

To: Common Council Members

From: Emily McFarland, Interim Economic Development Director

Date: August 11, 2025

Topic: Housing Summary Responses

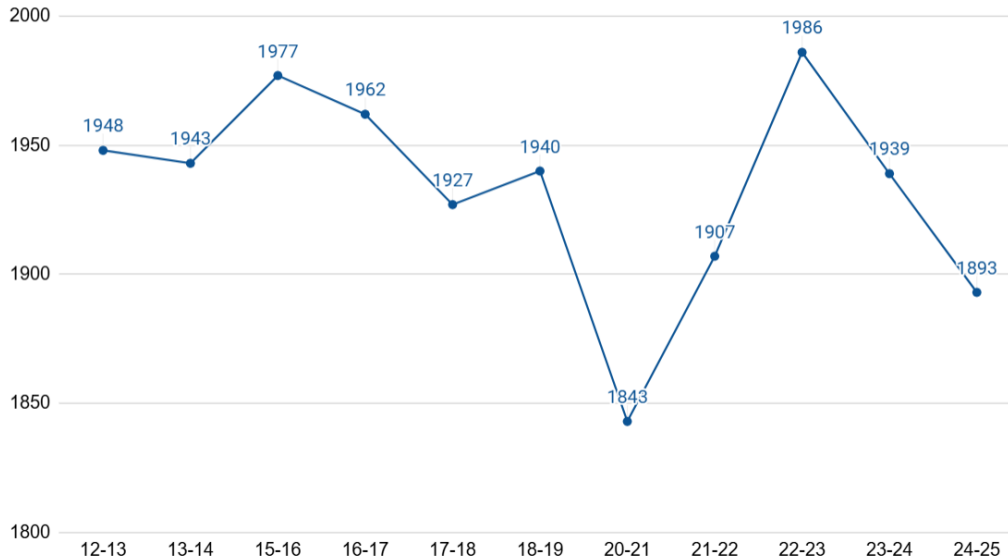
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On June 17, 2025 I provided the council a housing approach summary document. On July 17, 2025, I provided the same memo to the CDA. This memo provides responses and context to the public comments shared at both of those meetings.

Below, in no particular order, are the comments and associated responses for each. Where applicable, I combined similar topics.

- a. Comment: The levy will increase (as a result of TIF/TID)
  - i. *Response: Tax Incremental Financing (TIF) doesn't automatically raise taxes on non-TIF properties. The levy, or the total tax collected, is set by the Common Council based on service and capital needs. Levy increases can happen with or without a tax incremental financing districts (TID). They can also occur one year, but not the next. It is possible to have TIDs and not have a levy increase, it is also possible to have TIDs and have a levy increase. The important thing to note here is that one does not necessarily mean the other will happen. The responsibility of the fiscal trajectory of the City of Whitewater rests in boards/committees and the common council.*
- b. Comment: TID creation will impact the number of children in schools and almost certainly impact the need for an additional school which will increase the levy/tax burden.
  - i. *Response: I reached out to the school district for projections on enrollment and potential capacity of their current schools. At this time, they do not have that data available. Below is a chart that was provided. This chart does not show a consistent trajectory up or down for enrollment.*

Enrollment History - Whitewater Unified School District



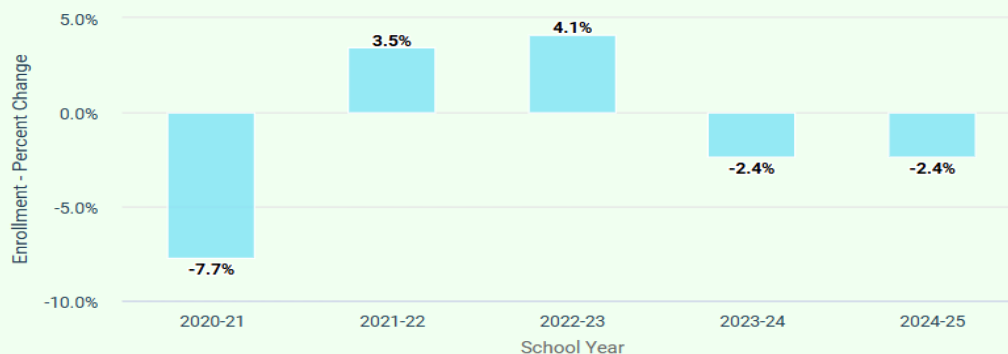
*I also reviewed the Wisconsin Department of Public Instruction's website to see if there was any data to support a trend, below is that graph. From these two graphs, and available data, it is difficult to validate the concern that additional housing will increase enrollment beyond its capacity. The district graduates 91% of its students in four years, and is seeing at most a 4.1% increase in the last five years, then followed by two years of declining enrollment. Statewide, enrollment is declining as well.*

