



**Special Joint Meeting of the
Plan Commission and Community Development Authority
Meeting Minutes
September 26, 2023
Virtual**

CDA Members Present: Jon Krouse (Chair), Jessica Carpenter, Tr. Arthur Ircink, Joe LeSage (arrived during item 4), Tr. Kathy Stokebrand and Wesley Warren

Plan Commission Members Present: President Ann McKaig, Kate Flynn Post, Barbara Kiely Miller, Therese Klein and Dan Wycklendt

Also present: Teig Whaley Smith, Community Development Alliance; Village Manager Rebecca Ewald; and Planning & Development Director Bart Griepentrog

1. Call to order.

President McKaig called the Plan Commission meeting to order at 6:46 pm.

Chair Krouse called the CDA meeting to order at 6:46 pm.

2. Approval of July 25, 2023 Plan Commission meeting minutes.

Ms. Kiely Miller motioned to approve the minutes, as drafted; seconded by Ms. Klein. Vote 5-0.

3. Approval of March 10, 2023 Community Development Authority meeting minutes.

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

4. Presentation and discussion regarding the Village's Public Works facility.

Manager Ewald delivered a presentation related to the Future of the Public Works Facility. The presentation included a sample of the services provided. She noted that over the course of the Village's history all other facilities, except Public Works, have been updated. She pointed out that over the last two decades there have been seven studies conducted regarding the facility. She noted that one of the studies from 15 years ago identified that the facility was at a tipping point based on inadequate space leading to inefficient operations. She described how utility costs over the past 15 years have totaled \$1.2 million more than what they would have in an updated facility, such as Whitefish Bay's. She also detailed how the inefficient space layout has cost approximately \$2.2 million in increased labor costs over that same 15-year time period. She stated that all of the previous studies had the common recommendation to develop a plan for replacing the DPW facility to improve efficiency and safety.

Manager Ewald noted that the decision boils down to whether the Village should rebuild new facilities on the current site or move the facilities to a new site. She stated that either option had its own set of dynamics.

Manager Ewald summarized that the existing site layout is inefficient, has safety hazards for employees, is not compliant with ADA requirements, makes it difficult to recruit and retain employees at all levels, lacks acknowledgement of working conditions and worker safety, is not environmentally sustainable, is not energy efficient, requires approximately \$1.5 million in renovations by 2027, requires repavement of the entire site to meet PECFA compliance, and has a retaining wall in poor condition. In addition, she pointed out that the site is located within TID 3 so infrastructure and utility investment may qualify for funding through the District if the future use is taxable. She noted that costs associated with a non-taxable use would not qualify.

Ms. Carpenter questioned if there had been any study or conversation about consolidating services with other municipalities, such as Whitefish Bay. Manager Ewald noted that would be discussed later in her presentation.

Manager Ewald noted that the Village Board recently retained a consultant, Barrientos Design, to perform a three-phase study including a facility needs assessment, site evaluation and conceptual designs for a future facility. She stated that the needs assessment had several key takeaways. The optimal space needs for all DPW functions were approximately 82,000 sq. ft., which represented a 70% increase over what was currently available. In general, 5.5 acres would be needed, whereas the current site is only about 3.2 acres.

Manager Ewald discussed the Village's joint transfer station with Whitefish Bay, including the equipment involved, procedures to operate and services that it supports. She noted that the transfer station was identified as the most critical service in need of evaluation when designing a new facility with respect to the space it requires.

Manager Ewald summarized the public engagement performed within the most recent study, including three public workshops, five Village Board presentations and an online survey related to services. She noted that the results of the survey, which did not involve a statistically sufficient sample, identified that people were interested in preserving the buildings, but not necessarily for DPW functions. The survey also showed that a majority of people were open to the DPW facilities being relocated to a different site within a 1-2 mile radius of the village.

Manager Ewald discussed the three site options that were progressed to conceptual design, including the existing site, and two sites in the city of Milwaukee on Vienna Ave and Holton Ave. She noted that greater detail of the sites and concepts was available in the study. She stated that the next step is to advance one site for preliminary design, which would take about six months and involve additional inter-agency discussion. She pointed out that it would take an additional four years to see a facility built and noted that financial projections are included within the Village's Long Range Plan to plan for it.

