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Details:

(FORM UPDATED: 08/11/2010)

## WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

### 2007-08

(session year)

### Senate

(Assembly, Senate or Joint)

### Committee on ... Labor, Elections and Urban Affairs (SC-LEUA)

### COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

### INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)  
(**ab** = Assembly Bill)                      (**ar** = Assembly Resolution)                      (**ajr** = Assembly Joint Resolution)  
(**sb** = Senate Bill)                              (**sr** = Senate Resolution)                              (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

**Plotkin, Adam**

**From:** de Felice, David Patrick  
**Sent:** Monday, February 25, 2008 2:00 PM  
**To:** Plotkin, Adam  
**Subject:** Summary - SB 426 Housing Trust Fund

SB 426 would allow cities or villages to extend the life of a Tax Incremental Financing District (TID) for one year after all the TID project costs have been paid. That revenue would be used to establish a Housing Trust Fund. The city or village would be authorized to use up to 75 percent of the revenue generated by the TID to benefit affordable housing.

The amendment would fix language that currently allows a city or village to use *up to* 75 percent of the revenue. However, this language would allow zero revenue to be used. The amendment changes the wording to say "the city shall use *at least* 75 percent." The amendment was suggested by the Dept. of Revenue and is supported by the City of Milwaukee and advocates for affordable housing.

Dave de Felice  
Office of Sen. Coggs  
608-266-2500 phone  
608-282-3546 fax





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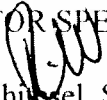
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## WISCONSIN LEGISLATIVE COUNCIL

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*Terry C. Anderson, Director*  
*Laura D. Rose, Deputy Director*

TO: SENATOR  SPENCER COGGS  
FROM: Russ Whittel, Senior Staff Attorney  
RE: 2007 Senate Bill 426, Relating to Tax Incremental Districts  
DATE: February 27, 2008

This memorandum, prepared at your request, describes the changes to 2007 Senate Bill 426 contained in Senate Amendment 1 to that bill.

Senate Bill 426 authorizes a city or village to extend the life of a tax incremental district (TID) created by the city or village for one year after all of the TID's project costs have been paid. Under the bill, the Department of Revenue is required to continue to authorize the allocation of tax increments for the TID as if its project costs had not been paid off, without regard to whether the TID would otherwise not be eligible to receive the increments, and without regard to whether the TID would otherwise be required to terminate. The bill also authorizes the city or village to use up to 75% of the increments received during the TID's extended life to benefit affordable housing in the city or village. The remainder of the increments must be used to improve the quality of the city's or village's existing housing stock. Senate Amendment 1 does the following:

1. Defines the term "affordable housing" as used in the bill to mean housing that costs a household no more than 30% of the household's gross monthly income.
2. Defines the term "household" to mean an individual and his or her spouse and all minor dependents.
3. Requires the resolution adopted by the city or village to specify how the city intends to improve its housing stock.
4. Changes the language regarding the use of the increments to require the city or village to use "at least 75%" of the increments, rather than "up to 75%."
5. Sets the effective date for the act as October 1, 2008.
6. Makes two technical cross-reference changes to the bill.

If you have any questions regarding this legislation, please feel free to contact me directly at the Legislative Council staff offices.

RW:ty



## Sen. Spencer Cogs

Comments - SB 426 - Housing Trust Fund  
Exec – Sen. Labor, Elections and Urban Affairs Cmte.  
Wednesday, Feb. 27, 2008

This proposal capitalizes on the ingenuity of tax incremental financing districts to address the critical shortage of affordable housing in our communities.

As you know, a tax incremental financing district is set up to fund public improvements in a certain area .. sometimes a blighted area of a community. These public improvements are needed to stimulate economic growth in that particular area or district.

When this area or district is re-developed and it generates higher property taxes, that revenue is used to pay for the roads and sewers and other community assets in that district. Depending on the circumstances, the “life” of a TIF district is 20, 23 or 27 years.

The bill proposes to extend the TIF district for only one year and put three-quarters of that money (75 percent) towards affordable housing in that city or village. The remaining 25 percent would go towards improving the city's general housing stock.

This approach is now used by cities and municipalities in across the country – in all states - except Hawaii and Wisconsin.

One of the key segments of developing a local economy is to provide quality, affordable housing – or so-called “workforce housing.” That is why establishing a fund to promote construction of affordable housing is so important.



It also brings the added benefit of giving the local economy a boost by providing construction jobs, which generate local retail spending and revenue to pay for government services.

According to the National Association of Home Builders, a typical 100-unit multifamily development in an average city generates 559 jobs over 10 years, \$160 million in local income over 10 years and \$26 million in local taxes and fees over 10 years.

In the larger, or “macro picture,” there are many other benefits to developing affordable homes.

As we have seen in recent years, housing has a powerful pull, causing the economy to ride high when housing is healthy. As we can now see, the lack of new housing starts has caused the economy to sputter.

And, despite the success story of housing, many have not been able to share in the rewards of the housing boom.

- One in four households in the U.S., or more than 31 million American families, spend more on housing than the federal government considers affordable and appropriate (more than 30 percent of income).
- This burden falls disproportionately on minority households. More than three-quarters of all Caucasian American households own their homes, while less than half of African American and Hispanic American families are home owners.

