

		<p style="text-align: center;">Policy 602.01 Affordable Housing Fund Policy</p>			
Owner:	Economic Development Director	Approving Position:	Common Council	Pages:	6
Issue Date:		Revision Date:		Review Date:	
Special Instructions:	Allocation of Tax Incremental Development Extension Funds				

**I. PURPOSE**

The purpose of the Affordable Housing Fund is to assist home buyers and developers by addressing the lack of housing stock available in the City of Whitewater by the creation of affordable housing opportunities, such as supporting home buyers in acquiring homes and incentivizing contractors/developers with the construction of new housing units. Units developed under this program are designed to support family and owner-occupied residential projects. Additionally, this policy sets forth the initial terms of allocating approximately \$1.9M in monies the City of Whitewater has available to support affordable housing.

The goal of the Affordable Housing Fund is to aid homebuyers and provide financial support for projects in the City of Whitewater that seek to increase the supply of safe, quality, affordable housing and facilitate long-term affordability and sustainability. In addition, the funds seek to achieve a wider dispersion of affordable housing units throughout the city.

The Guidelines of this policy are only to suggest possible allowable use. Due to a dynamic housing market these guidelines may allow other applications of these TID funds that meet the mission of expanded housing opportunities in Whitewater.

**II. GUIDELINES**

**STATEMENT OF POLICY**

**Background**

The State of Wisconsin created the Affordable Housing Extension program (“AHE”) to the Tax Incremental Finance law in 2009. Under this provision, cities with a Tax Increment District (“TID”) that has retired its debt and paid for all its project costs can extend the life of the district for one year. The funds captured in the one-year extension must be used solely to benefit affordable housing and improve housing stock anywhere in the community. A city must use at least 75% of those tax increments to benefit affordable housing anywhere in the community. Affordable housing is defined as housing costing no more than 30% of the household’s gross income. Any remaining portion of the increment must be used by the municipality to improve its housing stock. For purposes of this policy, “housing” and “housing costs” shall be defined as the principal and interest payments of the mortgage associated with the housing unit.

**III. PROCEDURE – Allocation of proposed funding depends on maintaining the 75% Affordability requirement. A record keeping of 75%/25% split will be kept as called for in C.2.b. and c. below.**

**A. Affordable Housing Funding**

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1. Funding Availability - Funding will become available intermittently as TIDs close and the one-year extensions are approved by the City Council through a resolution.
2. Down payment assistance for
  - a. Up to \$500,000 may be set aside initially for down payment assistance to home buyers who income-qualify, earning 100% or less of the County Median Income as established in section E of this policy.
  - b. Income-qualified homebuyers could receive a 0% interest loan for \$25,000 to be put toward the down payment on a home.
  - c. Loan payments would be deferred until the borrowers sell, transfer, or refinance the home at any point in the future.
3. Developer Incentives – for development of single-family and/or single family attached homes
  - a. A maximum of \$25,000 per dwelling unit that is sold to a person meeting the affordable housing definition in section III(B)(1) - Affordability. The maximum program mortgage (principal and interest) payments will not exceed 30% of the household's gross income.
  - b. A maximum of \$15,000 per market rate unit for those units sold to buyers not meeting the definition of affordable in section III(B)(1) - Affordability. This portion of the incentive would utilize the 25% of funds not required to utilized for affordable housing by State Law.
  - c. An additional \$5,000 per unit may be considered when necessary for projects providing fully accessible units for either a. or b. above.
  - d. Maximum amount per project: \$500,000.
  - e. Incentive would be paid out to the developer as homes are sold if they are priced to income-qualify.
  - f. Units developed under this program are designed to support family and owner-occupied residential projects. All units and/or projects receiving developer incentives are required to be re-zoned R-O Nonfamily Residential Restriction Overlay District per:  
[https://library.municode.com/wi/whitewater/codes/code\\_of\\_ordinances?nodeId=TIT19ZO\\_CH19.25NOREREVDI](https://library.municode.com/wi/whitewater/codes/code_of_ordinances?nodeId=TIT19ZO_CH19.25NOREREVDI)
4. Capital contribution to Homeowner Rehab Revolving Loan Fund - A one-time contribution to the Homeowner Rehab Revolving Loan Fund to replenish funds for repairs in the amount of \$200,000. Units developed under this program are designed to support family and owner-occupied residential projects. All units and/or projects receiving monies from the Homeowner Rehab Revolving Loan fund are required to receive the designation R-O Nonfamily Residential Restriction Overlay District per:  
[https://library.municode.com/wi/whitewater/codes/code\\_of\\_ordinances?nodeId=TIT19ZO\\_CH19.25NOREREVDI](https://library.municode.com/wi/whitewater/codes/code_of_ordinances?nodeId=TIT19ZO_CH19.25NOREREVDI)
5. While 75% of funding is required to be spent to advance affordable housing options in the City of Whitewater, the other 25% of TIF increment can be spent on housing that is available to projects and programs supporting residential development which doesn't have an income-qualification of affordability. This could be a developer incentive, such as item 3.b. above, or other means of supporting housing development. Incentives could be provided for land acquisition, infrastructure, or

