITTEE MEETING
Wednesday, March 15, 2023 – 6:00 p.m.
Council Chambers, Neenah City Administration Building
211 Walnut Street, Neenah, Wisconsin

NOTICE IS HEREBY GIVEN, pursuant to the requirements of Wis. Stats. Sec. 19.84, that a majority of the Neenah Common Council may be present at this meeting. Common Council members may be present to gather information about a subject over which they have decision-making responsibility. This constitutes a meeting of the Neenah Common Council and must be noticed as such. The Council will follow the same agenda as the committee, but will not take any formal action at this meeting.

AGENDA

1. Public Appearances
2. Tax Incremental District #6 Affordable Housing Extension – Resolution 2023-05
3. Closure of Tax Incremental District (TID) #6 – Resolution 2023-06
4. Community Development Block Grant assistance to Habitat for Humanity for property acquisition costs at 109 King Street
5. Community Development Block Grant assistance for Habitat for Humanity for property acquisition costs at 630 Main Street
6. Community Development Block Grant assistance to Habitat for Humanity for property acquisition and renovation costs at 312 E. Franklin Avenue
7. Adjournment

In accordance with the requirements of Title II of the Americans with Disabilities Act (ADA), the City of Neenah will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs, or activities. If you need assistance, or reasonable accommodation in participating in this meeting or event due to a disability as defined under the ADA, please call the Clerk's Office (920) 886-6100 or the **City's ADA Coordinator at (920) 886-6106 or e-mail attorney@ci.Neenah.wi.us** at least 48 hours prior to the scheduled meeting or event to request an accommodation.



M E M O R A N D U M

DATE: March 2, 2023
TO: Chairman Erickson and Finance and Personnel Committee Members
FROM: Chris A. Haese, Director of Community Development and Assessment
RE: **Tax Incremental District #6 Affordable Housing Extension – Resolution No. 2023-05**

Wisconsin Tax Incremental Finance (TIF) law was modified in 2009 to allow communities to extend the life of a Tax Incremental District (TID) by one year for the purposes of benefiting affordable housing and improving the housing stock of their community. The extension allows a community to collect one additional year of tax increment and utilize at least 75% of those funds to benefit affordable housing. The remaining 25% can be used to improve the housing stock of the community.

TID No. 6, which was created in 1997, serves the Southpark Industrial Center Expansion Area. The District has generated increment of more than \$28 million during its life and has helped support significant redevelopment efforts including the Plexus manufacturing facility, the largest manufacturing building to be in the constructed in the City to date. The District has recovered all of its project costs and is scheduled for closure this year.

With a one year extension of TID No. 6, \$553,000 in projected tax revenue could be utilized to help fund a number of housing affordability efforts in the City including the following:

- Housing studies
- Affordable housing projects
- Housing stock improvement programs
- Subdivision development (limited)
- Infrastructure for low and moderate income households

A number of communities throughout the state are already taking advantage of this legislation and have implemented their own affordable housing initiatives. I have attached an article published in the January 2018 addition of *The Municipality* as a reference.

As you are all aware, Neenah has historically utilized Community Development Block Grant (CDBG) funds to provide housing rehabilitation loans and grants to lower income households. Since 1983, the program has reviewed over 700 applications from homeowners to assist with home improvement projects. However, even with this success, much of our housing stock has not benefited from this program due to the restrictions and limitations imposed by Housing and Urban Development (HUD) on the CDBG program. With the additional funding provided by the TID No. 6 extension, the City could enhance this program by removing some of the burdensome and restrictive provisions imposed by HUD. Menasha and Oshkosh have done just that with their respective programs. Staff has been working on developing a similar program and will present specific recommendations regarding the program in the near future.

March 7, 2023 – Page 2

Staff has also discussed the possibility of utilizing these funds for the preparation of a City-wide housing study that would better evaluate the housing needs of our community and provide the basis for a more focused approach to addressing our housing needs. The most recent comprehensive housing study completed for the City was in 1992.

The ability to provide a direct funding source for affordable housing is a unique opportunity. Not only can it be a great tool to assist with our affordability challenges but can also help improve our housing stock, grow our tax base and improve housing options throughout the City. There is great flexibility with these funds, limited only by the City's creativity. Should the City forgo the extension, TID No. 6 will close this year and the funds will be distributed proportionately to the four taxing entities. A closure resolution will be presented for action in the near future.

Staff strongly recommends the City approve the resolution to extend the life of TID No. 6 for the purpose of funding housing affordability efforts and housing stock improvements within the City.