Enrollment Percent Change by Year - [All Students]



Whitewater Unified - [All Types] - [All Schools]

This graph shows the percent of change from year to year in student enrollment over the last 5 years. The vertical Y axis of the graph displays both positive and negative change. The GROUP BY selector and SCHOOL YEAR filter in the filter pane are not applied to this graph. The grouping is always by district and school year.



*While solid data is not available at this time, we can evaluate conservatively an impact currently approved projects, or those projects that are currently at Planning Commission level, may have on school capacity. The Finance Director provided the following analysis.*

*To fully assess and accurately forecast enrollment trends, we would require detailed data from the school district, which is not currently available. However, based on available information, we can make some preliminary assumptions to provide a rough estimate. The projections below were developed using data estimates from the National Multifamily Housing Council.*

*Key facts:*

- The district's highest enrollment year since 2013 was 2022-2023, with 1,986 students.*
- The most recent enrollment figure for 2024-2025 is 1,893 students.*

*Using housing development data of currently approved/Planning Commission level projects and standard student yield assumptions, we estimate:*

- The Whitewater Moraine View Project (Slater: 128 new housing units to be built over the next 2-3 years) could generate approximately 42 students.*
- The Bielinski project (99 single-family homes) is projected to add approximately 58 students.*
- The remaining US Shelter/Meadowview homes are estimated to add 4 students.*

*In total, these projects are projected to increase enrollment by approximately 104 students once all developments are complete. While enrollment numbers are subject to fluctuation, if all 104 additional students were to enter the district in a single year, total enrollment would reach 1,997 students—only 11 more than the district's most recent peak enrollment year. However, we know these housing units will be completed over time, and students naturally transition out of the district upon graduation, or through other life events. Therefore, it is unlikely that of the projects noted above, the full projected increase will create a need for an additional school building.*

c. *Comment: A cap on the TIF incentive should be discussed*

- Response: There is a wide range of approaches on a TIF cap throughout the state; this topic comes down to preference of the elected officials. The opinion I have offered is to*

*not set a cap and that is for one main reason- every deal is different. Whether you're buying a car, a house, or an appliance, each deal has different inputs at different times. Interest rates change, sales happen, down payments fluctuate, etc., so to set an amount today, that may be irrelevant in a year, or may not quite fit a project that would otherwise be very good for the community, can make development difficult. Further, setting a policy that may need to change, or having a project that may need an exception to the policy, can create mistrust.*

*d. Comment: Some of the affordable housing funds should be used for rehabilitation of existing homes/blight removal.*

*i. Response: Agree, this has been in the affordable housing policy that was adopted by the council on February 15, 2024, and has been on the list for further program development and refinement since late Spring 2025. Full updates to this program, and other loan programs, are expected to be complete in the Fall.*

*e. Comment: Concern that the city will exceed the 12% rule set by the state as it pertains to land inside of a TID.*

*i. Response: Wisconsin statute limits the amount of land value that can be located within a TIF district. In Wisconsin a city can't have more than 12% of its total property value in TIDs at any given time. For reference, this is the section of code 66.1105(4)(gm)4.c. and there is also a helpful TID related website on the Department of Revenue's website: <https://www.revenue.wi.gov/Pages/FAQS/slf-tif-vallimit.aspx#:~:text=It%20is%20calculated%20by%20adding,the%20municipality's%20total%20equalized%20value>.*

