

2023 Assembly Bill 198**HOUSING IMPACT ANALYSIS**

SUMMARY: The proposed bill makes several changes to the existing Commercial Building Permitting Process for the purpose of encouraging more commercial building plan examinations at the local level. In addition, the bill repeals the existing fee forwarding requirement for locally performed commercial building plan review and requires the Department of Safety and Professional Services to prepare a report to the Legislature.

IMPACTS: The proposed changes under AB 198 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 increasing the threshold for local authorities to conduct commercial plan reviews may potentially result in more timely permitting of larger commercial public buildings, thus increasing 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 increasing the threshold for local authorities to conduct commercial plan reviews may potentially result in more timely permitting of larger commercial public buildings, thus increasing the likelihood of constructing additional affordable housing units in local housing markets and containing cost increases associated with longer plan review times. 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 198 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 increasing the threshold for local authorities to conduct commercial plan reviews may potentially result in more timely permitting of larger commercial public buildings, thus increasing the likelihood of constructing additional affordable housing units in local housing markets and containing cost increases associated with longer plan review times. 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 198 are indeterminate at this time. AB 198 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 increasing the threshold for local authorities to conduct commercial plan reviews may potentially result in more timely permitting of larger commercial public buildings, thus increasing the likelihood of constructing additional affordable housing units in local housing markets and containing cost increases associated with longer plan review times. 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 198 are indeterminate at this time. AB 198 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 increasing the threshold for local authorities to conduct commercial plan reviews may potentially result in more timely permitting of larger commercial public buildings and containing cost increases associated with longer plan review times. Thus, AB 198 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 198 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 198 are indeterminate at this time. It could be argued that increasing the threshold for local authorities to conduct commercial plan reviews may potentially result in more timely permitting of larger commercial public buildings and containing cost increases associated with longer plan review times. Thus, AB 198 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 198 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 increasing the threshold for local authorities to conduct commercial plan reviews may potentially result in more timely permitting of larger commercial public buildings, thus increasing the likelihood of constructing additional affordable housing units in local housing markets and containing cost increases associated with longer plan review times. 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 198 are indeterminate at this time.

Prepared by the Department of Administration

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