Appropriate action at this time is to recommend Council approve Resolution No. 2023-05, approving a one year affordable housing extension of TID No. 6 to benefit affordable housing and housing stock improvements within the City.

Using TIF to Benefit Affordable Housing

Curt Witynski, J.D., Deputy Executive Director, League of Wisconsin Municipalities



Most municipal officials are familiar with using tax incremental financing (TIF) to help fund infrastructure and create incentives to promote economic development and job creation within a community. Less are aware that after a TIF district has paid all of its infrastructure and development costs, but before it is formally terminated, it can be repurposed for one additional year to benefit affordable housing and improve housing stock anywhere within the community.

The “Affordable Housing Extension” (AHE) was added to TIF law in 2009, but relatively few of the 600 cities and villages in the state have taken advantage of the option. Under Wis. Stat. sec. 66.1105(6)(g), a city or village with a TIF district that has retired its debt and paid for all of its project costs can extend the life of the district for one year if the city or village does the following: (a) adopts a resolution extending the life of the TIF district for a specified number of months (up to one year) and specifies how the city or village intends to improve its housing stock; and (b) forwards a copy of the resolution to the department of revenue (DOR), notifying the department that it must continue to authorize the allocation of tax increments to the district.

Upon receiving such notice, DOR must authorize the allocation of tax increments to the district during the TIF district’s extended life, without regard to any other statutory requirements that would otherwise require termination of the allocation of such increments. A city or village must use at least 75% of those tax increments to “benefit affordable housing” anywhere within the city or village in which the district exists. Affordable housing is defined as housing costing no more than 30% of the household’s gross monthly income. A household consists of an individual and his or her spouse and all minor dependents. Any remaining portion of the increments must be used by the municipality to improve its housing stock.

Examples of Municipalities Using the Affordable Housing Extension Option

Several communities around the state have taken advantage of the affordable housing extension in the TIF law:

Milwaukee. Since 2015, the City of Milwaukee has extended seven TIDs for an additional year to benefit affordable housing and improve housing stock in the city. In total, over \$2 million of increment has been realized to date for this purpose.

The money has been used to fund many of the programs within the city’s Strong Neighborhoods Plan. An overview of the Strong Neighborhoods Plan is available on the city’s website <http://bit.ly/MilwStrongNeighborhoods>

Madison. Madison has used the provision five times to help fund the city’s Affordable Housing Initiative Fund, which is used to incentivize developers to pursue Section 42 federal tax credits for affordable housing developments. Under the program, the city invites proposals from developers to build affordable units in amenity-rich areas with easy access to public transportation. Affordable units set rents at 30, 50, and 60 percent of area median income.

The Affordable Housing Initiative Fund has led to the funding of 486 affordable housing units over the last three years, representing \$100 million of development between eight developers, supported by \$7.58 million from the city’s fund.

The city budgets about \$4.5 million annually for the Affordable Housing Initiative Fund. Most of that comes from general obligation bonding. However, when a closing TID is capable of being extended one year for affordable housing purposes, the increment from the TID in its last year is added to the fund.

Fitchburg. Fitchburg recently kept one of its TIF districts open an extra year to begin to pay into a fund for affordable housing. The one-year extension generated \$127,000. The City is using approximately \$40,000 of those funds to begin Fitchburg Housing Goals, Strategies, Toolkit, and Implementation Plan with a focus on affordability. The city has hired MSA & Urban Assets as their consultants on implementing their plan.

Monona. Monona used the affordable housing extension to keep its TID #3 open an additional year to help fund a new program called “Renew Monona.” Renew Monona is a housing stock renewal loan program created by the CDA and

administered by the City of Monona. The program offers 0% interest loans to those purchasing or residing in a home in the city to be used for making substantial improvements to the home to enhance its energy efficiencies and bring it up to modern standards.¹

La Crosse. La Crosse used a combination of CDBG grants and TIF dollars from the affordable housing extension to fund the construction of five energy efficient houses in a struggling neighborhood to be sold to low-moderate income households at an average sale price of \$154,000.

Appleton. Appleton extended its TID #2 for one year under the affordable housing extension provision and used the tax increment to help pay for street repairs in a low-moderate income neighborhood.

Conclusion

Before your next successful TIF district comes to a close, consider taking advantage of the option provided in TIF law to extend the district for one more year and use the tax increments to “benefit affordable housing” within your community.

