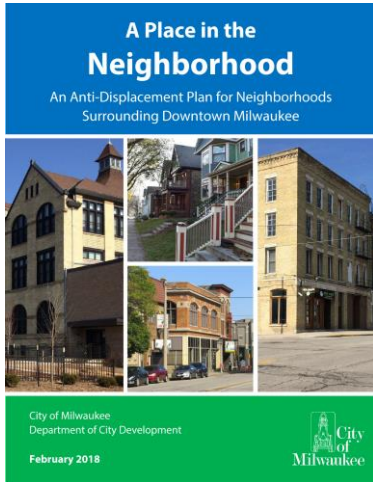


ANTI-DISPLACEMENT TAX FUND



Anti-Displacement Tax Fund



Recommendation:

“Assist Existing Homeowners Retain Their Homes”



**GREATER DOWNTOWN
ACTION AGENDA**

“Be intentional about creating mixed income and racially mixed neighborhoods that minimize displacement and racial segregation”

Anti-Displacement Tax Fund

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

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**

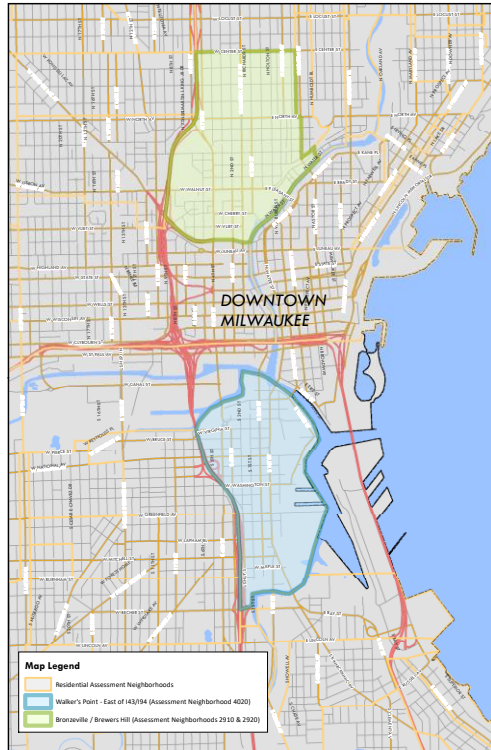


Anti-Displacement Tax Fund Geography

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 (“Legacy Provision” included for properties inherited from family members)**
- **Mortgage and real estate taxes must be current**
- **Annual Household Income equal to or less than City of Milwaukee Median Income (Allowance for *one time* payments for households with incomes between 100% and 125% of City of Milwaukee Median Income in the case of significant property tax increases)**

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 258 eligible owner occupants)**
- **Review of average assessments and assessment increases 2014-2019**
- **Assumed 90% participation by eligible homeowners in year 1**

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 \$12,200 - \$16,900 over 20 years.

Anti-Displacement Tax Fund – Program Administration

Recommend contracting with third party program administrator to administer the program. 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)**