



**Community Development Authority
Special Meeting Agenda
Friday, October 23, 2020 at 9:00 a.m.
via teleconference**

Join Zoom Meeting

<https://zoom.us/j/91560991608>

You may also join the meeting via toll free phone number: +1 312 626 6799
Meeting ID: 915 6099 1608

1. Call to order.
2. Consider September 4, 2020 meeting minutes.
3. Consider public assistance application and procedure.
4. Update on housing program opportunities.
5. Adjournment.

DATED at Shorewood, Wisconsin, this 20th of October, 2020 at 4:30 p.m.

VILLAGE OF SHOREWOOD

Sara Bruckman, CMC/WCMC, Village Clerk

Should you have any questions or comments regarding any items on this agenda, please contact the Village Manager's Office at 847-2700. It is possible that members of and possibly a quorum of members of other governmental bodies of the municipality may be in attendance at the above stated meeting to gather information; no action will be taken by any governmental body at the above stated meeting other than the governmental body specifically referred to above in this notice. Upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals



Community Development Authority
Meeting Minutes
Friday, September 4, 2020 at 8:00 a.m.
via Tele/Video-Conference

DRAFT

Present: Chair Peter Hammond, Tr. Davida Amenta, Jon Krouse, Joe LeSage, Tr. Kathy Stokebrand and Joe LeSage

Also present: Village Manager, Rebecca Ewald, BID Director Steph Salvia, Planning and Development Director Bart Griepentrog.

1. Call to order.

The meeting was called to order at 8:11 am.

2. Consider June 5, 2020 meeting minutes.

Tr. Stokebrand motioned to approve the minutes as drafted; seconded by Tr. Amenta. Vote 5-0.

3. Consider July 13, 2020 Special Joint CDA/Village Board meeting minutes.

Tr. Stokebrand motioned to approve the minutes as drafted; seconded by Tr. Amenta. Vote 5-0.

4. Review of Q2 2020 fiscal report. (1:21)

Chair Hammond noted that the fiscal report was located on page 11 of the packet. Village Manager Ewald noted that the report was provided for information. Tr. Amenta questioned the \$39,271 projected to be spent on façade grants in 2020. Village Manager Ewald noted that the second page of the report provided a break-down of the grants. Tr. Amenta questioned why Elan Peltz received two façade grants, and Planning Director Griepentrog informed that he qualified for two based on the existence of two commercial storefronts.

5. Discuss possible extension of TID 1 for affordable housing. (4:37)

Village Manager Ewald noted that the number one priority of Strategic Planning with the Village Board was to evaluate whether or not to extend TID 1 for the purposes of affordable housing. She informed that staff has looked at other municipalities in Wisconsin who have exercised this option and has not found any of similar size to Shorewood. She noted that contemplation of how the funds would be utilized would need to be discussed, understanding that most other municipalities who have done this have housing staff that also manages other programs. She noted that the CDA's Neighborhood Loan Program was currently frozen, in part due to administrative issues. She suggested that other options, including a call to developers, could help narrow the use of the funds. Chair Hammond asked members to confirm that they had a sufficient understanding of the concept of the extension.

Tr. Amenta questioned if only a portion of the increment could be considered, and Village Manager Ewald confirmed that was correct. Tr. Amenta further questioned if there were restrictions in the legislation as to how the money could be used. Village Manager Ewald stated that 75% of the increment needed to be utilized specifically for affordable housing that costs no more than 30% of the

household's gross monthly income and the remaining 25% could be used for to improve the Village's housing stock. Mr. Krouse questioned if the funds needed to be used for new construction or could also be utilized for retrofitting. Village Manager Ewald confirmed that either could be considered, as long as it met up with the required percentages. Tr. Amenta questioned if the household income was a Shorewood household income or a County household income. Village Manager Ewald noted that individual applicants would need to go through a screening process to confirm based on the State's definition of 30%. Tr. Amenta requested that we confirm this aspect, and Village Manager Ewald noted that she would follow-up.

Mr. LeSage questioned where the funds would go if the Village elected not to extend the TID. Village Manager Ewald noted that a resolution would be passed to close the TID. Chair Hammond noted that tax increment would be shared with all of the other taxing authorities that are part of the TID. Tr. Amenta noted that it would increase the Village's assessed value, which would presumably lower taxes. Tr. Stokebrand questioned if any money would actually be moving or if just the valuation would change. Tr. Amenta stated that any money left at the end of the year would be split up between taxing agencies.

Tr. Stokebrand questioned the Village's history with affordable housing. Village Manager confirmed that the LightHorse development includes affordable housing, and it was noted that Section 8 housing exists within River Park. Tr. Stokebrand questioned if the Village sees the LightHorse as a success, noting it was developed with available staff. She noted that adding staff to make a program work was not going to happen. Mr. LeSage agreed that it seemed like a lot of money without a lot of staff. Tr. Amenta suggested that they could contract with someone to administer the funds. The Milwaukee Metropolitan Fair Housing Council was noted. Planning Director Griepentrog also noted that the LightHorse was developed with local TIF assistance, but that the financing related to the affordable housing component was through the State.

Tr. Amenta suggested that inclusionary zoning, where a certain amount of units are set aside for affordable housing, could provide a model for how to set up financing. She noted that the Village's financial consultant could help determine the amount of subsidy amortized overtime required to set aside the affordable units in relation to the difference in fair market rent.

Mr. Krouse noted that the extension would be allowed for a year and questioned if those funds would also need to be awarded within that timeframe. Chair Hammond confirmed that it would not need to be spent within that time. Village Manager noted that the funds would stay in a segregated account to be used for the purposes identified by Statute.

Chair Hammond asked the group to discuss conceptually whether or not this concept was something they wanted to pursue. Mr. Krouse noted that the recent housing study confirmed that the Village actually had a lot of affordable housing, but that it was not being occupied by residents who necessarily need it. He suggested that building more market-rate housing could allow those residents to free up those units. Chair Hammond noted that building more units would allow new residents to move in, but without any units being defined as affordable, the housing stock would still not necessarily be occupied by qualifying households.

Mr. Krouse noted that in theory the development of affordable housing is a great thing, but logistically and realistically had doubts as to whether or not it would be built. Mr. LeSage agreed. Tr. Amenta asked for clarification. Developer, NIMBY and appropriate location issues were suggested, but he noted that he was not suggesting it wasn't worth trying despite those challenges. Mr. LeSage noted that affordable housing was a worthwhile goal worthy of pursuing, but had concerns that sophisticated developers would take advantage of it.

