

2023 Assembly Bill 197**HOUSING IMPACT ANALYSIS**

SUMMARY: The proposed bill makes several changes to the Commercial Building Permitting Process as administered by the Department of Safety and Professional Services (DSPS). Under the proposed bill, the owner of a building may opt to either schedule a future date for examination of the building's plans or receive the next available appointment. In addition, when submitting a commercial building plan for review, the owner of a building may identify for DSPS any previously approved commercial building plans that are "substantially similar". Lastly, the proposed bill creates an exemption from the examination requirement for certain plumbing plans.

IMPACTS: The proposed changes under AB 197 impact the provision of housing in Wisconsin in the following ways:

- 1. Policies, strategies and recommendations of the state housing strategy plan.** The proposal is consistent with the state's Consolidated Plan. Wisconsin's Consolidated Plan calls for the expansion of safe, sanitary, affordable housing for low- and moderate-income homeowners and renters as well as 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 creating flexibilities for scheduling the review of a commercial building plan coupled with creating efficiencies with identifying previously approved "substantially similar" plans and exempting certain plumbing plans from review may potentially result in both time and cost savings associated with the construction of affordable housing units. These savings may increase the likelihood of constructing additional affordable housing units in local housing markets. However, it could be also argued that the impacts of this bill are only one of many factors associated with the construction of additional affordable housing units, are project determinant, and are likely contained to the local market.

- 2. The cost of developing, constructing, rehabilitating, improving, maintaining or owning single family or multifamily dwellings.** It could be argued that creating flexibilities for scheduling the review of a commercial building plan coupled with creating efficiencies with identifying previously approved "substantially similar" plans and exempting certain plumbing plans from review may potentially result in both time and cost savings associated with the construction of affordable housing units. These savings may increase the likelihood of constructing additional affordable housing units in local housing markets. However, it could be also argued that the impacts of this bill are only one of many factors associated with the construction of additional affordable housing units, are project determinant, and are likely contained to the local market. The potential cost changes under AB 197 are indeterminate at this time.
- 3. The purchase price of new homes or the fair market value of existing homes.** It could be argued that creating flexibilities for scheduling the review of a commercial building plan coupled with creating efficiencies with identifying previously approved "substantially similar" plans and exempting certain plumbing plans from review may potentially result in both time and cost savings associated with the construction of affordable housing units. These savings may increase the

likelihood of constructing additional affordable housing units in local housing markets. However, it could be also argued that the impacts of this bill are only one of many factors associated with the construction of additional affordable housing units, are project determinant, and are likely contained to the local market. The potential cost changes for the purchase price of new homes under AB 197 are indeterminate at this time. AB 197 is unlikely to impact the fair market value of existing homes.

4. **The cost and availability of financing to purchase or develop housing.** It could be argued that creating flexibilities for scheduling the review of a commercial building plan coupled with creating efficiencies with identifying previously approved “substantially similar” plans and exempting certain plumbing plans from review may potentially result in both time and cost savings associated with the construction of affordable housing units. These savings may increase the likelihood of constructing additional affordable housing units in local housing markets. However, it could be also argued that the impacts of this bill are only one of many factors associated with the construction of additional affordable housing units, are project determinant, and are likely contained to the local market. The potential cost changes for financing the construction of new homes under AB 197 are indeterminate at this time. AB 197 is unlikely to impact the availability of financing to purchase or develop housing.
5. **Housing costs as defined in s. 16.301 (3) (a) and (b).** S. 16.301 (3) (a) defines “housing costs” as any of the following:
 - a. The principal and interest on a mortgage loan that finances the purchase of the housing.
 - b. Closing costs and other costs associated with a mortgage loan.
 - c. Mortgage insurance.
 - d. Property insurance.
 - e. Utility-related costs.
 - f. Property taxes.
 - g. If the housing is owned and occupied by members of a cooperative or an unincorporated cooperative association, fees paid to a person for managing the housing.

S. 16.301 (3) (b) defines “rented housing” costs as any of the following:

- a. Rent.
- b. Utility-related costs, if not included in the rent.

It could be argued that creating flexibilities for scheduling the review of a commercial building plan coupled with creating efficiencies with identifying previously approved “substantially similar” plans and exempting certain plumbing plans from review may potentially result in both time and cost savings associated with the construction of affordable housing units. Thus, AB 197 may potentially reduce housing costs as defined in s. 16.301 (3) (a) in a local real estate market. However, it could be also argued that the impacts of this bill on these costs are only one of many factors and are likely

contained to the local market. The potential cost changes under AB 197 to housing costs as defined in s. 16.301 (3) (a) are indeterminate at this time.

The potential cost changes to rent under s. 16.301 (3) (b) due to AB 197 are indeterminate at this time. It could be argued that creating flexibilities for scheduling the review of a commercial building plan coupled with creating efficiencies with identifying previously approved “substantially similar” plans and exempting certain plumbing plans from review may potentially result in both time and cost savings associated with the construction of affordable housing units. Thus, AB 197 may potentially reduce housing costs as defined in s. 16.301 (3) (b) in a local real estate market. However, it could be also argued that the impacts of this bill on these costs are only one of many factors and are likely contained to the local market.

6. **The density, location, setback, size, or height of development on a lot, parcel, land division, or subdivision.** The provisions of AB 197 are unlikely to impact the density, location, setback, size, or height of development on a lot, parcel, land division, or subdivision.
7. **The relative impact of the effects of the bill on low- and moderate-income households.** It could be argued that creating flexibilities for scheduling the review of a commercial building plan coupled with creating efficiencies with identifying previously approved “substantially similar” plans and exempting certain plumbing plans from review may potentially result in both time and cost savings associated with the construction of affordable housing units. These savings may increase the likelihood of constructing additional affordable housing units in local housing markets. However, it could be also argued that the impacts of this bill are only one of many factors associated with the construction of additional affordable housing units, are project determinant, and are likely contained to the local market. The relative impact of the effects of the bill on low- and moderate-income households under AB 197 are indeterminate at this time.

Prepared by the Department of Administration

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