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certain amenities which would benefit a development. Up to \$475K of the initial \$1.9M may be allocated toward projects meeting this criterion. Units developed under this program are designed to support family and owner-occupied residential projects. All units and/or projects receiving funding through this mechanism are required to receive the designation R-O Nonfamily Residential Restriction Overlay District per:

[https://library.municode.com/wi/whitewater/codes/code\\_of\\_ordinances?nodeId=TIT19ZO\\_CH19.25\\_NOREREOVDI](https://library.municode.com/wi/whitewater/codes/code_of_ordinances?nodeId=TIT19ZO_CH19.25_NOREREOVDI)

6. City Development – The city shall have the option to utilize these funds to purchase lots or land and install infrastructure to develop a subdivision that would fit within these Affordable Housing guidelines.

### B. Affordability Definition

#### 1. Affordability

- a. The maximum program mortgage (principal and interest) payments will not exceed 30% of the household's gross income.
- b. Buyers must be qualified upon initial offer to purchase the unit by the developer or the assigned realtor.

### C. Eligibility and Application

#### 1. Applicant Eligibility - Developers

- a. Projects must be located in the City of Whitewater
- b. Projects must meet the affordability definition in section E. of this document
- c. Projects application requires that the developer owns the land in fee simple or has the land under a binding offer to purchase and plans have been submitted to Planning Department for review/approval

#### 2. Application Process - Developers

- a. Developer shall follow site plan approval process for individual units and larger multiple unit single family developments. Once approved by the Planning and Architectural Review Committee, the developer shall provide the CDA with evidence of financial capability to carry out the project. If it is a multi-unit development, a development agreement may be needed.
- b. A list of all developers shall be maintained by the CDA who have received benefits under this policy as units are development and benefits paid. Either the developer or unit buyer will provide financing evidence to show they meet the Affordable Housing test.
- c. CDA shall track units receiving benefits that are not classified as Affordable.
- d. The City of Whitewater Economic Development Office will receive draw requests from the CDA and process grant disbursements through the Finance Department.
- e. Documents will be stored electronically and hard copy for up to seven years following disbursement of grants to developers.

#### 3. Application - Developers

- a. To apply for the Affordable Housing Fund, applicants shall submit written correspondence through a letter of intent to the CDA for review at a public meeting. The letter of intent shall

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describe the proposed development concept and their experience developing and operating multi-family, affordable housing projects and also address items as outlined in sections b through g below.