Despite the suggested challenges, Chair Hammond asked if any member was opposed to the concept of pursuing the extension. Mr. Krouse stated that he was for it, as long as it did not create an undue

burden on staff to take on. Tr. Amenta stated that staff issues should not be a reason to not do what is right for the Village. She believed that could be figured out. Tr. Stokebrand questioned if the staff costs could be taken out of the increment extension funds. Tr. Amenta suggested that if it was contracted that it could be. Tr. Stokebrand noted that she had the same concerns stated by Mr. Krouse and Mr. LeSage. She stated that she has a hard time understanding how a village the size of Shorewood deals with this issue. She noted that part of affordability is taxes and that many people would like to see the TIDs closed. She was unsure what the development options would be. Chair Hammond requested that the group not get too far ahead of itself on considering future decisions and wanted to focus the conversation on the concept of the extension.

Chair Hammond questioned if the funds were set aside whether or not they could be reverted to the other taxing jurisdictions if not utilized. Village Manager Ewald noted that she would look into that question.

Chair Hammond stated that he felt senior affordable housing has been the primary focus of what he has heard. Tr. Amenta disagreed and noted that we are in a new era with both COVID and race relations issues. She noted that the demographics of Shorewood do not match Milwaukee County. She also stated that the Milwaukee School Board has asked suburban districts to start talking seriously about integration and not having disparate educational experiences for children who live a mile apart from each other. She stated that issues of racial inequity come down to residential segregation. She believed the only way out of current challenges is to get rid of residential segregation. She believed that Shorewood needs to look into family housing or refurbishing existing units that are affordable.

Chair Hammond thanked Tr. Amenta for the helpful feedback. Mr. LeSage expressed 100% agreement with what Tr. Amenta stated, but wanted to clarify that his hesitation related to practicality.

Chair Hammond summarized that he had heard a general consensus on moving forward with the concept of the extension. Mr. LeSage questioned if the CDA could put out an RFP to the development community to see what types of concepts could be possible. Tr. Stokebrand agreed. Village Manager Ewald noted that the Milwaukee Trust Fund did a similar solicitation to spend some of their funding. She suggested focusing efforts on a bigger project rather than a bunch of smaller, more labor-intensive projects. Tr. Amenta suggested that Baker Tilly or Novogradac may also have ideas. Tr. Stokebrand asked if this would be part of their general contract. Tr. Amenta said that she remembered Baker Tilly talking about being able to it, but was unsure if it is in their contract. Village Manager Ewald said she would reach out to Baker Tilly.

Mr. LeSage noted that college students would likely technically qualify for low-income housing, but did not believe that they were the intended audience. He suggested that the project may need to be structured like Section 8 housing.

Chair Hammond noted that there are several steps to clear before defining exactly what types of projects could be developed. Tr. Amenta stated that while the next steps are being considered projects with lesser administrative burden should be considered. She noted that the façade grant and emergency business assistance grants were both developed in a direct manner.

Chair Hammond asked Village Manager Ewald to confirm the recommended goals from the Housing Study within the meeting materials and a desire to utilize any extension funds for one, larger project rather than several smaller measures. Chair Hammond asked the CDA their opinion of that suggestion. He noted that he did not have a preference, but conceptually liked the idea of a bigger project. Tr. Amenta noted that if the CDA were to look at bigger projects that they should not be concentrated. She mentioned that zoning may need to be reviewed to confirm implementation in various parts of the village, including the east side.

Village Manager Ewald noted that the recommendations offered by Novogradac had yet to be fully reviewed and discussed by the CDA. Tr. Amenta stated that any and all of the recommendations should be considered. She noted that modifying zoning regulations to allow for accessory dwelling units, or 3 or 4 unit buildings is something small that could be possibly be implemented throughout the village. She also said that the CDA should look for a big project too. Village Manager Ewald noted that zoning reform would be proposed at the Plan Commission for Village Board consideration. Planning Director Griepentrog noted that the current Comprehensive Plan Update could recommend these types of changes.

With respect to the bulleted recommendations, Chair Hammond questioned if the Conservation Committee or Elder Services Advisory Board could be asked to provide input on an energy efficiency or senior housing improvement program. He also confirmed that the duplex conversion, down-payment assistance and attic-improvement loans were currently paused. He questioned if developers could be asked to provide conceptual examples of what new housing stock might look like. He believed that having these options better defined would help the CDA make further decisions. Village Manager Ewald liked the suggestion, but also requested that modified programs need to also clarify how they are to be administered.

Mr. LeSage stated that we should partner with groups, such as Focus on Energy or WHEDA, on these initiatives. He also suggested that the Village could look to identify deleterious properties as opportunity areas to bring affordable housing. Chair Hammond agreed that asking people to help us identify third-party partners that could help facilitate the program was a good idea.

Village Manager Ewald questioned if the CDA wanted to end the duplex conversion program. Mr. LeSage motioned to do so, seconded by Tr. Stokebrand. However, since that action was not identified on the agenda, no action could be taken. Consideration was requested at the next meeting.

Planning Director Griepentrog reminded the CDA that they already have funds within the Neighborhood Improvement Loan Program that could be repositioned for numerous activities, such as energy efficiency or senior-friendly improvements, outside of the need to extend TID 1 for affordable housing. He also noted that the Conservation Committee has put together a proposal for how they would like to see an energy efficiency program be implemented. Tr. Stokebrand questioned if energy efficiency and senior-friendly improvements applied to only single-family housing or could they also be utilized in apartments. Chair Hammond believed they could apply to both.

Village Manager Ewald noted that staff had enough direction to move forward to the next steps.

- 6. Review of draft Housing Chapter for the Comprehensive Plan Update. (55:15)**
- 7. Review of draft Economic Development Chapter for the Comprehensive Plan Update.**

Items 6 and 7 were discussed together.

Planning Director Griepentrog introduced these items by stating that the Plan Commission had also reviewed the draft chapters at their August 27th meeting. He offered to go through the same presentation, but being cognizant of the time, also offered to open up each of the chapters for direct discussion. He noted that the primary objective of the discussion was to confirm the Comprehensive Plan's existing goals or suggestion modifications, and to identify prospective recommendations to support those goals within each of the chapters. He noted that a survey was being sent to the Plan Commissioners to help narrow down the list of recommendations, because it is not feasible to include everything. He offered to also survey CDA members for their thoughts.

