



**COMMUNITY DEVELOPMENT AUTHORITY
Board of Directors Meeting – June 15, 2023**

MINUTES

Call to Order and Roll Call. Chairman Singer called the meeting to order at 5:30 p.m. PRESENT: Joe Kromholz, Jon Kachel, Patrick Singer, Jim Allen, Lukas Schreiber, Jeff Knight. ABSENT: Thayer Coburn. STAFF PRESENT: John Weidl (City Manager), Brad Marquardt (Public Works Director), Bonnie Miller (CDA Administrative Assistant). GUESTS: Kristin Fish-Peterson (Redevelopment Resources).

Declaration of Conflict of Interest. None.

Hearing of Citizen Comments: None.

Approval of Minutes: Moved by Knight to approve the Minutes of the May 18, 2023 CDA Board Meeting. Motion seconded by Allen. AYES: Kachel, Allen, Singer, Kromholz, Schreiber, Knight. NOES: None. ABSENT: Coburn. Motion passed.

Review and Acknowledge Financial Statements: Moved by Allen to acknowledge the Financial Statements for period ending May 31, 2023. Motion seconded by Schreiber. AYES: Allen, Knight, Kachel, Schreiber, Kromholz, Singer. NOES: None. ABSENT: Coburn. Motion passed.

Review Draft #2 Affordable Housing Policy (Rev. 6/9/23) and possible recommendation for consideration by the Common Council. City Manager Weidl opened the discussion with a summary of the current status of the Draft Affordable Housing Policy. The draft policy prepared the City's consultant Kristen Fish-Peterson (Redevelopment Resources) and was presented to the public at an open forum in April, followed by one-on-meetings and phone conversations with developers and various stakeholders in the community that expressed interest in participating in the discussion.

Ms. Fish-Peterson stated that we received feedback from various sources, including interviews with developers conducted in coordination with Neighborhood Services Director Chris Bennett.

Ms. Fish-Peterson provided a brief summary of some minor language changes made such as replacing the term "low income" with "affordable housing opportunities" making it clear that the Statutes require that 75% of the fund must be spent on affordable housing and 25% on other housing. She further stated feedback from the public and contractors regarding the proposed incentive numbers was positive, but received mixed feedback on the proposed capital contribution to the City's existing Housing Rehabilitation Loan Fund which has a very low balance restricting the ability to make new loans. Kachel commented that this type of program is very positive and encourages others in the neighborhoods to fix up their homes.

City Manager Weidl stated that local developers suggested that the City put together single-family lots (land acquisition and installation of infrastructure) and selling them. Weidl further stated that City staff agrees that this is something that would be a need in the community, and Ms. Fish-Peterson stated that the incentive would not be restricted to developing a subdivision and that a single home built on an in-fill lot could qualify. Weidl clarified that this language is what is generally required for TID financing and stated that there is a different structure for the developer side vs. the homebuyer side with different thresholds as to income qualification.

Weidl requested direction from the Board as to how they want to vet proposed projects, either by the Economic Development Director or by the Board of Directors in a transparent manner. Ms. Fish-Peterson summarized the down payment assistance for homebuyer eligibility and application and stated that a homebuyer can stack City assistance with other assistance from the County. Discussion ensued as to who would be “elected official” approving the policy. It was confirmed by Weidl and Singer that CDA recommends to Council and they adopt.

Chairman Singer then opened the meeting for public comment. Brian Schanen (441 S. Buckingham Boulevard) strongly urged that the CDA require owner-occupancy of these affordable housing units granted by this program and stressed the difficulty he had finding a home to purchase. Schanen further stated that statistics show that the ratio of owner-occupied housing vs. rental housing favors renters. Sherry Stanek (415 S. Douglas Court) stated that the 30% owner occupied housing in the community affects the ability to staff volunteer opportunities, board and commissions and other important things; to have a vibrant, successful community, we need owner-occupied housing. Chairman Singer closed the public comment portion and returned discussion to the Board.

