

Date: January 20, 2026

To: Common Council
John Weidl, City Manager

From: Rachelle Blitch, Director of Financial and Administrative Services
Re: Understanding How Multi-Family Housing Benefits Homeowners

The purpose of this memo is to clarify how multi-family housing developments—such as apartment buildings and mixed-use residential complexes—financially benefit existing homeowners in Whitewater. There is a common misconception that multi-family housing adds strain to local services without contributing proportionally to the tax base. In reality, multi-family properties are taxed differently from single-family homes and often strengthen the city's financial position.

Multi-Family Housing Is Classified and Taxed as Commercial Property

In Wisconsin, multi-family buildings above a certain size are taxed in the **commercial property** classification rather than the residential classification. This classification brings several fiscal advantages:

1. Higher Assessed Value per Acre

Commercial-classified multi-family housing typically has a significantly higher assessed value per acre than single-family neighborhoods. This means the city collects substantially more property tax revenue from the same amount of land.

2. Stronger Contribution to the Shared Revenue System

Multi-family housing that is classified as commercial property contributes more substantially to the City's financial resources because of how Wisconsin's shared revenue and property tax systems operate.

- Higher Property Tax Contributions:**

Commercial-classified multi-family buildings are income-producing, meaning they are assessed based on the revenue they generate rather than just comparable sales. This results in higher assessed values and greater property tax contributions.

- Greater Impact on Shared Revenue:**

Wisconsin's shared revenue formulas take into account municipal need, equalized value, and the overall taxable property base. When a city increases the amount of commercial-valued property within its boundaries, it often strengthens its position within these formulas. This can contribute to **higher or more stable state aid**, benefiting all taxpayers.

- Diversified Tax Base = More Stability:**

A broader commercial tax base reduces the city's reliance on single-family home values, which can fluctuate more significantly.

- **Reduced Reliance on Homeowners:**

Because commercial-classified multi-family developments generate significant revenue, the City does not need to rely as heavily on residential taxpayers to meet budget needs.

In practical terms: more commercial-classified value means a lighter share of the tax levy carried by single-family homeowners.

3. Stabilized Revenue for City Services

Multi-family communities tend to remain consistently occupied and fully assessed, making them reliable year-to-year revenue generators. This stability supports essential services such as police, fire/EMS, parks, and infrastructure maintenance—services that benefit all residents.

How This Benefits Existing Homeowners

The financial structure surrounding multi-family housing directly benefits single-family homeowners in several ways:

- **Lower Pressure on Homeowner Taxes**

As multi-family developments contribute more to the tax base, homeowners shoulder a smaller portion of annual levy increases.

- **Greater Capacity for City Improvements**

Higher commercial-classified valuation makes it easier for the City to fund roads, utilities, and public facilities without placing additional burdens on homeowners.

- **Support for Local Businesses**

More residents mean more customers for shops, restaurants, and services. Stronger local businesses contribute to a healthier local economy and stable home values.

- **Efficient Use of Existing Infrastructure**

Concentrating residents in areas already served by utilities and public services helps the City operate more efficiently, supporting long-term fiscal sustainability.

Addressing Common Concerns

While questions about traffic, parking, and neighborhood character deserve thoughtful discussion, the fiscal reality is clear: **multi-family housing reduces strain on the residential tax base and improves the City's financial resilience.**



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Conclusion

Multi-family housing is a vital component of a balanced and sustainable municipal tax structure. Because it is taxed as commercial property, it strengthens the City's financial foundation, reduces pressure on single-family homeowners, and supports long-term community growth.

Expanding multi-family options in Whitewater is therefore not only beneficial for renters or developers—it directly benefits existing homeowners through increased fiscal stability and reduced tax burden.