Tr. Amenta noted that she had reviewed the chapters and was prepared to offer her thoughts. Chair Hammond noted the same, and Tr. Stokebrand noted that she participated in the Plan Commissions' review. Tr. Amenta requested that housing development since 2014 be included within the historical development section, with a notation of the associated TID funding to develop primarily luxury housing. She also noted that the housing tenure table indicates that Shorewood is not comparable to other inner-ring suburbs, but rather at the bottom in terms of owner-occupied housing. She questioned why the Cornerstone was not included within the New Housing Construction Permits Issued by Year Table and desired to include additional details relating to the valuation of the projects. She noted that three of the four housing recommendations pertaining to the first goal were focused on multi-family and that affordability was not included. She believed the second goal sounded elitist. She questioned what code and process impediments were in place to maintaining property. Tr. Stokebrand responded that minimum design standards, such as no vinyl siding, would be an example.

Chair Hammond requested that Planning Director Griepentrog provide any specific questions so that the CDA could provide direct input and remind everyone of the project's timeline. Planning Director Griepentrog informed that the Plan is projected to be updated in January 2021 and noted that draft chapters were to be reviewed by the Plan Commission in August, September and October, prior to a public open house in October and a presentation of the final draft plan in November. He noted that timeline was ambitious. He requested that the CDA review the potential recommendations listed within each of the chapters and provide direct feedback on those.

Chair Hammond noted the challenge of weighing individual comments within the meeting and stated a preference for obtaining individual feedback to consolidate and bring back to the group for discussion. Planning Director Griepentrog noted that he would send out a brief survey to help get specific comments or priority insights on the proposed recommendations to compile for review. Noting that this is a plan, Tr. Amenta questioned if a full list could be included without prioritization. Planning Director Griepentrog noted that the goals and objectives can be broadly written to include many things, but that in order to be actionable; he preferred that the recommendations be more specific.

Chair Hammond also requested that CDA members provide any specific feedback to Planning Director Griepentrog within the next week, so that he could incorporate those changes into an updated draft. Chair Hammond also requested that any additional detail that could be provided to help explain some of the recommendations be included within the survey. The concepts relating to historic preservation were discussed as an example.

8. Adjournment.

Tr. Stokebrand motioned to adjourn the meeting at 9:36 am; seconded by Mr. Krouse. Vote 5-0.

Respectfully submitted,



Bart Griepentrog, AICP
Planning & Development Director



VILLAGE OF SHOREWOOD

REPORTS AND PRESENTATIONS TO CDA

Agenda Item: Consider public assistance application and procedure.

Date: October 23, 2020

Presenter: Rebecca Ewald, Village Manager

Department: Village Manager's Office

History – Please include a timeline of historical relevant events related to this agenda item. This may include previous Village Board action, policies, planning documents, etc. If able, hyperlink to previous agenda packets (include page number) to reference information. If there is no relevant history, N/A should be entered in this space.

1. July 13, 2020 – the CDA and Village Board agreed on the following next steps in priority order at the conclusion of strategic planning: TID 1 extension; TIF policies and procedures, particularly an application process; then followed by the Neighborhood Home Loan Program and Business Loan Program. Consensus was provided on these priorities to be acted up on the suggested order.
2. September 4, 2020 – the CDA discussed exploring options for programs and development project(s) that would utilize TID 1 extension funds should this be an option the CDA desires to pursue. It was noted that there is little staff time to administer programs and one option may be to consider larger development projects yielding for cost efficient results.

Agenda Item Discussion – Please provide a summary of the agenda item along with bullet points highlighting the main items and key issues to be discussed.

Over the last few months, staff, Chair Hammond and President Rozek have met with two developers looking at different sites in the Village. One developer expressed interest in pursuing affordable housing that may be a consideration for TID 1 extension funds. Both developers have expressed the desire to proceed with review of their proposals. To do so, the attached process and applications are proposed for the evaluation of public assistance contemplated as a part of a new TID/TID amendment or for use of extended TID funds specifically for affordable housing. There are three phases to the process:

1. Phase I
 - Requires pre-meetings with staff prior to Phase I application issuance.
 - Developer submits Phase I for staff and financial advisory review.
 - A report is provided to the CDA for recommendation to the Village Board.
 - Village Board provides direction on whether the project warrants further exploration.
 - Developer fee \$5,500
2. Phase II
 - Staff completes full financial analysis, underwriting and presentation of proposed financial assistance, developer review and term sheet.
 - The CDA provides a recommendation on development agreement terms to the Village Board.
 - Developer fee \$8,000
3. Phase III

- If requested, staff proceeds with the TIF consideration process, including TID project plan and feasibility study, and any related zoning requests as outlined in Wisconsin State Statutes.

In each phase staff would compare the project to the Village’s plans, priorities and goals. If the proposed project is not consistent with the Village’s current zoning requirements, the party seeking assistance shall elect whether to proceed with completion of the official application. If the party proceeds, it acknowledges that proceeding with a public assistance application does not grant an exception to any zoning requirements, nor guarantee for receipt of assistance. Zoning is regulated by Village ordinance and state statutes, a separate process from a request for public financial assistance.

If a new TID is created, the fee and third-party costs may be refunded by future revenues of the district at the discretion of the Village Board. Attached is a more detailed review of the financial review steps that will be performed by Baker Tilly, the CDA and Village’s financial advisor.

The intent for the October CDA meeting is to clearly outline a process and application requirements for a request for public assistance. This will allow our next meeting to be focused on the policy and not on the administration thereof. In November staff will be bringing a public assistance policy to the CDA for consideration.

Community and Business Outreach – *If applicable, did you notify the community groups and businesses that are directly impacted by this agenda item. Please specify in attached communication plan how community groups and businesses will be informed of action after Village Board consideration.*

Yes No

If Yes, identify how and what community groups and businesses were notified.

