

ANTI-DISPLACEMENT TAX FUND



Anti-Displacement Tax Fund

A Place in the Neighborhood

An Anti-Displacement Plan for Neighborhoods
Surrounding Downtown Milwaukee



City of Milwaukee
Department of City Development

February 2018



Recommendation:

**“Assist Existing Homeowners
Retain Their Homes”**

Anti-Displacement Tax Fund

Common Council Resolution #181287:

- Develop a model for an Anti-Displacement Tax Fund as a vehicle to ensure long time homeowners living in near Downtown neighborhoods are not displaced due to increased property taxes associated with rising property values and new development

Purpose of the Fund:

- Specific goal of providing a resource for homeowners in targeted Milwaukee neighborhoods to help pay for increases in their property tax bills, so they will not be displaced due to rising property values and higher property taxes
- Broad goals of equity, stability and choice

Anti-Displacement Tax Fund

DCD worked in collaboration with Budget Office

Work informed by:

- **Review of Atlanta Westside Future Fund Anti-Displacement Tax Fund**
- **Consultation with City Attorney and City Assessor offices**
- **Review of Assessment trends for all assessment neighborhoods in the City since 1998**

Anti-Displacement Tax Fund

Proposed Framework includes:

- **Program Geography, Guidelines and Eligibility Criteria**
- **Range of Estimated Costs**
- **Recommendations for Program Administration**
- **Funding Options**

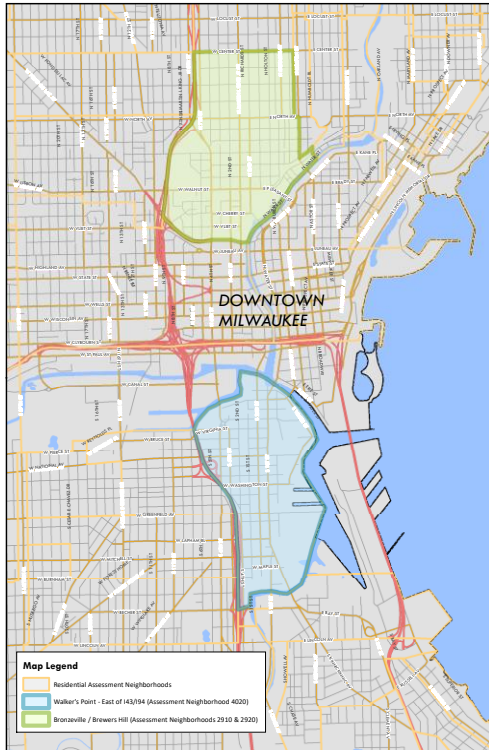


Anti-Displacement Tax Fund Geography

Geography/Target Areas Selected based on following criteria:

- **Identified in City's Anti-Displacement Plan as demonstrating indicators reflecting a risk for displacement**
- **Greater Downtown neighborhoods nearby significant market rate development**
- **Experienced property value increases more than 10% above the city average over the past 5 years**

Anti-Displacement Tax Fund Target Neighborhoods



Bronzeville / Brewers Hill (bounded by Center Street, I43, McKinley, the Milwaukee River and Holton Street / Assessment Neighborhoods 2910 & 2920)

Walker's Point, east of Interstate I94/I43 (bounded by I43/94, the Menomonee, Milwaukee, and Kinnickinnic Rivers, and Becher Street / Assessment Neighborhood 4020)

Anti-Displacement Tax Fund Proposed Program Guidelines

Basic Eligibility Criteria:

- **Must have been owner-occupants in program target area for at least five years prior to program start date**
- **Mortgage and real estate taxes must be current**
- **Annual Household Income equal to or less than City of Milwaukee Median Income**

Anti-Displacement Tax Fund Program Income Limits	
Family Size	Maximum Income Limit
1	\$36,575
2	\$41,180
3	\$47,025
4	\$52,250
5	\$56,430
6	\$60,610

Anti-Displacement Tax Fund Proposed Program Guidelines

Annual Assistance under the Program

Equal to increase in annual tax payment due to increase in assessed value of property



Example

Participating homeowner's annual tax payment in 2019 was \$2,200, assessment increases in 2020, resulting in increase in taxes to \$2,400. The program will pay difference – between \$2,400 and \$2,200 or \$200



Term/Targeted Program Duration

Program assistance may be made for 20 years subject to availability of funding, as long as owner continues to occupy property and meet program eligibility criteria

Anti-Displacement Tax Fund – Potential Cost

Estimated Program costs projected based on:

- **Projected # of participants in target geography (estimated 224 owner occupants with incomes less than 100% of City Median Income)**
- **Review of average assessments and assessment increases 2014-2019**
- **Assumed 100% participation by eligible homeowners (conservative) for full 20 years**

Anti-Displacement Tax Fund – Range of Estimated Costs Over 20 Years

\$1.1 million

Assume Modest Property Value Increases

Program neighborhoods experience value increases above City-wide averages that are equal to the top 25% highest value changes seen historically in assessment neighborhoods

\$3 million

Assume Significant Property Value Increases

Program neighborhoods experience value increases above City-wide averages that are equal to the top 10% highest value changes seen historically in assessment neighborhoods

\$6.1 million

Assume Historic Property Value Increases

Program neighborhoods experience value increases above City-wide averages that are equal to the highest value changes seen historically in assessment neighborhoods

A \$3 million fund is estimated to be sufficient to provide assistance to all eligible homeowners over a 20 year program lifespan with annual significant value increases above City averages. Historic value increases would exhaust a fund of this size in roughly 15 years. The average participant over the program would receive assistance of \$12,100 - \$14,100 over 20 years.

Anti-Displacement Tax Fund – Program Administration

Recommend contracting with third party administrator through a Request for Proposal process. Program Administrator's duties would include:

- **Outreach to eligible homeowners**
- **Reviewing applications from participants, verifying qualifications, calculating annual program payments, remitting payments to City Treasurer's office**
- **Verifying ongoing compliance/qualifications**
- **While City money cannot be used for tax payments to program participants, the City could contribute to funding for program administration**

Anti-Displacement Tax Fund – Future Program Requirements

- **Future refinements may be necessary to be consistent with goals of individual funders and input from program partners**
- **Program would also include ongoing review of future development patterns and neighborhood changes that would suggest future expansion (subject to the availability of additional funding)**

Anti-Displacement Tax Fund - Funding

Potential Funders

- **Local foundations and private corporations**
- **Partner with MKE United**