About the author:

Curt manages the League’s lobbying program, representing the League before the Legislature, the Governor’s office, and state agencies. He writes the *Legislative Bulletin* and *Capitol Buzz* newsletters, organizes legislative material and the Budgeting Toolkit for the League’s web page, and answers questions from the media and members about legislation that the League is following. Additionally, he helps plan League conferences and meetings. Contact Curt at witynski@lwm-info.org

1. The Monona, La Crosse, and Appleton examples are taken from a paper prepared by Abigail Jackson in 2015 as she was pursuing her master’s degree at UW-Madison. Her *Analysis of Wisconsin’s Act 28, the Affordable Housing Extension* is posted online: https://jacksonabby.files.wordpress.com/2016/04/jackson_final-paper-844-1.pdf

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- Strategic Planning
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- Classification and Compensation Studies



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RESOLUTION NO. 2023-05

A RESOLUTION APPROVING AN AFFORDABLE HOUSING EXTENSION THROUGH TAX INCREMENT DISTRICT NO. 6 TO BENEFIT AFFORDABLE HOUSING AND IMPROVE THE HOUSING STOCK WITHIN THE CITY OF NEENAH.

WHEREAS, the City of Neenah desires to implement an initiative to improve the City's aging housing stock and revitalize neighborhoods; and,

WHEREAS, The City of Neenah created Tax Increment District (TID) No. 6 in 1997 and has successfully completed the implementation of the Project Plan and has paid off the aggregate of all its project costs; and

WHEREAS, the State of Wisconsin Statutes requires that TIDs created after 1995 be terminated after 23 years and after all project costs have been paid off; requiring a statutory closing of TID No. 6 by March 20, 2020; and

WHEREAS, the State of Wisconsin Statutes allowed TIDs to be declared as Distressed, effectively extending the TID by a maximum of 10 years after the statutory required closing; requiring a statutory closing of TID No. 6 by March 20, 2030; and

WHEREAS, the City of Neenah shall cause the termination of TID No. 6 prior to the statutory closing on or before April 15, 2023; and

WHEREAS, through the extension under Wisconsin Statute 66.1105(6)(g), a TID may be extended for up to one (1) year, utilizing the last year of tax increment to improve the City's housing stock; and

WHEREAS, the tax increment collected in 2023 for tax bills issued in 2022 would be used to fund this initiative; and

WHEREAS, 75% of the final tax increment must benefit affordable housing and the remaining portion must be used to improve the housing stock in the City; and

NOW THEREFORE, BE IT RESOLVED THE CITY OF NEENAH CHOOSES TO EXTEND TID NO. 6 FOR ONE (1) YEAR FOR THE PURPOSES OF AFFORDABLE HOUSING.

Recommended by: **Finance and Personnel Committee**

CITY OF NEENAH, WISCONSIN

Moved:

Jane Lang, Mayor

Passed:

Charlotte Nagel, City Clerk



M E M O R A N D U M

DATE: March 2, 2023
TO: Chairman Erickson and Finance and Personnel Committee Members
FROM: Chris A. Haese, Director of Community Development and Assessment
RE: **Closure of Tax Incremental District (TID) No. 6 – Resolution 2023-06**

TID No. 6, which was created in 1997, serves the Southpark Industrial Center Expansion Area. The District has generated increment of over \$28 million during its life. More importantly, it was a catalyst to Plexus' new manufacturing facility within the Expansion Area. This project not only provided a tax increment of more than \$16 million, but also added over 1,000 jobs to Neenah's economy.

TID No. 6 has repaid all of the debt incurred to assist the redevelopment of the District and is required by state statute to close. Attached for your review and consideration is Resolution 2023-06, terminating TID No. 6 and proportionately allocating excess increment of approximately \$390,000 to the affected taxing districts. The City's proportionate share will be approximately \$175,000 (45%).

Appropriate action at this time is to recommend Council approve Resolution No. 2023-06 Terminating TID No. 6 and allocating excess increment to the affected taxing districts.



RESOLUTION NO. 2023-06

A RESOLUTION TERMINATING TAX INCREMENT DISTRICT (TID) No. 6 WITHIN THE CITY OF NEENAH AND AUTORIZING THE DISTRIBUTION OF EXCESS INCREMENT TO OVERLYING TAXING DISTRICTS

WHEREAS, the City of Neenah created TID No. 6 on March 20, 1997 and adopted a project plan in the same year; approved an amendment in 2006 and designated the district as distressed in 2015; and

WHEREAS, all TID No. 6 projects were completed in the prescribed allowed time; and

WHEREAS, sufficient increment was collected from the 2021 tax roll, payable 2022 to cover TID No. 6 project costs; and

WHEREAS, the final tax increment collected from the 2022 tax roll, payable in 2023 to support affordable housing efforts as approved in Resolution No. 2023-05.