Action Required / Recommended – *Please include the recommended motion or possible actions for this agenda item.*

Possible motion: *“I move to recommend the public assistance application, process and associated fees to the Village Board for approval.”*

Attachments – *Please list the following attachments and supporting documents for this agenda item. Some attachments may be hyperlinked. Include Fiscal notes, if applicable, as the first attachment following this memorandum. Attachments may include: agreements/contracts, presentation materials, letters, service proposals, etc.*

1. Shorewood Public Assistance Application Process
2. Shorewood Public Assistance Application – Phase I
3. Shorewood Public Assistance Application – Phase II
4. Baker Tilly Financial Analysis Review of Public Assistance Applications

Shorewood Public Assistance Application Process

Phase I: Compatibility with Village Requirements/Priorities and Financial Review

- I. Parties seeking public financial assistance shall communicate their interest and lay out their project to the Village Manager and Director of Planning & Development staff before an official application is submitted. Staff will conduct a preliminary review of its consistency with Village plans, zoning, priorities and public assistance goals before the submission of an official application.
- II. If the proposed project appears to be consistent with the Village's plans, priorities and goals, staff will provide the party seeking public financial assistance with an official application for public financial assistance. If the proposed project is not consistent with the Village's current zoning requirements, the party seeking assistance shall elect whether to proceed with completion of the official application. If the party proceeds, it acknowledges that proceeding with a public financial application does not grant an exception to any zoning requirements, nor guarantee for receipt of assistance.
- III. Parties seeking public financial assistance shall submit the information required in an official application for public financial assistance to the Village Manager's Office. This application must be accompanied by a non-refundable fee of \$5,500. Staff will then engage in the financial viability and economic impact of the proposed project based on the information included in the application with financial advisor Baker Tilly and Village engineer Strand if applicable.
- IV. At the conclusion of the initial analysis, the CDA will be provided with results of the review of the project's compatibility with plans, zoning, priorities, public assistance goals and need for financial analysis. The CDA will provide a recommendation on the application and supporting results to the Village Board.

Phase 2: Developer Review and Development Agreement Terms

- V. The Village Board will review the application and provide direction on whether the project warrants further exploration, and if so, staff will collect an additional fee of \$8,000 to compensate for consultant and staff time required to complete a full analysis, underwriting, and presentation of the proposed public financial assistance. In addition, if staff engages an independent consultant to review the application, the applicant will pay for all third-party costs incurred. If a TIF district is created, the fee and third-party costs may be refunded by future revenues of the TIF district. If the proposed project is not consistent with the zoning requirements, the party seeking assistance shall elect whether to proceed with completion of the official application. If the party proceeds, it acknowledges that proceeding with a TIF application does not grant an exception to any zoning requirements.
- VI. Staff shall analyze each public financial assistance application and provide analysis to the CDA for review and consideration with plans, zoning, priorities, TIF goals and financial analysis. The CDA will provide a

recommendation on the application and development agreement terms to the Village Board to be considered by the Village of Shorewood for possible TID creation and approval.

Phase 3: TIF Project Plan & Feasibility

- VII. Staff will proceed with the [TIF consideration process](#), including TID project plan and feasibility study, and any related zoning requests as outlined in Wisconsin State Statutes.



AT THE EDGE OF THE CITY AND
THE HEART OF EVERYTHING

Shorewood Public Assistance Application

Phase 1

Please return the completed application and supporting documentation to:

Village of Shorewood
Village Manager's Office
3930 Murray Avenue
Shorewood, WI 53211
414-847-2701

rewald@villageofshorewood.org

In order to address the Village's costs of professional services and other expenses related to the review of this application, a non-refundable deposit in the amount of \$5,500 shall be made payable to the Village at the time the application is submitted to conclude Phase 1 review, and shall be held by the Village to be utilized to pay actual and necessary expenses related to such review. If actual costs of such review exceed the initial deposit amount, additional deposit amount(s) may be required prior to continuing such review. Should the application proceed to Phase II an additional \$8,000 shall be made payable to the Village before proceeding to Phase II. Please see the process for Public Financial Assistance.

I. Applicant Information

1. Name of applicant: _____
2. Business Name and Address: _____
3. Phone number: _____
4. Email address: _____
5. Street address(s) of the property to be redeveloped: _____
6. Type of business entity:
 Individuals _____ Joint Tenant _____ Tenants in Common _____
 Corporation _____ LLC _____ Partnership _____ Other: _____
7. If not a Wisconsin Corporation/partnership/LLC, where organized: _____
8. Will entity be created for new ownership: YES _____ NO _____
9. Principals of existing or proposed corporation/partnership/LLC including name, address, title and interest, *see additional documentation checklist.*

10. Is any owner, member, stockholder, partner, officer or director of any previous identified entities, or any member of the immediate family of any such person, and employee, elected or appointed representative of the Village of Shorewood? YES _____ NO _____
 If yes, list the name and relationship: _____

II. Project Description

11. Indicate the total amount of TIF assistance requested (in current dollars): _____

12. Project Budget and Financing

Include a complete “Sources and Uses of Funds” as an attachment.
 Provide those costs for which assistance is requested.

Project Costs	Amount
Acquisition	\$
Demolition	\$
Environmental	\$
Road improvements	\$
Water main improvements	\$
Sanitary sewer improvements	\$
Storm sewer improvements	\$
Natural gas improvements	\$
Electric improvements	\$
Telephone/cable Improvements	\$
Grading Improvements	\$
New construction	\$
Development fee	\$
Project management fee	\$
*Other	\$
**Professional fees	\$
Contingency	\$
TOTAL	\$

* Explain “Other” in detail:

** Explain “Professional fees” in detail:

13. Has any other government assistance (funds, tax incentives, or other economic benefits) been provided to the applicant or the property? YES _____ NO _____

If yes, describe the type and amount of assistance provided: _____

14. Indicate the type of redevelopment project proposed (check all that apply)

- New construction
- Expansion (certain project-related costs may be TIF eligible, but not new construction)
- Interior rehabilitation/renovation
- Exterior rehabilitation
- Site improvements
- Other:

15. Land area (in square feet) of project site:

Current: _____
Proposed: _____

16. Building area (in square feet) of project building (or, for tenant applicants, leased premises):

	<u>Gross</u>	<u>Net leasable</u>
Current:	_____	_____
Proposed:	_____	_____

17. Land Use. Identify the appropriate existing or proposed land use of the redevelopment site and indicate the building areas dedicated to each use.

Category	Existing	Proposed	Building Area	
			Existing SF	Proposed SF
Retail	_____	_____	_____	_____
Office	_____	_____	_____	_____
Mixed use	_____	_____	_____	_____
Manufacturing	_____	_____	_____	_____
Vacant building	NA	_____	NA	_____

18. Project Status

When will construction start (month/year): _____
When will construction be completed (month/year): _____

19. Does the proposed project include an affordable housing component, as defined by State Statute? If so, please describe.