*What this means is that the city needs to be mindful of the amount of land value inside the districts in the city, exceeding the 12% would limit the city's ability to create new TID's or add land into existing districts. It does not mean that the city couldn't execute development agreements. The ability to execute development agreements in existing districts (with TID plans that identify developer incentives) does not rely on the city exceeding the 12% rule. Despite that, I did inquire with the Finance Director and she shared that the 2025 Preliminary Equalized Values are: the current total incremental value from all TIDs is \$ 63,574,800 and the city's total equalized value (TID in value) is \$ 1,102,056,600. We are at 5.77% this year. It is important to note, that should the City ever reach the 12% in the future, the city could amend the boundaries of the TIDs and remove properties to get below the 12%.*

- f. Comment: The Slater multi-family project (Whitewater Moraine View) was approved prior to hearing comments from residents.*
- i. Whitewater Moraine View was discussed at the May 16, 2024 Community Development Authority Meeting, the May 21, 2024 Common Council meeting, and the September 14, 2024 Planning and Architectural Review Commission (PARC) meeting. Public comment was available at each of those meetings.*
- g. Comment: TID impact on the levy will be compounded by the referendum.*
- i. Response: According to the Finance Director, the projections that were used for the referendum are the following:*
- 1. Walworth County estimated mill rate increase: \$1.18*
  - 2. Jefferson County estimated mill rate increase: \$0.92*
- Additionally, see the response to “Comment A” for information on the levy.*
- h. Comment: There are enough rentals in the city with already high vacancy.*
- i. Response: Three housing studies have been done in the area of Whitewater, one in 2023, one in 2024 and recently Jefferson County had one completed in 2025. I am not providing data solely for Whitewater because the shortage of housing in the state has made buyers/renters more flexible on moving/commuting. For example, in the rental housing sector, just seven apartment communities of reasonable scale were constructed in all of Jefferson County during 2011-2024 timeframe. The lack of new larger developments means renters have to be flexible with location.*
- 1. 2025 Study: The current vacancy for all surveyed apartment communities is about one percent. Some older apartments are seeing even less than one percent; this reflects a “tight and undersupplied rental housing market.” For comparison, a healthy rental market would have vacancies around five to six percent.*

**CURRENT VACANCY CONDITIONS: THE RENTAL HOUSING SECTOR  
JEFFERSON COUNTY, WISCONSIN: 1ST QUARTER 2025**

Classification	Current Vacancy Rate
<b>Apartment Communities Constructed 2011 - 2024</b> (Just 7 Projects Of Scale Totaling 426 Units)	<b>1.6</b>
<b>Apartment Communities Constructed 2000 - 2010</b> (Just 5 Projects Of Scale Totaling 488 Units)	<b>0.6</b>
<b>Apartment Communities Constructed Before 2000</b> (Sampling of 16 Projects Of Scale Totaling 803 Units)	<b>0.4</b>
<b>All Surveyed Apartment Communities</b> (28 Total Projects Of Scale Totaling 1,717 Units)	<b>1.0</b>

2. 2024 Study: *“Fostered by a stable/growing economy, and on the heels of expected household growth, construction requirements for new housing in the Whitewater Market Area will average 400 units annually during the next five years. This 400-unit forecast can be tied specifically to household growth levels estimated at 255 per annum through 2028, along with 145 units representing the replacement of residences lost to demolition and abandonment and the need to provide a vacancy allowance for filtering or movement from one residence to another. Of the 400 units which could be constructed annually within the market during the forecast period, 225 will occur among for sale housing forms with 175 represented in the rental housing sector.”*

*“Given the supply deficiencies that exist in the conventional rental housing market, practically any suitable location within the city of Whitewater could be considered for development or redevelopment.”*

3. 2023 Study: *“Future residential development potentials in Whitewater and surrounding areas are clearly evident. In other words, the city of Whitewater is well suited for the introduction of new market rate residential development over the next 5+ years including conventional “non-student” rental offerings and various forms of for sale housing. This favorable conclusion is based upon: more than adequate demand support for a variety of new construction housing*



*alternatives, notable supply-side constraints, an ample base of existing (and future) households with strong demographic profiles, tightness in both the rental and for sale sectors of the market, good schools, in-place employment, transportation, shopping/services, recreation, etc. and the opportunity to introduce new and differentiated housing product in a market where such product is needed.”*

*i. Comment: Taxes have increased dramatically*

*i. Response: The Finance Director conducted a review of a small sample of residential properties, tracking trends over the past 10 years. The analysis shows that:*

