

# City of La Crosse

## Tax Increment Finance District Four (TID 4)

- Proposal to extend the life of TID4 one year and utilize the increment for affordable housing.

### Background Information

Resolution passed Council 4/11/13

Resolution directing the Planning and Finance Departments to prepare the necessary legislation to extend TIF District #4 for one year to improve the City's housing stock.

#### AMENDED RESOLUTION

WHEREAS, cities are allowed to extend the life of a TIF district by one year to fund improvements to the housing stock and TIF District #4 is set to close in 2014.

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City of La Crosse that it hereby directs the Planning Department and Finance Department and other City officials to prepare the necessary legislation to extend the life of TIF District #4 and to propose a program or programs to improve the City's housing stock for introduction at the June Council cycle and include fiscal implications of extending TIF #4.

State Statute: 66.1105(6)(g)

1. After the date on which a tax incremental district created by a city pays off the aggregate of all of its project costs, and notwithstanding the time at which such a district would otherwise be required to terminate under sub. (7), a city may extend the life of the district for one year if the city does all of the following:

a. The city adopts a resolution extending the life of the district for a specified number of months. The resolution shall specify how the city intends to improve its housing stock, as required in subd. 3.

b. The city forwards a copy of the resolution to the department of revenue, notifying the department that it must continue to authorize the allocation of tax increments to the district under par. (a).

2. If the department of revenue receives a notice described under subd. 1. b., it shall continue authorizing the allocation of tax increments to the district under par. (a) during the district's life, as extended by the city, as if the district's costs had not been paid off and without regard to whether any of the time periods specified in par. (a) 2. to 8. would otherwise require terminating the allocation of such increments.

3. If a city receives tax increments as described in subd. 2., the city shall use at least 75 percent of the increments received to benefit affordable housing in the city. The remaining portion of the increments shall be used by the city to improve the city's housing stock.

### Recommendations

Proposed Use of Funds:

66.1105(6)(g)(3) states that if a City receives an extra year of increment by the statute process above, then 75% of the increment received must be used for the affordable housing and the remaining 25% shall be used to improve the city's housing stock.

2012 TID4 increment was \$1,117,396.

Planning & Development Department staff recommend that no less than 75% of the increment fund the City's Replacement Housing Program (Affordable Housing Program). This program purchases dilapidated housing in the city, demolishes the structure and rebuilds new homes for low to moderate income residents that are at or

below 80% of the Area Median Income based on household size. As of March 2013, the city's program had completed 21 homes, fourteen of which were completed in conjunction with the building program at Western Technical College.

Staff recommendation is also that up to 25% of the increment fund the Housing RENEW Program (Market Rate Housing Program) and the Reinvest La Crosse Program. Both the Replacement Housing Program and the Housing RENEW Program are award winning, have been utilized in the City of La Crosse for many years, and have Common Council approved program guidelines. The Reinvest La Crosse Program and Guidelines are currently being drafted by City staff and UW Extension.

### Fiscal Implications

- **City of La Crosse**
  - Gains one more year of increment (approximately \$1,100,000) to invest in the City's dilapidated housing stock
  - Utilization of these funds will not adversely affect the City's finances as the utilization of the tax increment eliminates the need for the City to implement these programs with City funds or from capital borrowing.
  - The State Created this tool to assist City's in revitalizing communities and growing tax base which benefit all residents by helping to maintain or increase property values in transitional or distressed neighborhoods.
- **Other taxing jurisdictions** – Should the TID close in 2014, the other taxing jurisdictions would begin receiving their increased tax distributions in 2015. If the life of the TID is extended one year the distributions will take place in 2016. Based on the 2012 increment of TID 4, those distributions would be as follows:
  - La Crosse County/State - \$149,731
  - Western Technical College - \$82,687
  - City of La Crosse School District - \$408,967
  - City of La Crosse - \$476,011
    - Note: The State of Wisconsin reimburses local school districts for nearly their full share of tax increments going toward TIF districts.

### Timeline:

Current TID4 Final Termination Date: 8/18/14

The city shall notify the department of revenue at least one year before the date on which the district is required to terminate if there is a request to extend the life of the TID. [66.1105(8)(e)]

City must notify the WI Department of Revenue by 8/18/13, if it chooses to extend the life of the TID. Notification consists of an adopted resolution with specification on how the city intends to improve its housing stock. The City will send adopted Council Resolution, along with all Council approved Program Guidelines to the Department of Revenue per Statute.

### Final Recommendation:

Staff recommendation is for Common Council to approve the resolution allowing the City of La Crosse to extend TID4 for one-year to utilize the tax increment for improving the City's housing stock.