Manager Ewald transitioned to discussing the Village's decision to extend TID 1 for purposes of affordable housing. She noted that approximately \$2.1 million of incremental value was captured and that at least 75% of that amount needed to be spent to benefit affordable housing. In order to help the community understand what that could look like, she referenced the CDA's series of educational sessions on "The Role of Suburbs in Creating a Diverse and Inclusive Region: Spotlight on Housing." Following the education series, she noted that the CDA desired to explore a rental offense approach using housing vouchers or modifying existing multiunit rental housing since 53% of housing units in the village were tenant based. She pointed out that the Village's housing study identified that our housing stock included units that would be considered affordable, but that they were being rented by people who could afford more. Within that exploration it was determined that the Village did not have the capacity to administer that type of program or act as a loan agent. Next, she discussed the challenges of an alternative option involving redevelopment,

which included the cost of land, small lot sizes, zoning limits, parking needs and neighborhood concerns, all of which results in high construction costs.

Manager Ewald noted that the two topics on tonight's agenda could be interrelated and noted that the roles of both the Plan Commission and CDA could come into play, which was why she was excited that a joint meeting was convened. She pointed out that the CDA provides recommendations on redevelopment, reviews TIF requests, prepares and implements redevelopment assistance, such as developer agreements, and acts as the Village's housing authority. She summarized that the Plan Commission prepares community plans, administers zoning, facilitates public engagement and reviews development proposals that request zoning amendments. She noted that the Village Board takes recommendations from both bodies and implements action.

In terms of next steps, Manager Ewald noted that it comes down to needing direction on the location of a future public works facility, what to do with the current site if it is relocated, and direction on how to utilize the TID 1 extension funds. She noted that there is no deadline to expend those funds and mentioned that they exist within a segregated fund. She reiterated that there could be synergy to these two topics because the DPW facility is Village-owned and underutilized, but she clarified that all of this remains conceptual. She noted that the Village remains in communication with the City of Milwaukee and Milwaukee County regarding opportunities to collaborate. She stated that the Village's Planning Director is in contact with City staff regarding the redevelopment needs of sites within the city and ended by noting that additional sites may also become options.

Tr. Stokebrand stated that she is hoping that the Village reaches out to more municipalities beyond the City and the County, which she noted we don't have a lot in common with. She pointed to the northern suburbs as additional options. She believed that the most recent State budget included incentives for collaboration, consolidation and cooperation. Manager Ewald noted that the Village's transfer station agreement with Whitefish Bay expires in 2025, so they will need to be at the table in these discussions. She noted that Whitefish Bay's public works facility is landlocked and does not have additional capacity for growth. She noted that when discussing partnerships with other municipalities the Village needs to understand what that means in terms of travel distance and service expectations. She reiterated that the Village's most recent consultant said we needed to focus on answering what it was going to do with the transfer station and its associated services.

Ms. Flynn Post thanked Manager Ewald for the information and confirmed that what to do with the transfer station was expected to be the first decision. She questioned when that decision would take place and whether or not it would be taken up separate from affordable housing. Manager Ewald noted that the transfer station would involve policy discussions, service expectations and the logistics of deploying those services.

Tr Stokebrand questioned if the whole facility could be moved to Milwaukee why couldn't just the transfer station be relocated. She also questioned if we could let someone else run the transfer station and allow us to use it in a way that allowed us to maintain service frequency. She questioned the security of a site in Riverwest and how much of a payment in lieu of taxes might be involved in terms of identifying costs.

Ms. Kiely Miller also questioned if just the transfer station could be relocated and what that would do to the DPW's efficiency. Manager Ewald noted that the Village currently operates the transfer station, but if we weren't responsible for operating it, relocation of just that element would be less of an issue. She stated that the current site was not large enough to accommodate all functions, including the transfer station. She also noted that if the current buildings were maintained that the

main building could not be retrofitted into something else. Ms. Kiely Miller concluded that renovation of the DPW facility would not be like renovation of the fire station where the interior was able to be kept functional.

Ms. Kiely Miller stated that the questions needed to be separated into the best decision for the DPW in order to maintain services and then the best use of the site. She suggested it could become a pocket neighborhood with smaller homes. She noted that a high-rise residential building would bring traffic and safety concerns. She also suggested that Hubbard Park could be extended or that community center could be developed for teenagers. She stated that she was for affordable housing and noted that one of the speakers within the educational series said the best place for affordable housing was near public transit.

Mr. Warren noted that the discussion comes down to what the Village's priorities are. He said that in terms of preserving services he would start with "do no harm," then discuss the preservation of historical buildings, and then the highest and best uses of the land. He noted that it might not be possible to do all three, so prioritization may be necessary. He suggested that historic preservation and the site's best use may clash.

Mr. LeSage stated that diminishing services was a non-starter and suggested that we not pursue that conversation. Manager Ewald noted that was an intentional question in the survey.