III. Operating Information

Provide the following information regarding operating revenues and expenses. Complete only the section that pertains to your situation/project, as follows:

Section 1: Owner-Occupant applicant – the site will be owned and operated by the applicant.

Section 2: Owner-Lessor applicant – the site will be owned by the applicant and leased to one or more other businesses.

Section 3: Tenant applicant – the site will be leased by the applicant.

20. Residential unit breakdown:

(or include as attachment related to #2 under Additional Documentation and Checklist)

Unit Style	No. of Units	No. of Rooms	No. of Bedrms.	No. of Bathrms.	Avg. Sq. Ft.	Avg. Rent*	Avg. Sale Price**
A						\$	\$
B						\$	\$
C						\$	\$
D						\$	\$
E						\$	\$
TOTAL _____		AVERAGE: _____				\$	\$

* Utilities included in apartment rent (check all that apply)

None Electric Heat Other:

** If condo project.

Section 1: Owner-Occupant applicant

Business name: _____

What your business does: _____

Projected gross annual business revenue at this location*:
(after project is completed) _____

**Attach a federal tax return for the previous year and revenue projections as supporting documentation for project revenue amount to be sent to Village's Municipal Advisor.*

Section 2: Owner-Lessor applicant

Business name: _____

What will be the nature of the business(es) on the site? _____

Rental Income

(or include as attachment related to #2 under Additional Documentation and Checklist)

	Current	After Completion
Potential Annual Rental Income *		
Less vacancy loss @		
Effective annual rental income		

**Attach rent roll. For commercial projects, attach signed leases if available. Otherwise, provide alternative documentation, such as evidence of asking rents for similar properties in the area to support anticipated rent.*

Operating Expenses

(or include as attachment related to #2 under Additional Documentation and Checklist)

Typical annual expenses paid for by owner from rental income and not paid directly by tenant

	Current	After Completion
Management fee		
Property insurance		

Utilities		
Real estate taxes		
Common area maintenance		
Other (specify)		
Total annual expenses including rent		
Total annual net operating income		

Deduct total annual expenses from total effective annual rental income-equals funds available for debt service and equity.

Section 3: Tenant application

Business name: _____
 What does your business do? _____

Revenue

Projected gross annual business revenue at this location*:
 (after project is completed) _____

**Attach a federal tax return for the previous year and revenue projection as supporting documentation for revenue amount.*

Rent

Annual net rent (if known): _____
 If net rent is not available, provide: _____
 Annual gross rent: _____
 Annual utility costs and maintenance fees:
 (base year amount) _____
 Annual property taxes:
 (base year amount) _____

ADDITIONAL DOCUMENTATION AND CHECKLIST

Applicants will also be required to provide the following documentation.

All personal financial information will be kept private and confidential to the extent provided by Wisconsin State Statutes.

- 1. Written business plan or a description of the business, ownership/management, date established, products and services, and future plans, as applicable. (Phase I)
- 2. Two-year financial projections, or if housing project, or leased space, include a 10-year operating pro-forma.
- 3. Letter of commitment from other sources of financing, stating terms and conditions of their participation in the project. (Phase I)

- 4. Administrative fee Phase 1 - \$5,500 and Phase II \$8,000. In addition to defraying the cost of staff time, the fee will be used to pay costs associated with processing this request for financial assistance such as legal, engineering and financial analysis. The Village reserves the right to stop the processing of the request until additional fees are paid should the original amount be insufficient to pay such costs. That portion which remains unspent, if any, will be returned only if the project is denied approval. Letter of commitment from other sources of financing, stating terms and conditions of their participation in the project.
- 5. Attach the following documentation:

- _____ Part 1 – Corporation/Partnership Description
- _____ Part 2 – List of Shareholders/Partners/Address/Interest
- _____ Part 3 – Description of Project
- _____ Part 4 – *Financial needs* Analysis including Sources & Uses of Funds (Sample attached)
- _____ Part 5 – List of Prospective Lessees
- _____ Part 6 – Legal Description, Property Identification Numbers, most recent tax bills for all parcels and buildings, projected annual increased valuation and improvements for each year of the life of the proposed district
- _____ Part 7 - Preliminary site plan with project improvements and project renderings
- _____ Part 8 – Public Purpose Narrative including timing, scope of work, intended use of the property, type of construction and financing

IV. Signature

I, the undersigned, affirm that the project descriptions, numerical and financial estimates, and all other information I have provided in this application are true and complete to the best of my knowledge. I have read and understood the requirements described in this application. Furthermore, I certify that I am authorized to initiate the TIF application process on behalf of the project described.

Printed name Title

Signature Date

Legal disclaimer
 Completion of this application does not entitle the applicant to financial assistance, zoning or development approvals. Any such assistance and development approvals must be recommended and approved by the appropriate Village boards, committees, authorities, and the Village Board.

Part 4 – *Financial needs* Analysis including Sources & Uses of Funds
(Sample)

SOURCES

NAME	AMOUNT
Bank Loan	\$ _____
Other Private Funds	\$ _____
Owner Cash Equity	\$ _____
Fed Grant/Loan	\$ _____
State Grant/Loan	\$ _____
Local Grant/Loan	\$ _____
Tax Increment	\$ _____
Other	\$ _____
TOTAL	\$ _____

USES

NAME	AMOUNT
Acquisition	\$ _____
Demolition	\$ _____
Environmental	\$ _____
Road improvements	\$ _____
Water main improvements	\$ _____
Sanitary sewer improvements	\$ _____
Storm sewer improvements	\$ _____
Natural gas improvements	\$ _____
Telephone/cable improvements	\$ _____
Grading improvements	\$ _____
Development fee	\$ _____
Other	\$ _____
Professional fees	\$ _____
Contingency	\$ _____
Development fee	\$ _____
TOTAL	\$ _____

Part 4 – Financial needs Analysis including Sources & Uses of Funds
(Sample)

