

**CITY OF MARSHFIELD, WISCONSIN  
POLICIES AND PROCEDURES**



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CHAPTER: Public Works Administration

SUBJECT: Housing Incentive Program – Funding Policy

POLICY NUMBER: 5.061

PAGES: 4

APPROVAL DATE: TBD

APPROVED: \_\_\_\_\_

DEPARTMENT OF PRIMARY RESPONSIBILITY: Public Works, Development Services

**Section 1. PURPOSE AND INTENT OF THE PROGRAM**

- a. The purpose of the program is to encourage the development of new single and two family housing (may include condos, townhomes, cottage courts, twin homes, and duplexes) by investing in necessary infrastructure that provides access and utilities to newly platted lots and previously platted, but unserved lots. Duplexes may not exceed 30% of the total units constructed. For the purpose of this policy, development shall be defined as construction of a single or two family housing unit.
- b. The following shall be the accepted policy for financing public improvements through special assessments as part of the Housing Incentive Program and as allowed by Wisconsin Statutes 66.0701.

**Section 2. ELIGIBILITY**

- a. Developers that open a minimum of 5 new single or two family dwelling units requiring public infrastructure in a single development are eligible for this program.
- b. For the purpose of this policy, eligible project costs (public infrastructure) include the following:

1. Street Construction
2. Sanitary Sewer Construction
3. Sanitary Sewer Lateral and Water Lateral Construction
4. Storm Sewer Construction
5. Water main construction
6. Detention basins and other storm water management facilities

### **Section 3. APPLICATION REQUIRED**

- a. To be considered for inclusion in the financing program for the Housing Incentive Program in any particular year, a developer shall complete the application (see attachment) and file with the secretary of the Board of Public Works.
- b. The deadline for submittal of applications shall be the last Monday of July of the year preceding construction. The Board of Public Works will review and approve applications submitted by the deadline depending on the availability of funds. For the first year of the program (2019), the deadline will be established by the Board of Public Works.
- c. Application shall include the following information:
  1. Name and contact information of the primary developer
  2. Engineering deposit (\$1,000)
  3. Preliminary or Final Plat
  4. Wetland Delineation
  5. Current zoning
  6. Number of acres in the development
  7. Number of lots created
  8. Number of proposed units
  9. Breakdown of the type and percentage of proposed housing units
  10. Maximum, minimum, and average lot size
  11. Anticipated value of construction upon completion
  12. Estimated assessed value of home values within the subdivision
  13. Itemized estimated project costs for stormwater management, streets, sanitary, storm sewer, and water utilities, plus 15% for engineering and contingency

### **Section 4. PRIORITIZATION**

- a. Funding must be approved by the Common Council and available for the project.
- b. Prioritization of the applications will be as determined by the Board of Public Works based on the following:
  1. Estimated assessed value created
  2. Number of units developed
  3. Meeting the needs in the 2019 Housing Study update
  4. Opening up additional land for future development

## **Section 5. DEVELOPMENT AGREEMENT REQUIRED**

- a. Prior to the City's involvement in financial assistance with the creation of a new subdivision, an agreement would be required between the City and the developer. The agreement would require the following:
  1. Developer's responsibilities including the following:
    - i. City Engineering fees deposit at time of approval.
    - ii. Guaranteed minimum assessed value to be generated within 5 years.
    - iii. May not restrict builders. Lots remaining vacant after 3 years of street construction must be available for sale and the sale price after 3 years may not exceed 10% over the fair market value of the lot.
    - iv. Paying assessments as set by the Development Agreement within the required timeframe in the Housing Incentive Program policy
    - v. Installation of other utilities such as electric, street lighting, gas, cable, telephone, etc.
  2. The City's responsibility
    - i. Determine assessment
    - ii. Engineering
    - iii. Administer bid process
    - iv. Award and manage construction
    - v. Construction Administration and inspection of infrastructure

## **Section 6. DETERMINATION OF ASSESSMENT RATES**

- a. Assessment rates shall be based on the following:
  1. Developer will be responsible for paying for 10% of the total eligible project estimate upfront upon approval Development Agreement.
  2. The Developer will be responsible to pay 5% of the total estimated project costs prior to the award of bid (Not sure if this is necessary).
  3. City will contribute 50-60% of the project costs and will borrow funds.
  4. The Developer will be responsible for the remaining costs through special assessments.
  5. City will borrow or self-fund for the City contribution and remainder of the eligible project costs.
  6. Developer would pay the remaining 30-40% of the eligible project costs, based on final construction costs, upon sale of a lot with improvement or dwelling unit sold if the land remains in common ownership.
  7. Interest will accrue on the unpaid assessment balance at a rate that is 2% higher than the City's borrowing rate, starting from the date of City borrowing.
  8. All assessments must be paid in full, including interest, within 5 years of approval of the Development Agreement.
  9. Example: Developer opens up 10 new lots with new infrastructure totaling \$400,000, the following is a breakdown of the funding for the project:
    - i. Developer would pay \$40,000 upfront plus \$1,000 application fee.

- ii. Depending on the desirability of the project, the City would contribute \$160,000 (40%) to \$200,000 (50%) towards the eligible project costs.
  - iii. Developer would be responsible for the remaining cost of \$160,000 (40%) to \$200,000 (50%) through special assessments.
  - iv. Developer would pay the remaining special assessment, with interest, as lots or dwelling units are developed and sold, and established by the Development Agreement on a prorated basis.
10. All projects are subject to available funding. Not all projects will receive funding and depending on demand, may only receive partial funding.
11. The City reserves the right to reject any and all projects and to select the project(s) deemed to be in the best interest of the City.

#### **Section 7. SPECIAL ASSESSMENT FUNDS**

- a. Special assessments received from this program shall be deposited into the Economic Development Board's 205 Fund.