Singer introduced a revised policy provided to the Board prior to the meeting. Knight stated that the draft proposal was solid and felt that the City should be fighting for single-family, owner occupied homes. Knight further commented that R-0 zoning restriction would be prohibitive to developers and that zoning would be a Plan Commission role, rather than CDA. Knight went on to state that developers have a large amount of money at risk and object to more regulations and the developers will have a problem with R-O zoning. Knight supported language that would enforce some kind of restriction to ensure single-family home ownership. Weidl stated that he would support a deed restriction for owner-occupied housing. Weidl objected to omitting application process/qualifications for developer section. Kachel inquired as to the price of building a home. Ms. Fish-Peterson stated that you could build a 1,400 square foot home, cheapest of everything, 2-3 bedrooms, 1.5 bathrooms, unfinished basement for \$318,000 not including the lot. Knight referenced the fluctuating market conditions causing difficulties for people trying to sell their home. Kromholz referenced requirements in this program limiting to single-family home ownership and was concerned about a deed restriction because they don't hold up. Allen referenced R-0 zoning and read in statement from Russell Walton (local developer) objecting to that limitation and mentioned the financial risk involved from the developer side. Allen supported deed restriction for owner-occupied for a specific period of time with a penalty.

Knight referenced approximately 7 new homes have been built in the last 10 years and stated that with this program, there would be 56 new homes. Weidl again referenced the use of a deed restriction and Knight objected. Singer mentioned that the Common Council will have the final say.

It was moved by Knight moved to recommend his revised policy (redlined). Weidl said that Knight's draft was not on the agenda and public hasn't seen it and doesn't meet the 72-hour notice requirement. Weidl said we could allow amending the draft from packet section by section. The motion failed for lack of a second.

Knight moved to approve the Policy as originally included in the packet; Kachel seconded. Singer directed the Board to review/amend the Policy by section.

Moved by Knight to adopt SECTION I. PURPOSE as presented in the redlined draft; seconded by Schreiber. AYES: Motion approved by unanimous voice vote (6).

Moved by Knight to strike the word "must" after the word "increment" at Line 7 and replace with the word "shall" in SECTION II. GUIDELINES. Background. Seconded by Schreiber. AYES: Motion passed by unanimous voice vote (6).

Moved by Knight to amend Section III PROCEDURE. A.2.a. to strike "\$500,000" and insert "\$700,000"; strike the word "County" and replace with "HUD" and add "for Walworth and Jefferson Counties"; strike the words "as established in section E of this policy." Motion seconded by Schreiber. Motion passed by unanimous voice vote (6).

Moved by Knight to approve Section A.3.a. through Section A.3.f. as presented in the Redlined Draft. Seconded by Schreiber. Kromholz expressed concern regarding use of a deed restriction and concern for the incentive limit on developer that develops two separate projects. Weidl stated that the intent is to limit the incentive per developer. Michael Smith (327 E. Clay Unit 29) commented that the current sale price of a home is over \$300,000 and expressed concern for the ability of families to qualify for a mortgage. Jill Gerber, 234 S. Pleasant St. questioned the use of R-0 being a restriction and being able to enforce a deed restriction. Singer provided background on the creation of the R-0 zoning limiting homes in close proximity to the University to two unrelated persons and stated that he was open to the use of the deed restriction. Sherry Stanek, would like to see this go to the Common Council with both the option of R-0 or the deed restriction for the Common Council to consider. Singer confirmed that the Common Council would be the body deciding its adoption. Knight cautioned against the use of "spot zoning". Kromholz stated that a \$5,000 fine for conversion of a home under this program to rental unit was an insufficient deterrent to conversion to a rental property. Moved by Singer and seconded by Kromholz to amend the proposed amendment to the original motion, to add subparagraph 3.g. requiring a deed restriction that would sunset after 10 years from date of the loan restricting rental of the home, requiring immediate repayment of the loan plus an additional \$5,000 penalty if the home is converted to a rental unit, and providing for a hardship waiver approved by the CDA. Motion passed by unanimous voice vote. Lisa Dawsey-Smith, 273 N. Fremont St. would like to see a legal opinion regarding the amended policy and if restriction also applies to Airbnb's before this is considered by another body. Voice vote on

original motion (Knight/Schreiber) approving Section A.3. (Knight./Schreiber) as amended (Singer/Kromholz) passed by unanimous voice vote (6).