THEREFORE, BE IT RESOLVED, that the City Council of the City of Neenah terminates TID No. 6; and

BE IT FURTHER RESOLVED, that the City Clerk shall notify the Wisconsin Department of Revenue (DOR) within 60 days of this resolution, or prior to the deadline of April 15, 2023, whichever comes first, that TID No. 6 has been terminated; and

BE IT FURTHER RESOLVED, that the Director of Finance shall sign the required DOR final accounting form (PE-223) agreeing on a date by which the City shall submit final accounting information to the DOR; and

BE IT FURTHER RESOLVED, that the Director of Finance shall distribute any excess increment collected after providing ongoing expenses of the TID, to the affected taxing districts with proportionate shares to be determined by the final audit by the City's auditors, Baker Tilly US, LLP and

BE IT FURTHER RESOLVED, that the City of Neenah shall accept all remaining debts for TID No. 6 as determined by in the final audit by the auditors, Baker Tilly US, LLP.

Recommended by: **Finance and Personnel Committee**

CITY OF NEENAH, WISCONSIN

Moved:

Jane Lang, Mayor

Passed:

Charlotte Nagel, City Clerk



Department of Community Development
211 Walnut St., P.O. Box 426, Neenah, WI 54957-0426
Phone: 920-886-6125 Fax: 920-886-6129
website/e-mail: www.ci.neenah.wi.us

MEMORANDUM

TO: Chairperson Erickson and members of the Finance and Personnel Committee

FROM: Carol Kasimor, Assistant Planner

DATE: February 16, 2023

SUBJ: Community Development Block Grant assistance to Habitat for Humanity for property acquisition costs at 109 King Street

Habitat for Humanity of the Greater Fox Cities Area proposes to partner with a moderate income homebuyer to construct a home at 109 King Street. The house previously on the property was demolished in 2020.

We propose to assist the project with \$27,500 from the Community Development Block Grant program to support homeownership. Habitat builds about 15 homes throughout the Fox Cities each year. Garages are being built at the time of the home build. No other lots assisted by the City are currently available for purchase through the program.

Appropriate action at this time is to recommend Council approve assistance to Habitat for Humanity of the Greater Fox Cities Area for property acquisition costs in the amount of \$27,500 at 109 King Street, with Community Development Block Grant funds.





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MEMORANDUM

TO: Chairperson Erickson and members of the Finance and Personnel Committee
FROM: Carol Kasimor, Assistant Planner
DATE: February 16, 2023
SUBJ: Community Development Block Grant assistance to Habitat for Humanity for property acquisition costs at 630 Main Street

Habitat for Humanity of the Greater Fox Cities Area proposes to partner with a moderate income homebuyer to construct a home at 630 Main Street. The house previously on the property was razed in 2020.

We propose to assist the project with \$18,000 from the Community Development Block Grant program to support homeownership. Habitat builds about 15 homes throughout the Fox Cities per year. Garages are being built at the same time as the home build. No other lots assisted by the City are currently available for purchase through the program.

Appropriate action at this time is to recommend Council approve assistance to Habitat for Humanity of the Greater Fox Cities Area for property acquisition costs in the amount of \$18,000 at 630 Main Street, with Community Development Block Grant funds.





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MEMORANDUM

TO: Chairperson Erickson and members of the Finance and Personnel Committee

FROM: Carol Kasimor, Assistant Planner

DATE: February 16, 2023

SUBJ: Community Development Block Grant Assistance to Habitat for Humanity for property acquisition and renovation costs at 312 E. Franklin Avenue

Habitat for Humanity of the Greater Fox Cities Area proposes to partner with a moderate income homebuyer to acquire and renovate 312 E. Franklin Avenue, a single family home. Habitat has expanded their program of assistance to homebuyers to include acquisition of properties that can be improved and updated.

The cost of acquisition and rehab is estimated to be \$200,000. We propose to assist the project with \$30,000 from the Community Development Block Grant program.

Appropriate action at this time is to recommend Council approve Community Development Block Grant assistance to Habitat for Humanity of the Greater Fox Cities Area in the amount of \$30,000 for property acquisition and renovation costs at 312 E. Franklin Avenue.

