



## Finance Committee Agenda Item

Meeting Date: May 27, 2025

Agenda Item: TIF Policy

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### BACKGROUND

(Enter the who, what when, where, why)

The topic of establishing a TIF policy is one that many municipalities the size of Whitewater consider. If you review the state you will find examples of municipalities that have one, and others that don't. My recommendation is based on my professional experience working with TIF for about 12 years in communities similar to Whitewater, as well as consulting with area municipalities to determine if they have a policy. The Cities of Watertown and Fort Atkinson and the Village of Johnson Creek all do not have a TIF policy.

My recommendation is to not create a TIF policy and it is for two primary reasons. First, TIF is a complex and nuanced topic; no two projects are ever the same and therefore the needs are varying. Whether it be unit count, geographic differences, interest rates, construction costs, on site management or not, landscaping included or not, the list could go on- every project is different and requires different items. That variety makes writing an all-encompassing policy difficult, and if written, it also immediately creates a policy that can be very difficult to consistently implement.

Second, in government when a policy is set it is difficult for a governing body to feel comfortable bypassing or adjusting that policy on a case by case basis. The very reason to create the policy is to ensure consistency. I have witnessed very few ad hoc deviations from governmental policy, and when the policy was bypassed it typically revolved around emergent circumstances or employee relations topics. In addition to the difficulty it can present for a governing body, residents expect consistent application of policy. The notion of having a policy and changing it project to project, gives the perception that a particular project is "above the rules," or getting special treatment, when in actuality the project just requires something different than the one before it. While this is not the intention, it is a natural inclination for people that don't work in development regularly to observe this and assume it is special treatment.

The City of Whitewater has goals of building more housing and encouraging more commercial/industrial development. The ability to be nimble in the means and methods of achieving those goals is, particularly at this time, necessary for success. Development costs are the same no matter where a developer builds; what does change is the rent/price a developer charges. In major markets (which Whitewater is surrounded by), developers can build the same product but charge more in other communities. Additionally, the location of Whitewater can present a challenge; not being close to a major highway can make it a less desirable location, and because of that I would also encourage not comparing policies or deals to other communities.

In order to best position Whitewater, the city needs as many resources as possible to be competitive; now is the time to grow those resources, rather than impose broad limits on them. Governing bodies will have the ultimate review and approval of developments, regardless of a policy, so the practical application of checks and balances will still occur.