

HOUSING IMPACT NOTE

Re: SB 698 - Duties and powers of the Department of Safety and Professional Services

SUMMARY: This bill makes numerous changes to the duties of the Department of Safety and Professional Services and modifies existing laws related to the provision of housing throughout the state.

IMPACTS: Senate Bill 698 impacts the provision of housing in Wisconsin in the following ways:

- 1. The cost of constructing, rehabilitating, improving or maintaining single family or multifamily dwellings.** SB 698 would impact housing in Wisconsin primarily from the repeal of the Department of Safety and Professional Services' (DSPS) statutory requirement to promulgate rules and administer the statutory requirements of the Multifamily Dwelling Code. Under the bill, multifamily dwellings would be subject to the commercial building code if it is a "public building," which current law defines as a building used by the public or by three or more tenants for lodging or occupancy. In addition, the bill requires DSPS to promulgate rules establishing uniform procedures for municipalities to administer the commercial building code and prohibits municipalities from enacting or enforcing an ordinance that does not strictly conform to the rules.

It could be argued that changes under SB 698 to repeal the multifamily dwelling code and replace it with the commercial building code coupled with the prohibition on municipalities to enact regulations contrary to the commercial building code would reduce regulations in Wisconsin, thus increasing the likelihood of increased construction of multifamily dwellings. With one set of regulations to follow statewide, current commercial builders considering constructing multifamily dwellings targeted to low and moderate income owners would have a lower regulatory burden for compliance with building codes statewide. However, it could also be argued that the increased construction standards under the existing commercial building code would increase the cost of construction, thus reducing the number of affordable multifamily buildings constructed or rehabilitated statewide. The potential cost increases due to the increased construction standard are indeterminate at this time.

- 2. Housing costs for housing occupied by the owner.** Impacts to owner-occupied housing costs under SB 698 are minimal and focused. SB 698 expands the exemption from DSPS rule authority for projects funded by the Wisconsin Housing and Economic Development Authority (WHEDA) when the project is a residential structure with not more than 4 dwelling units in which at least one unit is occupied by the owner as a principal residence.

It could be argued that changes under SB 698 to repeal the multifamily dwelling code and replace it with the commercial building code coupled with the prohibition on municipalities to enact regulations contrary to the commercial building code would reduce regulations in Wisconsin, thus increasing the likelihood of increased construction of multifamily dwellings. With one set of regulations to follow statewide, current commercial builders considering constructing multifamily dwellings targeted to low and moderate income owners would have a lower regulatory burden for compliance with building codes statewide. However, it could also be argued that the increased construction standards under the existing commercial building code would increase the cost of construction, thus reducing the number of affordable multifamily buildings constructed or rehabilitated statewide. The potential cost increases due to the increased construction standard are indeterminate at this time.

- 3. Policies, strategies and recommendations of the state housing strategy plan.** The bill's effects on the state Consolidated Plan are indeterminate. Wisconsin's Consolidated Plan calls for expanding the availability of safe, sanitary housing for low and moderate income owners and improving the affordable rental housing and homebuyer opportunities for all households, especially those with severe residential cost burdens. Wisconsin's Consolidated Plan also prioritizes increasing economic opportunity in Wisconsin's communities, focusing on both workers and businesses.

It could be argued that changes under SB 698 to repeal the multifamily dwelling code and replace it with the commercial building code coupled with the prohibition on municipalities to enact regulations contrary to the commercial building code would reduce regulations in Wisconsin, thus increasing the likelihood of increased construction of multifamily dwellings. With one set of regulations to follow statewide, current commercial builders considering constructing multifamily dwellings targeted to low and moderate income owners would have a lower regulatory burden for compliance with building codes statewide. However, it could also be argued that the increased construction standards under the existing commercial building code would increase the cost of construction, thus reducing the number of affordable multifamily buildings constructed or rehabilitated statewide. The potential cost increases due to the increased construction standard are indeterminate at this time.

Prepared by the Department of Administration

Landon T. Williams 608-267-9382

Lisa Marks 608-267-0770