	WITH NO Assistance SOURCES AND USES SOURCES			WITH Assistance SOURCES AND USES SOURCES		
Mortgage			9,600,000			8,667,000
Equity			2,400,000			2,400,000
Tax Increment Financing			0			925,000
TOTAL SOURCES			12,000,000			12,000,000
	USES			USES		
Land			1,500,000			1,500,000
Site Work			300,000			300,000
Soil Correction			468,000			468,000
Demolition			100,000			100,000
Relocation			65,000			65,000
Subtotal Land Costs			2,433,000			2,433,000
Construction			6,750,000			6,750,000
Finish Manufacturing			250,000			250,000
Subtotal Construction Costs			7,000,000			7,000,000
Soft Costs			350,000			350,000
Taxes			35,000			35,000
Finance Fees			850,000			850,000
Project Manager			542,000			542,000
Developer Fee			540,000			540,000
Contingency			250,000			250,000
Subtotal Soft Costs			2,567,000			2,567,000
TOTAL USES			12,000,000			12,000,000
	Income Statement			Income Statement		
	Sq. Ft.	Per Sq. Ft.		Sq. Ft.	Per Sq. Ft.	
Rent-Space 1	100,000	\$8.00	800,000	100,000	\$8.00	800,000
Rent-Space 2	25,000	\$8.50	212,500	25,000	\$8.50	212,500
Rent-Space 3	25,000	\$9.00	225,000	25,000	\$9.00	225,000
Other	0	\$0.00	0	0	\$0.00	0
			1,237,500			1,237,500
Mortgage		20 Term	1,051,646		20 Term	949,439
		9.00% Interest			9.00% Interest	
		9,600,000 Principal			8,667,000 Principal	
Net Income			185,854			288,061
Total Return on Equity			7.74%			12.00%

Shorewood Public Assistance Application

Phase 2

Please return the completed application and supporting documentation to:

Village of Shorewood
Village Manager's Office
3930 Murray Avenue
Shorewood, WI 53211
414-847-2701

rewald@villageofshorewood.org

In order to address the Village's costs of professional services and other expenses related to the review of this application, a non-refundable deposit in the amount of \$5,500 shall be made payable to the Village at the time the application is submitted to conclude Phase 1 review, and shall be held by the Village to be utilized to pay actual and necessary expenses related to such review. If actual costs of such review exceed the initial deposit amount, additional deposit amount(s) may be required prior to continuing such review. Should the application proceed to Phase II an additional \$8,000 shall be made payable to the Village before proceeding to Phase II. Please see the process for Public Financial Assistance.

I. Supplemental Applicant Information

1. Attorney contact information: _____
2. Currently does the applicant own or lease the property?
OWN _____ LEASE _____ NEITHER _____
3. At project completion, will the applicant own, lease or convert the property to condo ownership?
OWN _____ LEASE _____ CONVERT TO CONDO OWNERSHIP _____
4. At project completion who will occupy (operate business on) the site
OWNER _____ RENTER _____ BOTH _____
5. If the applicant is the current or prospective tenant of the property, attach a description of the premises to be leased (legal description, floor plan etc.)
6. Evidence of Site Control:
 - A. If the applicant owns the project site, attach a copy of the applicant's deed. Also indicate:
Mortgage holder(s):

Total annual mortgage payment (principal & interest):

Total outstanding balance of existing mortgage(s):

B. If the applicant has a contract or option to purchase the project site, attach a copy of the purchase/option contract. Also indicate:

Date contract was signed:

Closing/expiration date:

C. If the applicant currently leases or will lease the project site, attached a copy of the lease or lease option contract. Also indicate:

Legal name of owner as noted on the deed(s):

Name of person who signed lease for tenant (lessee):

Landlord/owner's name and address:

7. Owner Affidavit: If the applicant currently leases or plans to lease the property, have the owner (and all entities having ownership interest in the property) sign an Owner's Consent Letter.

8. Please attach:

- Resume of principals
- Articles/Bylaws/Partnership agreement of partnerships/corporation/LLC
- A list of properties within the Village of Shorewood in which buyer has an ownership interest either as an individual or part of a corporation/partnership/LLC.

II. Additional Project Description Information

9. Land area (in square feet) of project site:

Current: _____

Proposed: _____

10. Building area (in square feet) of project building (or, for tenant applicants, leased premises):

	<u>Gross</u>	<u>Net leasable</u>
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Current: _____

Proposed: _____

11. Land Use. Identify the appropriate existing or proposed land use of the redevelopment site and indicate the building areas dedicated to each use.

Category	Existing	Proposed	Building Area	
			Existing SF	Proposed SF
Retail	_____	_____	_____	_____
Office	_____	_____	_____	_____
Mixed use	_____	_____	_____	_____
Manufacturing	_____	_____	_____	_____
Vacant building	NA	_____	NA	_____

12. Job creation/retention: list the current and projected number of part time jobs and full-time jobs at the site before and after completion.

	Current	Projected
Full time employees		
Part time employees		
Total employees		

ADDITIONAL DOCUMENTATION AND CHECKLIST

Applicants will also be required to provide the following documentation.

All personal financial information will be kept private and confidential to the extent provided by Wisconsin State Statutes.

- 1. Financial statements for past three years, including profit and loss statements and balance sheets, as applicable, *to the Village’s Municipal Advisor, Mikaela Huot, Baker Tilly, Mikaela.Huot@bakertilly.com, 651-223-3036.*
- 2. Personal financial statements of all major shareholders (principals) including the most recent three years of tax returns, *to the Village’s Municipal Advisor, Mikaela Huot, Baker Tilly, Mikaela.Huot@bakertilly.com, 651-223-3036.*

III. Signature

I, the undersigned, affirm that the project descriptions, numerical and financial estimates, and all other information I have provided in this application are true and complete to the best of my knowledge. I have read and understood the requirements described in this application. Furthermore, I certify that I am authorized to initiate the TIF application process on behalf of the project described.

