

### Fiscal Estimate - 2021 Session

Original
  Updated
  Corrected
  Supplemental

<b>LRB Number</b> <b>21-4459/1</b>	<b>Introduction Number</b> <b>AB-0609</b>	
<b>Description</b> local housing investment fund programs		
<b>Fiscal Effect</b>		
<b>State:</b> <input checked="" type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Appropriations  <input type="checkbox"/> Decrease Existing Appropriations  <input type="checkbox"/> Create New Appropriations                 </div> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Revenues  <input type="checkbox"/> Decrease Existing Revenues                 </div> <div style="width: 30%;"> <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget  <input type="checkbox"/> Yes                      <input type="checkbox"/> No  <input type="checkbox"/> Decrease Costs                 </div> </div>		
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;">                 1. <input type="checkbox"/> Increase Costs  <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                  2. <input type="checkbox"/> Decrease Costs  <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory             </div> <div style="width: 30%;">                 3. <input type="checkbox"/> Increase Revenue  <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                  4. <input type="checkbox"/> Decrease Revenue  <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory             </div> <div style="width: 30%;"> <b>5. Types of Local Government Units Affected</b>  <input checked="" type="checkbox"/> Towns                      <input checked="" type="checkbox"/> Village                      <input checked="" type="checkbox"/> Cities  <input type="checkbox"/> Counties                      <input type="checkbox"/> Others  <input type="checkbox"/> School Districts                      <input type="checkbox"/> WTCS Districts             </div> </div>		
<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS		
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
DOA/ Robert Albrecht (608) 264-6343	Robin Malicki (608) 264-9576	10/21/2021

## Fiscal Estimate Narratives

DOA 10/21/2021

LRB Number	21-4459/1	Introduction Number	AB-0609	Estimate Type	Original
<b>Description</b> local housing investment fund programs					

### Assumptions Used in Arriving at Fiscal Estimate

2021 Assembly Bill 609 (AB-609) permits municipalities to establish by ordinance a local housing investment fund (HIF) for the purpose of promoting workforce housing and provides various associated guidelines and requirements.

Under the proposed legislation, municipalities, defined as cities, villages, or towns, would be permitted to designate certain parcels as HIF properties. Eligible parcels must either: contain a vacant building that will be converted into dwelling units; have been acquired through foreclosure by the municipality or its county and contain dwelling units that will be sold to and improved by another person; be land where new dwelling units will be constructed; or be an existing structure where additional units will be developed.

Municipalities establishing HIF programs must expend moneys only to fund: the construction of new workforce housing units; the acquisition or razing of condemned buildings for that purpose; infrastructure costs related to workforce housing; improvements to workforce housing units owned by the municipality or county; or employing consultants for the implementation and administration of an HIF program. Further requirements include at least 50% of moneys expended being for workforce housing for median income individuals, which is defined as not more than 100 percent of the area gross median income, and not permitting HIF parcels to be in tax increment financing districts.

The proposed legislation provides a specific calculation method for determining revenues for the HIF. When a property is established, the municipality must determine the base value of the taxable property on the parcel and the amount of general property taxes (e.g., county, municipal, school district) levied on all taxable property on the parcel. For each year commencing after the notice of completion of the project, the municipality would be required to determine the valuation increase of the property by subtracting the base value from the equalized value of the taxable property in that parcel for the year. If this is positive, the municipality would determine the HIF deposit by multiplying the total general property taxes levied on that parcel by a fraction with the value increase for the year as numerator and the equalized value for the year as the denominator. Collection of HIF deposits are limited to two years after notice of completion of improvements for 1st and 2nd class cities, and five years for 3rd and 4th class cities.

There is no fiscal impact anticipated from the proposed to the Department of Administration (Department).

For those participating municipalities, the Department anticipates both revenue and expenditure impacts according to the specified funding and tax collection processes established under the HIF program, to the extent not known by the Department. As the establishment of an HIF would be permissive and not required by law, municipalities would determine whether they would implement the program or not. It may require additional administrative workload in the coordination of HIF deposits and implementation and oversight of the fund, however personnel resources vary between municipalities and thus additional staff time is not able to be determined. Due to the aforementioned, the local impact of AB-609 is indeterminate.

### Long-Range Fiscal Implications