



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-4317/3
MES&JK:ahe/cdc/amn

2019 ASSEMBLY BILL 859

February 3, 2020 - Introduced by Representatives BROOKS, SUMMERFIELD, JAGLER, KRUG, KUGLITSCH, MAGNAFICI, SKOWRONSKI, VANDERMEER and SPIROS, cosponsored by Senators FEYEN and L. TAYLOR. Referred to Committee on Housing and Real Estate.

1 **AN ACT** *to renumber and amend* 66.1105 (2) (ab) and 66.1105 (2) (cm); *to*
2 *amend* 66.0617 (7), 66.1105 (4) (f), 66.1105 (4m) (b) 2., 66.1105 (6) (g) 1. (intro.),
3 66.1105 (6) (g) 1. a. and 66.1105 (6) (g) 3.; and *to create* 66.10012, 66.1105 (2)
4 (cm) 2., 66.1105 (2) (n) 1. and 66.1105 (2) (n) 2. of the statutes; **relating to:**
5 making changes related to mixed-use tax incremental financing districts,
6 increasing the amount of time a city or village may extend the life of a tax
7 incremental district to improve its affordable and workforce housing, allowing
8 a reduction in the amount of certain impact fees, and authorizing local units of
9 government to implement workforce housing initiatives.

Analysis by the Legislative Reference Bureau

This bill authorizes workforce housing initiatives and makes changes that affect tax incremental districts and that affect state housing grants. The bill creates a definition for workforce housing, changes the definition of “mixed-use development TID,” increases the maximum number of years a city or village may extend the life of a TID to improve its affordable and workforce housing, requires a TID’s project plan to contain alternative economic projections, and changes the method of imposing certain impact fees.

ASSEMBLY BILL 859

Under the bill, a city, village, town, or county (political subdivision) may put into effect a workforce housing initiative by taking one of several specified actions and posting on its website an explanation of the initiative. Workforce housing initiatives include the following: reducing permit processing times or impact fees for workforce housing; increasing zoning density for a workforce housing development; rehabilitating existing uninhabitable housing stock into habitable workforce housing; or implementing any other initiative to address workforce housing needs. Once an initiative takes effect, it remains in effect for five years. After June 30, 2021, if a political subdivision has in effect at least three initiatives at the same time, the Wisconsin Housing and Economic Development Authority, the Wisconsin Economic Development Corporation, and the Department of Administration must give priority to housing grant applications from, or related to a project in, the political subdivision.

The bill defines “workforce housing” to mean the following, subject to the five-year average median costs as determined by the U.S. Bureau of the Census:

- a. Housing that costs a household no more than 30 percent of the household’s gross median income.
- b. Housing that is comprised of residential units for initial occupancy by individuals whose household median income is no more than 120 percent of the county’s gross median income.

Under current law, a mixed-use development TID contains a combination of industrial, commercial, or residential uses, although newly platted residential areas may not exceed more than 35 percent of the real property within the TID. Under the bill, newly platted residential areas may not exceed either the 35 percent limit or 60 percent of the real property within the TID if the newly platted residential use that exceeds 35 percent is used solely for workforce housing.

The bill also requires a TID’s project plan to include alternative projections of the TID’s finances and feasibility under different economic situations, including a slower pace of development and lower rate of property value growth than expected in the TID.

Currently, a city or village may extend the life of a TID for up to one year for housing stock improvement if all of the following occurs:

1. The city or village pays off all of the TID’s project costs.
2. The city or village adopts a resolution stating that it intends to extend the life of the TID, the number of months it intends to do so, and how it intends to improve housing stock.
3. The city or village notifies the Department of Revenue.

Current law requires the city or village to use 75 percent of the tax increments received during the period specified in the resolution to benefit affordable housing in the city or village and 25 percent to improve the city’s or village’s housing stock.

Under this bill, a city or village may extend the life of a TID for up to three years to increase the number of affordable and workforce housing improvements. The bill also changes the term “housing stock” to “affordable and workforce housing units.”

Under current law, if a city, village, or town imposes an impact fee on a developer to pay for certain capital costs to accommodate land development, the city, village, or town may provide in the ordinance an exemption from, or a reduction in

ASSEMBLY BILL 859

the amount of, impact fees on land development that provides low-cost housing. Under the bill, the impact fee exemption or reduction provisions also apply to workforce housing. Current law prevents the shifting of an exemption from or reduction in impact fees to any other development in the land development in which the low-cost housing is located. The bill applies this provision to workforce housing as well.