Printed name Title

Signature Date

*Legal disclaimer
 Completion of this application does not entitle the applicant to financial assistance, zoning or development approvals. Any such assistance and development approvals must be recommended and approved by the appropriate Village boards, committees, authorities, and the Village Board.*

**Village of Shorewood
Baker Tilly Financial Analysis Review of Public Assistance Applications**

Phase 1 Financial Review (\$4,500-\$5,500)

Objectives

- To review and analyze the proposed subsidy request for the proposed development project to determine necessity and appropriateness
- To review and analyze the proposed project to determine financial feasibility

Analysis

1) Financial Needs (Rate of Return) Analysis

- a. Review developer information and comment on the reasonableness of assumptions
 - i. Suggest alternative assumptions and provide sensitivity analysis as necessary
- b. Complete a rate of return calculation
 - i. Cash-on-Cash Return
 - ii. Internal Rate of Return
 - iii. Identify alternative assumptions if appropriate
 - iv. Recalculate the return with alternative assumptions, as necessary
 - v. Define appropriate level of assistance based on developer's rate of return
- c. Compare developer rate of return to the "market" return for similar projects, comment on reasonableness of return considering type of project, current market and developer at risk equity (including existing land ownership)
- d. Complete sensitivity analysis with respect to developer return and need for assistance (as appropriate)

2) Financial Feasibility Review

- a. Review developer-supplied information for reasonableness.
- b. Suggest alternative assumptions and provide sensitivity analysis
- c. Forecast the projected tax increment revenues to be generated over the life of the Tax Incremental Financing District based on those assumptions
- d. Assess the sufficiency of the tax increment to support costs either on a pay-as-you go basis or through bond debt service
- e. Prepare cash flow analysis based on sensitivity analysis

Deliverable

- Financial analysis with determination of need for public assistance
- Summary memorandum supporting financial analysis

Phase 2: Developer Review and Development Agreement (\$2,500+)

Objectives

- To conduct a developer review in order to determine the developer's capacity to complete the proposed project
- To assist in negotiations of the development agreement
- Finalize term sheet

Analysis

1) Developer Review

- a. Examine financial information requested from the developer and prepare summary of results
 - b. Contact developer supplied references, document findings, and prepare summary of results
 - c. Identify and interview additional contacts (if any) for like projects – including multi-use and multi-phased projects - not referenced by the developer, document findings, and prepare a summary of results.
- 2) Development Agreement Negotiations
- a. Provide proposed business points between the Village and the developer in conjunction with Village staff
 - b. Assist Village staff with review of developer request as it relates to business points for the development agreement to maximize redevelopment and maintain Village security – including:
 - i. Pay as You Go Financing shifts financing risk from Village to developer
 - ii. Look Back Provisions to verify actual returns to projected returns following project commencement
 - iii. Claw Back Provisions to ensure developer proceeds with future phases as anticipated
 - c. Assist in negotiation of the development agreement, and prepare financing exhibits as necessary

Deliverable

- Summary memorandum with results of developer review
- Preliminary term sheet with recommended public assistance amounts

Phase 3: Drafting of TID Project Plan and Feasibility Study (\$4,500 +)

Objectives

- To establish TID with Project Plan and Feasibility Study for TID consideration

Analysis

- 1) TID Project Plan
 - a. Draft Project Plan for the Tax Incremental Financing District for consideration and adoption by the appropriate governmental bodies in the statutorily defined order and schedule.
 - b. Prepare required notices and documents related to TID establishment.
 - c. Prepare and submit certification documents to State.
- 2) TID Financial Feasibility Study in conformance with s. 66.1105(4), Wisconsin Statutes
 - a. Review developer-supplied information for reasonableness. Suggest alternative assumptions and provide sensitivity analysis
 - b. Forecast the projected tax increment revenues to be generated over the life of the Tax Incremental Financing District based on those assumptions
 - c. Assess the sufficiency of the tax increment to support costs either on a pay-as-you go basis or through bond debt service
 - d. Prepare cash flow analysis based on sensitivity analysis

Deliverable

- TID Project Plan
- TID Financial Feasibility Study
- TID establishment correspondence, as required by Statute



VILLAGE OF SHOREWOOD

REPORTS AND PRESENTATIONS TO CDA

Agenda Item: Review of housing program opportunities.

Date: October 23, 2020

Presenter: Rebecca Ewald, Village Manager

Department: Village Manager's Office

History – *Please include a timeline of historical relevant events related to this agenda item. This may include previous Village Board action, policies, planning documents, etc. If able, hyperlink to previous agenda packets (include page number) to reference information. If there is no relevant history, N/A should be entered in this space.*

1. July 13, 2020 – the CDA and Village Board agreed on the following next steps in priority order at the conclusion of strategic planning: TID 1 extension; TIF policies and procedures, particularly an application process; then followed by the Neighborhood Home Loan Program and Business Loan Program. Consensus was provided on these priorities to be acted up on the suggested order.
2. The Village's TID#1 will be able to close in 2021 based upon the increment it will receive from the 2020 tax levies in 2021. The process to close TID#1 will require the village to pass the applicable resolution to be filed with the State of Wisconsin Department of Revenue prior to April 15, 2021.
3. There is an "Affordable Housing Extension" provision added to TIF law in 2009 which allows the village the option to adopt a resolution to extend the life of the TIF district for up to one year for the purpose of using the TID increment generated from that period to "benefit affordable housing". It is estimated that approximately \$2.5 million will be generated should the TID be extended for one additional year.
4. The Village would have to use at least 75% of those tax increments directly for affordable housing that costs no more than 30% of the household's gross monthly income. Any remaining portion of the increment must be use by the village to otherwise improve its housing stock. Based upon the tax collection cycle the Village anticipates approximately 50% of the funds to be available for use by 12/31/21 and another 25% by 1/31/22 with the remaining 25% by approximately 9/20/22.
5. To extend a TID for this purpose would also require a resolution to be adopted prior to April 15, 2021 that indicates how those funds would be used.
6. September 4, 2020 – the CDA reviewed the recommendations from Novogradac and requested the Conservation Committee and Elder Services Advisory Board provide recommendations on an energy efficiency program and senior friendly modification program. It was also suggested that the Village explore a large project and/or other opportunities that restrict ownership and rental to those requiring affordable housing. In addition, the CDA requested to specifically list action on the October meeting to eliminate the duplex and attic conversion programs.

Agenda Item Discussion – *Please provide a summary of the agenda item along with bullet points highlighting the main items and key issues to be discussed.*

Conservation Committee Program Recommendation

Energize Shorewood, see attachment, is the proposed energy program by the Conservation Committee that would help residents lower their utility bills, lower their carbon foots and improve the comfort and long term viability of their homes by loaning property owner funds to install energy efficient solutions such as solar, attic insulation, above ground wall and foundation insulation. The Committee thought this could be an expansion of the existing Neighborhood Loan Program. The challenge with this program is that it requires an administrative role that due to staff size the Village is not able to accommodate;

however, staff reached out to the City of Milwaukee that has two programs – one for solar [Milwaukee Shines](#) and one for energy efficiency [ME2](#) – that accomplishes the same thing. While the City of Milwaukee will not partner with us on a program, they use the services of Summit Credit Union to administer the loan applications and funding since 2010. Staff has asked for their RFP or process of establishing a working relationship with Summit Credit Union and will be following up with Summit to explore whether or not the same relationship would work with the Village of Shorewood. While not an affordable program in respects to the State Statute definition, 25% of TIF 1 extension funding could be used to benefit all housing in this manner within Village and therefore could benefit from the TID extension.

