

**2003 DRAFTING REQUEST**

**Assembly Amendment (AA-SB305)**

Received: **12/02/2003**

Received By: **jkreye**

Wanted: **Today**

Identical to LRB:

For: **Terese Berceau (608) 266-3784**

By/Representing: **thomas powell**

This file may be shown to any legislator: **NO**

Drafter: **mshovers**

May Contact:

Addl. Drafters: **jkreye**

Subject: **Munis - tax incrmntal financing**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Berceau@legis.state.wi.us**

Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us**

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Affordable housing in tax incremental financing (TIF) districts

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**Instructions:**

See Attached. See "Amendment One"

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	jkreye 12/03/2003	kfollett 12/04/2003	rschluet 12/05/2003	_____	lemery 12/05/2003	lemery 12/05/2003	
	mshovers 12/03/2003	kfollett 12/05/2003		_____			
				_____			

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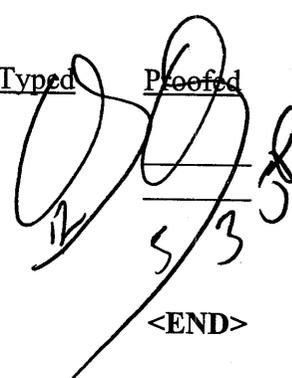
**Topic:**

Affordable housing in tax incremental financing (TIF) districts

**Instructions:**

See Attached see 'Amendment one'

**Drafting History:**

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/1	jkreye	11/18/03 12/5/03		5/3/03			

<END>

FE Sent For:

**Kreye, Joseph**

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**From:** Powell, Thomas  
**Sent:** Tuesday, December 02, 2003 3:45  
**To:** Kreye, Joseph  
**Subject:** TIF set-aside

**Amendment One:**

The TIF bill should allow newly platted residential development as part of a mixed-use project, as per SB305/AB 654 language - but only if at least 15% of the housing is affordable to residents at or below 80% of area median income; or, if the municipality creating the TIF district sets aside 10% of the proceeds of TIF borrowing for affordable housing

Municipalities should be allowed to use affordable housing set-aside funds for whatever form of assistance they believe will most effectively make decent housing more affordable. Assistance might include pre-development or other working capital loans or grants to nonprofit developers, equity investments in housing projects, low-interest loans for capital costs, loan guarantees, grants or other forms of assistance. Assistance could also include loans or grants to homebuyers for down payments and closing costs, and financial assistance to renters.

Municipalities should be allowed to use affordable housing set-aside funds for preservation of existing housing that is now affordable to lower-income residents, but may be lost as part of the affordable housing supply unless it is purchased by an owner committed to keeping it affordable and refinancing to preserve affordability.

Municipalities should be allowed to use affordable housing set-aside funds outside of the tax increment district, so that the funds can be used to help build or rehabilitate housing where it is most needed and in the best possible environment for housing.

For the purposes of this amendment:

"Affordable" refers to a housing unit that has an Affordable Housing Cost.

"Affordable Housing Cost" means an amount satisfied by:

1. for owner-occupied housing, a housing payment inclusive of loan principal, loan interest, property taxes, property and mortgage insurance, and homeowners association dues which allows a Low Income or Very Low Income household to purchase a home, while paying no more than thirty percent (30%) of their gross household income; and
2. for rental or cooperative housing, a housing payment inclusive of a reasonable amount for heating which allows a Low Income household to purchase a home, while paying no more than thirty percent (30%) of their gross household income; and

"Low Income" means a gross household income adjusted from family size that is at or below eighty percent (80%) of the County or Metropolitan Median Income, as published by the

United States Department of Housing and Urban Development.

"Very Low Income" means a gross household income that is at or below fifty percent (50%) of the County or Metropolitan Median Income, as published by the United States Department of Housing and Urban Development.

**Amendment Two (much simpler)**

The TIF bill should be amended to require the municipality creating the TIF district to set aside 10% of the proceeds of TIF borrowing for the creation of affordable housing in the municipality.



State of Wisconsin  
2003 - 2004 LEGISLATURE

LRBa1861/1  
MES&JK.:/G.

ASSEMBLY AMENDMENT,  
TO 2003 SENATE BILL 305

*o-note*

*SOON*

*as shown by senate substitute amendment 1,*

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 5, line 1: before that line insert:

3 **"SECTION 1c.** 66.1103 (2) (k) 20. of the statutes is amended to read:

4 66.1103 (2) (k) 20. A shopping center, or an office building, convention or trade

5 center, hotel, motel or other nonresidential facility, which is located in or adjacent to

6 a blighted area as defined by s. ~~66.1105 (2) (a)~~ 66.1105 (2) (af), 66.1331 (3) (a) or

7 66.1333 (2m) (b) or in accordance with a redevelopment plan or urban renewal plan

8 adopted under s. 66.1331 (5) or 66.1333 (6).