Because this bill may increase or decrease, directly or indirectly, the cost of the development, construction, financing, purchasing, sale, ownership, or availability of housing in this state, the Department of Administration, as required by law, will prepare a report to be printed as an appendix to this bill.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

- 1 **SECTION 1.** 66.0617 (7) of the statutes is amended to read:
- 2 66.0617 (7) LOW-COST OR WORKFORCE HOUSING. An ordinance enacted under this
- 3 section may provide for an exemption from, or a reduction in the amount of, impact
- 4 fees on land development that provides low-cost housing, ~~except that no~~ or workforce
- 5 housing, as defined in s. 66.1105 (2) (n). Under no circumstances may the amount
- 6 of an impact fee for which an exemption or reduction is provided under this
- 7 subsection may be shifted to any other development in the land development in
- 8 which the low-cost housing or workforce housing is located or to any other land
- 9 development in the municipality.
- 10 **SECTION 2.** 66.10012 of the statutes is created to read:
- 11 **66.10012 Workforce housing. (1) DEFINITIONS.** In this section:
- 12 (a) “Housing agency” means the Wisconsin Housing and Economic
- 13 Development Authority, the Wisconsin Economic Development Corporation, or the
- 14 Department of Administration.

ASSEMBLY BILL 859**SECTION 2**

1 (b) "Housing grant" means any grant administered by a housing agency that
2 relates to housing.

3 (c) "Political subdivision" means any city, village, town, or county.

4 (d) "Workforce housing" means housing to which all of the following apply, as
5 adjusted for family size and the county in which the household is located, based on
6 the county's 5-year average median income and housing costs as calculated by the
7 U.S. bureau of the census in its American community survey:

8 1. The housing costs a household no more than 30 percent of the household's
9 gross median income.

10 2. The residential units are for initial occupancy by individuals whose
11 household median income is no more than 120 percent of the county's gross median
12 income.

13 **(2) HOUSING INITIATIVES.** (a) Subject to par. (b), to implement a workforce
14 housing initiative, a political subdivision may enact an ordinance, adopt a resolution,
15 or put into effect a policy to accomplish any of the following:

16 1. Reduce by at least 10 percent the processing time for all permits related to
17 workforce housing.

18 2. Reduce by at least 10 percent the cost of impact fees that a political
19 subdivision may impose on developments that include workforce housing units.

20 3. Reduce by at least 10 percent the parking requirements for developments
21 that include workforce housing units.

22 4. Increase by at least 10 percent the allowable zoning density for developments
23 that include workforce housing units.

24 5. Establish a mixed-use tax incremental financing district with at least 20
25 percent of the housing units to be used for workforce housing.

ASSEMBLY BILL 859

1 6. Demonstrate compliance with a housing affordability report under s.
2 66.10013.

3 7. Rehabilitate at least 5 dwelling units of existing, uninhabitable housing
4 stock into habitable workforce housing.

5 8. Modify existing zoning ordinances to allow for the development of workforce
6 housing in areas zoned for commercial or mixed-use development, or in areas near
7 employment centers or major transit corridors.

8 9. Extend the life of a tax incremental district under s. 66.1105 (6) (g) 1.

9 10. Reduce by at least 10 percent the cost of roads for developments that include
10 workforce housing units.

11 11. Implement any other initiative to address the workforce housing needs of
12 the political subdivision.

13 (b) After a political subdivision completes one of the actions specified in par. (a),
14 the initiative shall be considered in effect once the political subdivision submits to
15 the department of administration a written explanation of how the action complies
16 with the workforce housing initiative and posts the explanation on the political
17 subdivision's Internet site.

18 (c) Once a political subdivision's action takes effect under par. (b), its workforce
19 housing initiative remains in effect for 5 years. A political subdivision may put into
20 effect more than one of the workforce housing initiatives under par. (a). After June
21 30, 2021, if a political subdivision has in effect at the same time at least 3 of the
22 workforce housing initiatives under par. (a), a housing agency shall give priority to
23 housing grant applications from, or that relate to a project in, the political
24 subdivision.

ASSEMBLY BILL 859**SECTION 3**

1 **SECTION 3.** 66.1105 (2) (ab) of the statutes is renumbered 66.1105 (2) (n) (intro.)
2 and amended to read:

3 66.1105 **(2)** (n) (intro.) “Affordable Workforce housing” means housing that
4 costs a household no more than 30 percent of the household’s gross monthly income.
5 to which all of the following apply, as adjusted for family size and the county in which
6 the household is located, based on the county’s 5-year average median income and
7 housing costs as calculated by the U.S. bureau of the census in its American
8 community survey:

9 **SECTION 4.** 66.1105 (2) (cm) of the statutes is renumbered 66.1105 (2) (cm)
10 (intro.) and amended to read:

11 66.1105 **(2)** (cm) (intro.) “Mixed-use development” means development that
12 contains a combination of industrial, commercial, or residential uses, except that
13 lands proposed for newly platted residential use, as shown in the project plan, may
14 not exceed 35 either of the following:

15 1. Thirty-five percent, by area, of the real property within the district.