5. Presentation on pathways to affordable housing.

Teig Whaley Smith, the Chief Alliance Executive for the Community Development Alliance, began his presentation by noting that he's been working with the Village's CDA over the last year and a half on their affordable housing discussions. He noted that housing is a huge component of quality of life that leads to better outcomes in education, healthcare and improved neighborhoods. He stated that displacement is a significant concern in suburban neighborhoods where housing prices have gone up. He also noted that this impacts schools and whether young families with children can live in the same neighborhoods, which may then lead to declines in enrollment and funding.

Mr. Whaley-Smith noted the challenge of how to maintain affordable housing in the long-term stating that no one wants to see significant subsidy go into homeownership opportunity just to have that homeowner cash out. He noted that his organization has been researching this question for about six months and recently presented their findings to a group of about 100 participants at a conference related to Forever Affordable Housing. He presented the scenario of building a single unit house for \$250,000 but only being able to sell it for \$120,000 so that it is affordable to the market for racial equity purposes. This requires a subsidy of \$130,000 per unit. He noted that the subsidy for a multi-unit building, whose development cost is closer to \$300,000 per unit, is higher. He also presented the question of what path to follow when providing down payment assistance of \$10,000 when it comes to preserving affordability. He noted that protections, such as income restrictions and owner-occupancy, in these scenarios have been solved for the first sale, but it's the second sale that needs to be dealt with in terms of what and how.

He noted that they've developed a spectrum of options to help share a vocabulary. On one end of the spectrum was Market-Only Activity, but he noted that no one is building market rate housing for \$250,000 and selling them for \$120,000, which was the targeted price for affordability. He detailed that a No Restriction option would allow homeowners to sell their affordably subsidized home immediately, which would provide no lasting benefit and was the problem they were trying to solve. He believed other options provided more realistic solutions, the first of which is a Non-Profit Option to Purchase. In this pathway, a home is sold at an affordable price and when resold a non-profit has the first right to purchase the house back at market value before it goes onto the market.

Similarly, an Owner Occupancy Restriction could be placed on the home requiring that future buyers of any income level live in the house. He noted that someone would need to be identified to enforce this, which is typically a homeowner's association. In the Subsidy Repayment option a homebuyer would be required to repay the amount of subsidy received. Lastly, he noted the Forever Affordable option which would involve placing the home in a land trust, which requires that future resales be transacted with income-qualified households.

Providing greater detail, Mr. Whaley-Smith reiterated that Market-Only Activity involves no subsidy and provides no opportunities for affordability. The No Restriction option involves a subsidy, but that subsidy only goes to one household and provides no lasting benefit of affordability to future buyers. He also noted that there was no protection from investors buying these homes and leading to displacement. He referenced an example of affordable housing being built as workforce housing in a tourist community that was eventually purchased by vacationers as second homes. The Non-Profit Option to Purchase requires the developer to record a deed restriction allowing a non-profit the option to purchase the house at market rate value before it goes back onto the market. He noted that in communities like Shorewood with high market values that this could be difficult because it essentially required additional rounds of subsidy and resale. The Owner-Occupancy Restriction also involved a deed restriction that would provide opportunity for future homeowners, but those homeowners would be at any income level so there was no protection of displacement. The Subsidy Repayment option would involve a deed restriction requiring that the subsidy put into the home be repaid at the time of sale. This option allows the non-profit to recycle the subsidy into another home. He noted that this could be problematic if the market value of the home was lower than the cost to build, but that would not be the case in Shorewood. In the Forever Affordable option the land is placed into a land trust and the homeowner purchases the home that is built upon it. The homeowner then leases the land and agrees to sell the home to a similarly-situated family in the future. He stated that this option provides infinite opportunities for affordability moving forward. He noted this requires both a deed restriction and an organization to enforce the deed restriction.

Mr. Whaley-Smith noted that there were multiple variables to these options, including a pathway limited by time. For example, the requirement of subsidy repayment could expire after 10 years. The pathway could also be limited by income or resale price. The pathways could be applied to multiple building types or ownership types, such as condos or co-ops.

Mr. Whaley-Smith stated that the Forever Affordable option is an anti-displacement measure that involves a resale formula on future resale. He noted that property taxes are limited to the resale value rather than the market value, so taxes owed/received are lower. He noted that Forever Affordable homes do not require private mortgage insurance (PMI), which lowers the cost at closing and monthly expenses.

Mr. Whaley-Smith provided an example of a home rehabbed by the Milwaukee Community Land Trust (MCLT). He noted that the cost to rehab was \$250,000, and the market value of the home was \$130,000. The home was sold for \$90,000 and the land was leased to the purchaser for 99 years. The resale formula for the homeowner allows them to resell the home with an annual increase of 1.25% of the sale price.