Moved by Knight to approve **Section A.4. Capital Contribution to Homeowner Rehab Revolving Loan Fund** as presented in the redlined version; **add Section A.5.** as presented in the redlined version and with additional language “requiring a deed restriction that would sunset after 10 years from the date of loan restricting rental of the home, requiring immediate repayment of the loan plus an additional \$5,000 penalty if the home is converted to a rental unit, and providing for a hardship waiver approved by the CDA.”; and add **Section A.6** as presented in the redlined version. Motion seconded by Schreiber. Motion passed by unanimous voice vote (6).

Moved by Knight and seconded by Schreiber to approve **Section C. Eligibility and Application** as presented in the Redlined Draft. Motion passed by unanimous voice vote (6).

Moved by Knight and seconded by Kachel to strike **Section C.3. Application – Developers** in its entirety. Weidl stated that eliminating this step would probably be rejected by the Council; these are minimum requirements of our financial advisors (Ehlers & Associates) who provide a report on all proposals utilizing TIF funds and should be required at some level. Knight suggested having the Common Council come up with a streamline version of the requirements. Kromholz preferred to leave it as is with a recommendation that the Common Council streamline the process. Ms. Fish-Peterson stated that there should be a process, regardless of whether it is at staff level or CDA level. Moved by Kromholz to amend the original amendment to strike **Section C.3. Application – Developers** in its entirety and substitute the following language: “City staff shall develop a process for vetting and approving the projects going forward to be approved by City Council.” Seconded by Knight. Roll Call Vote: AYES: Singer, Allen, Kromholz, Kachel, Knight. NOES: Schreiber. ABSENT: Coburn.

Roll call vote on original motion to strike Section C.3. Application -Developers in its entirety. (Knight/Kachel) AYES: Kachel, Knight. NOES: Allen, Singer, Kromholz, Schreiber. Motion defeated. Weidl stated his desire that the approval the vetting process not be delegated to the Manager but rather, approved by the Common Council.

Michael Smith (327 E. Clay Unit 29) restated his concern regarding affordability for families with combined income of less than the County Median Household Income (approx. \$65,000 for Walworth County). Weidl stated that the Policy will use HUD median income (\$90,000) rather than County median income. Kristen went on to provide more information. Brian Schanen (441 S. Buckingham Blvd.) provided statistical analysis of buying power using teacher as example. Sherry Stanek (415 S. Douglas Court) pointed out that not every home buyer under the program will be a first-time home buyer.

Moved by Schreiber to amend **Section D.1.a.** to replace “County Median Income” with “HUD Median Income” and seconded by Knight. Motion passed by unanimous voice vote (6).

Roll call vote on original motion (Knight/Kachel) to recommend adoption of the Affordable Housing Fund Policy, as amended, to the Common Council. Roll call vote - AYES: Allen, Singer, Kachel, Kromholz, Knight, Schreiber. NOES: None. ABSENT: Coburn. Motion passed.

Discussion regarding CDA Façade Loan Program, including application materials. City Manager Weidl stated that he would like feedback from the Board regarding modernizing the CDA Façade Loan Program to allow for grants.

Economic Development Activity Report. Weidl stated that the Plan & Architectural Review Commission approved the Aldi site and A-1 Packaging site plans. Weidl reported that we are still recruiting for a permanent staff member.

Board Member Requests for Future Agenda Items:

Create policy between the CDA and City regarding transfers of residual equity from the CDA to the City. CDA Alternative Revenue Streams.

Director to visit (virtual/in-person) with Whitewater's employers.

Adjournment. Moved by Schreiber, seconded by Kromholz to adjourn the meeting. Motion passed by unanimous voice vote. Chairman Singer adjourned the meeting at 7:15 p.m.

Respectfully submitted,
Bonnie Miller, Recorder

Minutes approved July 20, 2023