- Overall tax bills for these households have ranged from a 5% decrease to a 30% increase, with an average increase of 12% over the 10-year period.*
- During the same timeframe, assessed property values for these households have increased between 38% and 83%, with an average increase of 58%.*

*When isolating the past 5 years:*

- Overall tax bills have ranged from a 1% decrease to an 18% increase, with an average increase of 6% – notably lower than the rate of inflation during this period.*
- Assessed property values have increased between 35% and 60%, with an average increase of 44%.*

*j. Comment: The housing that is being built is not affordable.*

*i. Response: Affordability is typically defined as housing where occupants spend no more than 30% of their gross household income on housing costs, including utilities. There is no set standard, but this is generally accepted. According to 2023 American Community Survey data, in Whitewater the average median income was \$49,000. The nuance to Whitewater is that the student population is included in this data. There is no perfect way currently to exclude students from the data, so I’ve considered the data two different ways.*

*1. Income Breakdown by Age*

- a. Under 25 years: ~\$23,250*
- b. Age 25-44: ~\$74,978*
- c. Age 45-64: ~\$90,313*
- d. 65 and over: ~\$53,646*

- e. *If Under 25 years old is removed, which I acknowledge is not perfect, and the average of the remaining three are taken, the average is \$72,979, and 30% of that would be \$1824*

2. *County Review*

- a. *Walworth County's median income is \$75,229, 30% would be \$1,880*

*The important component to remember is that housing is a system, if \$1800 a month is too expensive for some, it isn't for all, and those folks who can afford it free up their current housing location, and then the person who has been waiting for a \$1400-month housing opportunity take that spot and free up their \$1000 a month space, and so on. Housing being built in Whitewater today is not just for current Whitewater residents, it is being considered for commuters and future residents as well.*

k. *Comment: Why incentivize housing development*

- i. *Response: The cost of construction is about 40% higher than it was pre-COVID. According to the US Bureau of Labor Statistics, the producer price index (PPI), where goods like steel, copper and lumber are tracked, has seen about a 40% increase since the pandemic. See chart below. Quite simply, the cost to build is so high that in order to recoup those costs, a builder would have to increase the sale/rent price, or be incentivized to build. Additionally, location does play a role. The cost to build in Whitewater is the same as it is in metropolitan areas, or areas near a major highway. In these areas, builders could charge more for the purchase price/rent and be more profitable. To encourage building in locations that don't garner those higher rents, communities turn to incentivizing the build, acknowledging the that short-term loss of portions of the tax revenue, will have a positive impact in the long run. Further, a post-pandemic shift in economic development is happening, and that is a shift away from housing following business/industry, and a shift world business/industry following housing. This shift acknowledges the value in being a community where people live; the home of the workforce, has an easier path to becoming the home of the employer.*



## Materials costs jumped 40.5% since February 2020

PPI for inputs to nonresidential construction, indexed to 100 in June 2010.



Chart: Sebastian Obando/Construction Dive • Source: U.S. Bureau of Labor Statistics • Created with [Datawrapper](#)

- l. Comment: Why isn't there an investment being made in industry/commercial*
  - i. Response: The City is, and has been, working on commercial/industrial development. Areas to point to include the loans/grants provided to industry partners through the CDA, the development agreements and land sales to companies from the trades, to manufacturers to service providers. I would also share that since May, I have worked with nearly 20 different businesses on their plans to expand, relocate, or add product lines in the community. In 2026, a revitalized Business, Retention and Expansion (BRE) program will be available to further that work, as well as refined targets for the CDA's loan programs.*
- m. Comment: Non-profits are not paying property taxes*
  - i. Response: In Wisconsin, the primary statute that outlines property tax exemptions for non-profit organizations is Wisconsin Statute § 70.11. The city cannot discriminate against non-profits by prohibiting them access to land in the city, nor can the city legally charge them property taxes.*
- n. Comment: Existing housing rental businesses will not be sustainable*
  - i. Response: The data mentioned in response to "Comment H" substantiates the need for more housing in addition to what is currently in the market.*

I would like to thank and acknowledge the work of Finance Director Rachelle Blich in providing financial projections/analysis for this memo. I will be present at the meeting to answer any additional questions.

Thank you,

Emily McFarland

Interim Economic Development Director