16 **SECTION 5.** 66.1105 (2) (cm) 2. of the statutes is created to read:

17 66.1105 **(2)** (cm) 2. Sixty percent, by area, of the real property within the
18 district, if the newly platted residential use that exceeds 35 percent is used solely for
19 workforce housing.

20 **SECTION 6.** 66.1105 (2) (n) 1. of the statutes is created to read:

21 66.1105 **(2)** (n) 1. The housing costs a household no more than 30 percent of the
22 household’s gross median income.

23 **SECTION 7.** 66.1105 (2) (n) 2. of the statutes is created to read:

ASSEMBLY BILL 859

1 66.1105 (2) (n) 2. The residential units are for initial occupancy by individuals
2 whose household median income is no more than 120 percent of the county's gross
3 median income.

4 **SECTION 8.** 66.1105 (4) (f) of the statutes is amended to read:

5 66.1105 (4) (f) Adoption by the planning commission of a project plan for each
6 tax incremental district and submission of the plan to the local legislative body. The
7 plan shall include a statement listing the kind, number and location of all proposed
8 public works or improvements within the district or, to the extent provided in sub.
9 (2) (f) 1. k. and 1. n., outside the district, an economic feasibility study, a detailed list
10 of estimated project costs, and a description of the methods of financing all estimated
11 project costs and the time when the related costs or monetary obligations are to be
12 incurred. The project plan shall also contain alternative projections of the district's
13 finances and economic feasibility under different economic scenarios, including the
14 scenario in which work on a public work or improvement specified in the project plan
15 begins 3 years later than expected and the scenario in which the rate of property
16 value growth in the district is at least 10 percent lower than expected. The plan shall
17 also include a map showing existing uses and conditions of real property in the
18 district; a map showing proposed improvements and uses in the district; proposed
19 changes of zoning ordinances, master plan, if any, map, building codes and city
20 ordinances; a list of estimated nonproject costs; and a statement of the proposed
21 method for the relocation of any persons to be displaced. The plan shall indicate how
22 creation of the tax incremental district promotes the orderly development of the city.
23 The city shall include in the plan an opinion of the city attorney or of an attorney
24 retained by the city advising whether the plan is complete and complies with this
25 section.

ASSEMBLY BILL 859**SECTION 9**

1 **SECTION 9.** 66.1105 (4m) (b) 2. of the statutes is amended to read:

2 66.1105 **(4m)** (b) 2. No tax incremental district may be created and no project
3 plan may be amended unless the board approves the resolution adopted under sub.
4 (4) (gm) or (h) 1., and no tax incremental base may be redetermined under sub. (5)
5 (h) unless the board approves the resolution adopted under sub. (5) (h) 1., by a
6 majority vote within 45 days after receiving the resolution. For actions described
7 under this subdivision, a majority vote is required, and, except for a
8 multijurisdictional tax incremental district, 3 affirmative votes are required to
9 constitute a majority. With regard to a multijurisdictional tax incremental district
10 created under this section, each public member of a participating city must be part
11 of the majority that votes for approval of the resolution or the district may not be
12 created. The board may not approve the resolution under this subdivision unless the
13 board's approval contains a positive assertion that, in its judgment, the development
14 described in the documents the board has reviewed under subd. 1. would not occur
15 without the creation of a tax incremental district. The board may not approve the
16 resolution under this subdivision unless the board finds that, with regard to a tax
17 incremental district that is proposed to be created by a city under sub. (17) (a), such
18 a district would be the only existing district created under that subsection by that
19 city.

20 **SECTION 10.** 66.1105 (6) (g) 1. (intro.) of the statutes is amended to read:

21 66.1105 **(6)** (g) 1. (intro.) After the date on which a tax incremental district
22 created by a city pays off the aggregate of all of its project costs, and notwithstanding
23 the time at which such a district would otherwise be required to terminate under sub.
24 (7), a city may extend the life of the district for ~~one year~~ 3 years if the city does all
25 of the following:

ASSEMBLY BILL 859

1 **SECTION 11.** 66.1105 (6) (g) 1. a. of the statutes is amended to read:

2 66.1105 **(6)** (g) 1. a. The city adopts a resolution extending the life of the district
3 for a specified number of months. The resolution shall specify how the city intends
4 to ~~improve its~~ increase the number of affordable and workforce housing stock units,
5 as required in subd. 3.

6 **SECTION 12.** 66.1105 (6) (g) 3. of the statutes is amended to read:

7 66.1105 **(6)** (g) 3. If a city receives tax increments as described in subd. 2., the
8 city shall use ~~at least 75 percent of the increments received to benefit affordable~~
9 ~~housing in the city. The remaining portion of the increments shall be used by the city~~
10 ~~to improve the city's~~ increase the number of the city's affordable and workforce
11 ~~housing stock units.~~

12

(END)