- b. Project Summary -Describe basic information on project sponsors and project ownership.
- c. Project Description- Include the following:
  - 1) Project narrative - Describe how the proposed project meets the City's goals
  - 2) Design and Quality - Describe the construction of the units and the materials used
  - 3) Units by Bedroom Count and Income Levels
  - 4) Project Schedule
  - 5) A concept plan and site plan - Submit both plan view and elevations
  - 6) Location of the site regarding proximity to schools, shopping, employment, recreational activities, and public transportation
- d. Development Budget - Sources and uses budget
- e. Financing Sources - Financing narrative
- f. Project Operations
  - 1) Operating narrative
  - 2) Proposed sale prices detailed by unit size and income level
  - 3) Marketing plan for sale of homes
- g. Organizational Capacity
  - 1) General Ownership experience
  - 2) Personnel
  - 3) References
  - 4) Resume of Lead Project Manager
  - 5) Corporate philosophy on affordable housing, fair housing, and diversity, equality, and inclusion
4. Evaluation of Application
  - a. Project Description and Technical Approach - Economic development department staff will evaluate the applicant's approach to the project, proposed design quality, and success in understanding and meeting the city's goals and visions for single-family development and make a recommendation to the CDA.
  - b. Financial Soundness and Capacity to Obtain Funding for the Project – Economic development department staff evaluate the financial soundness of the proposed funding plan and the capacity of the developer to successfully obtain the funding necessary for the project, including operating subsidies and make a recommendation to the CDA.
  - c. With CDA approval, Economic development department staff will prepare a developer assistance agreement. Staff will attend the residential real estate closing to present the developer check and have program documents signed.

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- d. Documents related to developer assistance will be stored in hard copy and electronic format for seven years following the sale of the home.

### D. Eligibility and Application

#### 1. Applicant Eligibility – Down payment Assistance for Homebuyers

- a. Applicants must have combined household income of 100% or less than County Median Household Income.
- b. Buyers must be prequalified by a bank for housing with consideration for the down payment assistance.
- c. Buyers must present an accepted offer to purchase contingent on financing at the time of application.

#### 2. Application Process – Home Buyers

- a. To apply for the Affordable Housing Fund, applicants shall submit written correspondence through a letter of intent to the CDA for review at a public meeting. The letter of intent shall describe the proposed purchase and submit evidence of qualification of items D(1)(a-c) above. CDA staff will review the application for eligibility and against the criteria outlined in the policy and provide a recommendation to the CDA. If the incentive is approved by the CDA, the incentive is then confirmed and paid out as per 2.b. below.
- b. Economic development department staff will prepare a downpayment assistance agreement, and mortgage. Staff will attend the residential real estate closing to present the downpayment check and have program documents signed. The mortgage will be recorded at the appropriate Register of Deeds office for the County in which the residence exists.
- c. Documents related to downpayments will be stored in hard copy and electronic format for seven years following the sale of the home and repayment of the downpayment loan.

- E. Income qualifications are based on the most current Wisconsin Department of Administration guidelines by county, updated annually. [https://doa.wi.gov/DECHR/Household\\_Income\\_Limits.pdf](https://doa.wi.gov/DECHR/Household_Income_Limits.pdf)

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SIZE OF HOUSEHOLD									
COUNTY	CMI%	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Jefferson	30%	\$ 14,800	\$ 16,900	\$ 20,420	\$ 24,600	\$ 28,780	\$ 32,960	\$ 37,140	\$ 41,320
	50%	\$ 24,650	\$ 28,150	\$ 31,650	\$ 35,150	\$ 38,000	\$ 40,800	\$ 43,600	\$ 46,400
	80%	\$ 39,400	\$ 45,000	\$ 50,650	\$ 56,250	\$ 60,750	\$ 65,250	\$ 69,750	\$ 74,250
Walworth	30%	\$ 14,100	\$ 16,240	\$ 20,420	\$ 24,600	\$ 28,780	\$ 32,960	\$ 37,140	\$ 41,320
	50%	\$ 23,450	\$ 26,800	\$ 30,150	\$ 33,500	\$ 36,200	\$ 38,900	\$ 41,550	\$ 44,250
	80%	\$ 37,550	\$ 42,900	\$ 48,250	\$ 53,600	\$ 57,900	\$ 62,200	\$ 66,500	\$ 70,800

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