In the Milwaukee area, Mr. Whaley-Smith noted that Market-Only Activity was taking place in Josey Heights and Walnut Circle. He stated that homes built by Habit for Humanity use a combination of Non-Profit Option to Purchase and Subsidy Repayment. He noted that the MCLT builds Forever Affordable homes. He summarized that this framework, including additional documents and examples, was available at www.housingplan.org.

(Chair Krouse exited the meeting at approximately 8:00 pm)

Mr. LeSage noted that one of the major benefits of owning a home was the value captured by appreciation. He discussed a court case currently being heard where a homeowner felt they were being mistreated by not being able to capture that value. He said that without seeing the upside of the real estate the homeowner was not much better off than a renter in this scenario, with the added burden of maintenance. Mr. Whaley-Smith noted that community land trusts were started as a racial-equity program to provide homeownership opportunities to Black and Brown people who were traditionally forced into rental situations. He noted that fee simple ownership was unattainable to many in these communities. As opposed to renting, in the community land trust model, the homeowner builds equity by paying off the purchase price of the home, but he acknowledged that maintenance costs need to be addressed, which is why these homes are typically brand new or completely rehabbed. He also noted that the issue needed to be looked at not only from the homeowner's perspective but also from the subsidizer who wants to see value in their investment.

Ms. Kiely Miller questioned who would set up a land trust in Shorewood. Mr. Whaley-Smith stated that there are significant efficiencies in setting up land trusts with at least 100 units, so a larger organization would most likely be required. He noted the Milwaukee Community Land Trust as the primary player in the area, but also noted that Wauwatosa was researching the development of a suburban model.

Tr. Stokebrand suggested that \$2.1 million could support 16 families with \$130,000 subsidies. Mr. LeSage believed the subsidy would need to be more and suggested that new homes would cost upwards of \$380,000 to build. Mr. Whaley-Smith said that costs would need to be discussed, but also noted that infrastructure to a site would need to be addressed and suggested that is where the subsidy could be placed. Tr. Stokebrand believed TID money could also be used on the DPW site as long as the property became taxable. Tr. Stokebrand questioned how taxes would be assessed on this type of project. Mr. Whaley-Smith stated that the property would be charged the same tax rate because of the uniformity clause, but noted that the units would be assessed at a lower value and thus be paying less in taxes. Tr. Stokebrand suggested that would result in a subsidy in perpetuity from Shorewood taxpayers. Mr. Whaley-Smith disagreed and noted that the Village would be gaining taxable value from development on the DPW site because the site was currently not taxed. Tr. Stokebrand confirmed that the new development would not be paying taxes on the market rate and that the lower rate would continue in perpetuity. Tr. Stokebrand questioned if the Milwaukee County Land Trust was not in a position to operate in the suburbs, and Mr. Whaley-Smith stated that it was the other way around that no suburb was positioned to provide inventory. Mr. Whaley-Smith agreed that the Village needed to understand what it was going to do with its DPW first, but said they were ready to work with the Village on trying to understand how to reuse the land in benefit of affordable housing. Tr. Stokebrand questioned if the Village would have to pay MCLT to administer the development. Mr. Whaley-Smith stated that homeowners pay a nominal monthly lease payment, but also noted that MCLT raises money similar to any other non-profit to run their operations.

Mr. Whaley-Smith stated that if the Village wanted to continue thinking about this that they should find a way to clean up the land and provide utilities to the site. He believed that the cost to develop would be approximately \$150,000 per unit, of which he believed he could help us raise about \$100,000 per unit so the Village would need to find a way to contribute the other \$50,000.

Ms. Flynn Post questioned if there were any additional ARPA funds at the County level to match this type of development. Mr. Whaley-Smith said that ARPA funds as a specific source were pretty much gone but noted that HOME funds could be considered. He expected that the County could

be a strong partner. He also noted that funds were recently identified at the State level and suggested that national foundation money could be found.

Ms. Kiely Miller noted that during previous conversations on affordable housing she was concerned about the idea of a temporary subsidy, such as rent assistance, because that subsidy would run out. She liked the idea of the subsidy being a permanent solution.

6. Future agenda items.

No future agenda items were discussed.

7. Adjournment.

Mr. Wycklendt motioned to adjourn the Plan Commission meeting at 8:17 pm; seconded by Ms. Kiely Miller. Vote 5-0.

Tr. Stokebrand motioned to adjourn the CDA meeting at 8:17 pm; seconded by Mr. Warren. Vote 5-0.

Respectfully submitted,



Bart Griepentrog, AICP
Planning & Development Director