

**City of Sheboygan**  
**Affordable Housing Policy**  
**Responsible Officer – City Administrator**

The following policy establishes the spending and reporting requirements related to the funds within the Affordable Housing Special Revenue Fund.

Wisconsin Statue Sec. 66.1105(6)(g) allows for a one-year extension to tax incremental districts (TIDs) permitting the municipality to utilize the final year's increment to benefit affordable housing. The City of Sheboygan has opted into these extensions and created the Affordable Housing Special Revenue Fund to account for these funds separately from other uses within the City's financial software.

The funds within the Affordable Housing Fund are allowed to be utilized anywhere within city limits and 75% must be used for affordable housing. State law defines "affordable housing" as housing that costs a household no more than 30% of the household's gross monthly income.

Compliance with the affordability requirement will be calculated annually based on the average monthly rental rate as compared to the U.S Department of Housing and Urban Development (HUD) HOME rent limits adjusted to 100% median income. HUD publishes these amounts annually and can be found on the HUD exchange website.

Sample Calculation: Average Monthly Rental Rate for 2-Bedroom Apartments: \$1,682  
HUD HOME 2-bedroom Low Home Rent Limit (2023): \$867  
Adjustment to 100% of Median Income:  $\$867 * 2 = \$1,734$

Because the average monthly rental rate for 2-bedroom apartments is less than the adjusted HUD HOME 2-bedroom rate, the development would comply with this policy.

Development projects that utilize funds from the Affordable Housing Fund to support construction will be required to provide the City of Sheboygan monthly rent and occupancy for each unit. This annual report with the data from the previous calendar year will be due by April 30<sup>th</sup> to the Planning Department. The Planning Department will compile all the information to confirm that compliance is met. Annual affordability calculations will cease at the earlier of funds being repaid to the Affordable Housing Fund or have been reported for 10 years.

If the annual affordability calculation is not met, the Planning Department will notify within 30 days to the City Administrator who will work to rectify the situation and report plan to Common Council. Records of annual compliance tracking must be kept by Administration for 7 years after year of calculation.