- The supply of affordable housing is shrinking, according to a report by the Joint Center for Housing Studies of Harvard University.
  - It could get worse. Regulatory and natural constraints on land are driving up land costs in and around many of the nation's metropolitan areas, which restricts development of affordable housing.
  
- The lack of affordable housing hurts the environment. In high-growth major metropolitan areas, thousands of people commute, on average, 100 miles or more round-trip to their jobs and home again because of a lack of affordable housing in communities where they work.

Truly, “There is no place like home” for families, workers and the economy, and the Housing Trust Fund is an important step in establishing this building block for Wisconsin.

(End)





March 6, 2008

Ald. Michael Murphy  
(414) 286-3763

## **State Senate Unanimously Approves Housing Trust Fund Bill**

*Ald. Michael Murphy Touts Measure's Potential Benefits for Milwaukee, Praises Sponsors*

The state Senate gave a rare unanimous thumbs-up this week to a measure (**Senate Bill 426**) that could provide millions of dollars to Milwaukee's Housing Trust Fund to be used for affordable housing and repairs to existing housing units, Ald. Michael J. Murphy said today.

Senate Bill 426, sponsored by Milwaukee Sen. Spencer Coggs, and its companion Assembly Bill 752, sponsored by city Rep. Tamara Grigsby, seek to give municipalities the authority to adopt a resolution that will allow them to extend the life of a tax incremental district (TID) for one year after all TID costs have been paid, and to apply the continuing tax increments to affordable housing (75%), and the remainder (25%) to otherwise improve the quality of existing housing stock. The resolution would enable a community to evaluate whether to extend each TID prior to closing.

With 20 Milwaukee TIDs scheduled to close over the next 10 years, if the measure is also approved by the state Assembly it's possible that during the next 10 years Milwaukee could reap as much as \$9 million for creating additional affordable housing and as much as \$3 million for repairs to existing housing, Ald. Murphy said. "We strongly urge the Assembly to take up AB 752 and approve it before the end of the session," he said.

**-More-**

## **Housing Trust Fund Bill/ADD ONE**

“The legislation would truly open up a critically important funding stream for creating more affordable housing in Milwaukee, and I want to thank and recognize Senator Coggs and Representative Grigsby for their hard work and diligence in sponsoring and guiding this important legislation forward at the State Capitol,” said Ald. Murphy, chair of the city’s Housing Trust Fund Advisory Board.

The city’s Intergovernmental Relations Division has been working to garner support in the Assembly for AB 752, the alderman said. “We are optimistic that the Assembly will also give this legislation overwhelming support, in part because once a TIF is successfully closed-out, extending its life for one year and allocating the increments to affordable housing is financially feasible without causing general fund and debt budget impacts. It just makes good fiscal sense,” he said.

Last month the Common Council voted overwhelmingly to allocate \$1.4 million for five recommended Housing Trust Fund projects that will create 142 units of affordable housing for Milwaukee residents. The five projects, ranging from \$750,000 to \$68,000, are leveraging what amounts to an overall investment of more than \$26.7 million, Ald. Murphy said.

“We are trying to find funding where appropriate because these projects have a tremendous capacity to bring substantial positive economic impact to the City of Milwaukee in terms of building trade jobs that will be created, and obviously to low-income residents and the homeless who will directly benefit, including many families and children,” he said.





Date?

Sen. Spencer Coggs  
Senate Labor, Elections, Urban Affairs  
SB 426 Housing Trust Fund - Amendment

In substance, the proposed amendment to SB 426 will:

1. Define affordable housing & households to mirror the same in federal law.
2. Require villages or cities to spend at least 75% of the funds on affordable housing (changes “may spend” to “shall spend”).
  - a. In the bill it says “Up to 75 percent” which means the municipality could spend 0 percent. This amendment requires them to spend at least 75 percent.

3. Extends the date of implementation to Oct. 1, 2008
  - a. This makes the bill consistent with the current TID year.
  
4. Allows each municipality to determine through their enabling resolution what it means to “improve the city’s housing stock” and how they’ll spend the remainder (the 25 percent) of the TID money.

**(end)**



AMDMT.

**SENATE AMENDMENT 1,  
TO 2007 SENATE BILL 426**

SEC. 1c  
- HAD TO  
CREATE DEF.  
OF AFFORDABLE  
HSG. & RE-WORK  
STATUTE  
REFERENCES

February 25, 2008 – Offered by Senator COGGS.

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

2 **1.** Page 2, 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) ~~(a)~~ (ae), 66.1331 (3) (a) or 66.1333 (2m)  
7 (b) or in accordance with a redevelopment plan or urban renewal plan adopted under  
8 s. 66.1331 (5) or 66.1333 (6).

9 **SECTION 1g.** 66.1105 (2) (a) of the statutes is renumbered 66.1105 (2) (ae).

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

11 66.1105 (2) (ab) "Affordable housing" means housing that costs a household no  
12 more than 30 percent of the household's gross monthly income.

13 **SECTION 1r.** 66.1105 (2) (bq) of the statutes is created to read: