

Fiscal Estimate Narratives

DOA 9/8/2021

LRB Number	21-4393/1	Introduction Number	SB-533	Estimate Type	Original
Description housing authorities					

Assumptions Used in Arriving at Fiscal Estimate

2021 Senate Bill 533 (SB-533) authorizes housing authorities to undertake certain mixed developments as defined in the bill, increases the project bidding threshold for housing authorities, and amends certain statutes common to the regulation of both housing projects and mixed developments undertaken by housing authorities.

The Department of Administration's (Department's) Division of Energy, Housing and Community Resources (DEHCR) administers and develops housing policies, provides pertaining program assistance and funding, and partners with housing authorities and developers. The proposed legislation is not anticipated to have a direct fiscal impact on the programs and funding administered by DEHCR.

Local housing authorities and potentially the municipalities in which such developments are located may be affected by the provisions of the bill, although those effects are largely indeterminate.

SB-533 enables housing authorities to undertake mixed developments and stipulates that these developments may not serve persons of "moderate income," which the bill defines as not exceeding 120 percent of the median income for the area, unless an applicable guideline or regulation of the federal Department of Housing and Urban Development (HUD) permits persons to qualify as having moderate income. The definition of moderate income under 24 CFR 91.5, viz., "not exceed[ing] 80 percent of the median income for the area", may be considered one such conflicting guideline.

SB-533 would raise the threshold under which projects are not required to submit for bidding from \$25,000 to \$50,000 and eliminate a class 2 notice requirement for projects between \$10,000 and \$25,000. SB-533 also extends the same duties with respect to rental and tenant selection as are currently required for housing authorities undertaking housing projects to mixed developments and enables "tenant support services" as an allowable cost to factor into rate setting for rentals for both. The proposed legislation would repeal a general restriction on housing authorities from accepting persons as tenants whose aggregate annual income is in excess of five times the annual rental of the unit. SB-533 also exempts certain defined mixed developments from low-income requirements under s. 66.1025 (1) (a), Wis. Stats.

The fiscal impact of the proposed legislation on local units of government is indeterminate. Housing projects and mixed developments as proposed in the bill may not serve as a source of revenue for the municipality per s. 66.1203, Wis. Stats., and the fiscal effect of the provisions, such as on the availability of housing stock, affordable and otherwise, is currently not able to be determined. For housing authorities, while raising the bidding threshold may streamline projects, the costs of developments could potentially increase due to a reduced frequency of public bidding; the overall impact of the proposed to housing authorities is not able to be determined.

Long-Range Fiscal Implications