History: 1973 c. 265; 1977 c. 28; 1979 c. 32 s. 92 (9); 1979 c. 34, 221, 350, 355; 1979 c. 361 s. 112; 1979 c. 362 ss. 3 to 12, 16, 17, 18; 1981 c. 314; 1983 a. 24, 27; 1983 a. 189 ss. 63 to 65, 329 (14); 1983 a. 207 s. 93 (8); 1983 a. 532 s. 36; 1985 a. 29, 222, 285; 1985 a. 297 s. 76; 1985 a. 299; 1987 a. 27; 1989 a. 192; 1991 a. 39, 316; 1993 a. 122, 124, 453; 1995 a. 27 ss. 9116 (5), 9130 (4); 1995 a. 201, 225, 227, 332; 1997 a. 3, 27, 35, 39; 1999 a. 9; 1999 a. 150 ss. 495 to 497; Stats. 1999 s. 66.1103; 1999 a. 182 s. 206; 2001 a. 30, 38, 103.

9 **SECTION 1e.** 66.1105 (2) (a) ~~1.~~ of the statutes is renumbered 66.1105 (2) (af) 1.

10 **SECTION 1g.** 66.1105 (2) (a) 2. of the statutes is renumbered 66.1105 (2) (af) 2.

11 **SECTION 1i.** 66.1105 (2) (ab) of the statutes is created to read:

1 66.1105 (2) (ab) "Affordable housing" means a housing unit for (the) which the  
2 annual housing payment equals any of the following:

3 1. For owner-occupied housing, the sum of loan principal and interest,  
4 property taxes, property and mortgage insurance, and association dues, such that  
5 this amount represents no more than 30 percent of the annual gross household  
6 income of a low-income household or very low-income household.

7 2. For rental or cooperative housing, rental payments of not more than 30 percent  
8 or 35 percent if heat is not included, of the annual gross household income of a low-income  
9 or very low-income household.

10 SECTION 1k. 66.1105 (2) (cd) of the statutes is created to read:

11 66.1105 (2) (cd) "Low income" means gross household income, adjusted for  
12 family size, that is between 51 percent and 80 percent of the county or metropolitan  
13 median income, as is most recently published by the United States Department of  
14 Housing and Urban Development."

15 2. Page 5, line 1: delete "SECTION 1k" and substitute "SECTION 1t".

16 3. Page 6, line 15: delete "a. to c." and substitute "a. to d.".

17 4. Page 6, line 17: after "acre" insert ", and at least 15 percent of the residential  
18 housing is affordable housing".

19 5. Page 6, line 19: after "s. 66.1027 (1) (a)" insert ", and at least 15 percent of  
20 the residential housing is affordable housing".

21 6. Page 6, line 21: after "s. 66.1027 (1) (c)" insert ", and at least 15 percent of  
22 the residential housing is affordable housing".

23 7. Page 6, line 21: after that line insert:

1 "d. The city sets aside 10 percent of the proceeds of the bonds or notes that are  
2 issued to pay the tax incremental district's project costs and uses such proceeds to  
3 foster the development of, or provide assistance to residents of, affordable housing  
4 in the city." *le*

5 8. Page 6, line 21: after that line insert. *le*

6 *le* SECTION 5m. 66.1105 (2) (n) of the statutes is created to read:

7 66.1105 (2) (n) "Very low income" means gross household income, adjusted for  
8 family size, that is at or below 50 percent of the county or metropolitan median  
9 income, as is most recently published by the United States Department of Housing  
10 and Urban Development." *le*

11 (END)

*D-Note*

DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRBa1861/1dn  
MES&JK. *kJ*

Date

Representative Berceau:

The definition in the instructions you provided stated that "affordable housing cost" for rental or cooperative housing should include "a reasonable amount for heating." This phrase seemed to be a little too vague of a standard so, in the definition I created, I specified "30% or 35% if heat is not included, of the annual gross household income of a low-income or very low-income household." This definition is based on the homestead tax credit definition of "rent constituting property taxes accrued" in s. 71.52 (8). Is this OK?

Also, your instructions did not include a definition of "gross household income", and the term is not defined in the statutes or in the Internal Revenue Code. Again, the homestead tax credit has definitions of "household", "household income", and "income" (see ss. 71.52 (4), (5), and (6)). Do you want to create a definition of gross income based on these definitions, or did you have something else in mind? Another option would be to allow the Department of Revenue to define the term by rule. Do you know whether the term "gross household income" is defined under federal law by the U.S. Department of Housing and Urban Development as part of its calculation of "low income" and "very low income"?

Please let me know if you want to make any changes in this amendment.

Marc E. Shovers  
Senior Legislative Attorney  
Phone: (608) 266-0129  
E-mail: marc.shovers@legis.state.wi.us

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRBa1861/1dn  
MES:kjf:rs

December 5, 2003

Representative Berceau:

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