It should be mentioned that due to COVID the North Shore Solar Now group buy for solar was delayed for one year and now scheduled for 2021. If loan program was provided for solar, it would benefit from the group buy as well. North Shore Solar Now is a partnership with the Midwest Renewable Energy Association (MREA) and the Grow Solar Partnership to coordinate a solar group buy for the North Shore Communities. The advantage of a group buy is the power of volume purchasing, which can significantly reduce the up-front costs of installing solar on your home or business. The program also competitively solicits and reviews the selected vendor.

Elder Services Advisory Board Program Recommendation

[Revitalize Milwaukee](#) is nonprofit with the mission to transform communities by providing free, critical home repairs and comprehensive services to low-income veterans, seniors, and people with disabilities. Staff would explore creating a program with Revitalize Milwaukee to begin in 2022 where we can set aside funds for home modifications for Shorewood low income homeowners. Home modifications of the following could be provided: Grab bars, stair repairs & replacements, ramp installation and repair, stair treads, ADA toilets, tub/shower bench, hand rails, hand-held showers, some electric and plumbing and hot water heater installations. Revitalize Milwaukee has worked with the Milwaukee Bucks in defined neighborhoods in a similar type of program and partnering with other organization with within the expertise of their current area of operations. A Shorewood program could also include a possible partnership with the Benjamin Fund contributing financial support for administration fees to support the program with Revitalize Milwaukee.

Additional Program for Consideration

An additional opportunity staff is exploring is with the [Metropolitan Milwaukee Fair Housing Council](#), a private non-profit organization that operates a full-service fair housing program. The organization includes two satellite offices in Milwaukee and Madison that are working remotely. We have reached out and are awaiting a response back from MMFHC to discuss their framework for possible establishment of a housing trust fund. A housing trust fund is a public revenue source intended to support production and preservation of local affordable housing and other housing-related services for low- and moderate-income households. MMFHC staff was instrumental in establishing a housing trust fund for the City of Milwaukee, and is currently involved in efforts to begin housing trust funds in Milwaukee and Waukesha Counties. While Shorewood is a much smaller municipality without housing staff, we would like to see if their program framework could work here in the Village.

Community and Business Outreach – *If applicable, did you notify the community groups and businesses that are directly impacted by this agenda item. Please specify in attached communication plan how community groups and businesses will be informed of action after Village Board consideration.*

Yes

No

If Yes, identify how and what community groups and businesses were notified.

Action Required / Recommended – *Please include the recommended motion or possible actions for this agenda item.*

Staff will proceed to vet these program options for feasibility with the Village of Shorewood, report in December to the CDA with recommendations and next steps required.

Attachments – *Please list the following attachments and supporting documents for this agenda item. Some attachments may be hyperlinked. Include Fiscal notes, if applicable, as the first attachment following this memorandum. Attachments may include: agreements/contracts, presentation materials, letters, service proposals, etc.*

1. Novogradac recommendations, assuming the Village’s goal is to address housing gaps and noted actions of follow-up
2. Energize Shorewood, proposal from Conservation Committee

Novogradac Housing Study Recommendation 2020

* These recommendations assume the Village desires to decrease the housing gap.

Recommendations

Next Steps

1. Existing Housing Stock Programs

End Duplex & Attic Conversion program	Scheduled CDA action 10/23
Add energy efficiency program	Review program proposal - December
Add senior friendly modification program	Review program proposal - December
Continue downpayment assistance program	Update on Fair Housing Program loan program - December

2. New Housing Stock

New condo project with some incentive, TIF or voluntary such as density bonus for some affordable set aside.	TIF application and procedure review - October; TIF policy review in December
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3. Get Affordable Units with Incentives

If the Village does another rental project, consider a project with set aside affordable housing units	Application to be premised based on TIF application - October
Ease zoning rules to allow for accessory dwelling units and co-housing options, even if only through an overlay district or as a conditional use rather than permitted by right use	On hold until TIF extension, application and procedure is concluded.
Ease zoning in one and two-family zoning districts to allow for tri and four-plexes	On hold until TIF extension, application and procedure is concluded.

Energize Shorewood

Summary:

Energize Shorewood is a Village of Shorewood initiative designed to help residents lower their utility bills, lower their carbon footprint, and improve the comfort and long-term viability of their homes. The Energize Shorewood initiative is a portion of the Village's Neighborhood Loan Program in which Shorewood homeowners in one- to three-unit residences are eligible for low- to no-interest loans. These loans are designed to help improve the energy efficiency and add viable renewable energy systems to homes.

The housing stock in the Village of Shorewood was largely built when costs related to heating and electrifying many of today's appliances were an afterthought. As the cost of energy has risen, many homeowners have sought to lower their utility bills through the installation of energy efficiency upgrades and various renewable energy installations. The upfront costs of many of these upgrades have left many homes in Shorewood lacking even the most basic building shell energy efficiency upgrades. Energize Shorewood aims to make many of these upgrades more affordable for homeowners in the Village.

Eligibility:

Owners of one- to three-unit homes in the Village of Shorewood.

Eligible Energy Upgrades:

Energy Efficiency¹

- Air Sealing
- Attic Insulation
- Above Grade Wall Insulation
- Foundation Wall Insulation

Eligible Renewable Energy Opportunities²

- Solar Panel Installation
- Could be rooftop or ground mount, as appropriate

Loan Amount and Terms:

- Minimum of \$5,000 and Maximum of \$30,000
- Energy Efficiency Only Loan: \$13,000 Maximum
- Renewable Energy Only Loan: \$17,000 Maximum
- Low- to no-interest loan for 10 years
- Loan must be paid off if home is sold or refinanced

¹ Upgrades are only eligible when not already called for in code. An example of an ineligible project would a remodel in which the walls and attic need to be insulated as called for in code. New construction is not eligible

² Solar panel installation is only eligible within 90° of South. New construction is eligible

- Must demonstrate application of eligible Focus on Energy (or other widely used) incentives