

2023 ASSEMBLY BILL 43**HOUSING IMPACT NOTE**

SUMMARY: Assembly Bill 43 (“AB 43” or “the Bill”) constitutes the executive budget act of the 2023 legislature. The Bill makes several changes to existing law which may impact the provision of housing in Wisconsin.

The Bill makes several investments in existing grant, loan and tax credit programs as well as creates new grant or loan programs providing housing, housing rehabilitation, shelter or services to low- and moderate-income households both across Wisconsin as well as in targeted locations. Over \$820 million in funding for new and existing grant, loan and tax credit programs, to a variety of agencies are proposed under the Bill. The Bill changes existing tax incremental financing (TIF) to authorize workforce housing initiatives. Under the Bill, communities that perform a minimum number of TIF activities are granted priority for workforce housing funding. The Bill creates a new water utility assistance program for low-income households. The Bill consolidates youth services programs for a variety of purposes, including increasing youth access to housing. The Bill creates certain programs enabling households with disabilities to create tax sheltered accounts to pay for qualified expenses, including housing.

The Bill creates a new civil legal assistance program for low-income individuals, focusing on establishing a statewide right to counsel for evictions. The Bill also makes changes regarding requirements of landlords to notify potential tenants of building code violations. The Bill also eliminates existing prohibitions on political subdivisions from enacting ordinances related to landlords and tenants, thus allowing political subdivisions to regulate several aspects of a rental arrangement. The Bill eliminates the ability of political subdivisions to impose a moratorium on evictions against a tenant. The Bill makes various changes to the requirements relating to inspections of rental properties. The Bill prohibits discrimination on the basis of a person’s status as a holder or nonholder of a non-compliant REAL ID to obtain housing.

IMPACTS: The proposed changes under AB 43 impact the provision of housing in Wisconsin in the following ways:

- 1. Policies, strategies and recommendations of the state housing strategy plan.** AB 43 is consistent with the recommendations of the State’s Consolidated Plan. The 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 cost burdens, those facing housing discrimination and those facing housing shortages. The Consolidated Plan also prioritizes increasing economic opportunity in Wisconsin’s communities, focusing on both workers and businesses. The additional resources provided under AB 43 combined with the additional protections provided to renters are consistent with the goals of the Consolidated Plan.
- 2. The cost of developing, constructing, rehabilitating, improving, maintaining or owning single family or multifamily dwellings.** It could be argued that increasing the financial assistance available to low- and moderate-income households in Wisconsin combined with the additional protections against housing discrimination as well as requirements of landlords may potentially increase the

likelihood of additional low- and moderate-income households in Wisconsin being able to secure safe, sanitary and affordable housing. However, it could be also argued that providing these additional resources, protections and requirements may result in higher competition for existing affordable housing and a reduction in available supply due to these additional factors. The additional resources granted under the bill to construct, maintain and rehabilitate housing targeted to low-and moderate-income homeowners may result in additional inflationary costs. The potential cost changes to the cost of developing, constructing, rehabilitating, improving, maintaining or owning single family or multifamily dwellings due to any changes to the new funding and requirements provided under AB 43 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 financial assistance available to low- and moderate-income households in Wisconsin combined with the additional protections against housing discrimination may potentially increase the likelihood of additional low- and moderate-income households in Wisconsin being able to secure safe, sanitary and affordable housing. However, it could be also argued that providing these additional resources and protections may result in higher competition for affordable housing and a reduction in available supply due to these additional factors. The additional resources granted under the bill to construct, maintain and rehabilitate housing targeted to low-and moderate-income homeowners may result in additional inflationary costs. The potential cost changes to the purchase price of new homes or the fair market value of existing homes due to any changes to the new funding and requirements provided under AB 43 are indeterminate at this time.
4. **The cost and availability of financing to purchase or develop housing.** AB 43 directly increases the financial assistance available to low- and moderate-income households in Wisconsin to purchase housing and provides additional resources that could be leveraged to develop additional housing for low- and moderate-income households in Wisconsin. However, it could be also argued that providing these additional resources and protections may result in higher competition for existing affordable housing resulting in a reduction in available supply due to these additional factors.
5. **Housing costs as defined in s. 16.301 (3) (a) and (b).** Section 16.301 (3) (a), Wis. Stats., 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.

Section 16.301 (3) (b), Wis. Stats., defines “rented housing” costs as any of the following:

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

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requirements may result in higher competition for affordable housing and a reduction in available supply due to these additional factors. The additional resources granted under the bill to construct, maintain and rehabilitate housing targeted to low- and moderate-income homeowners may result in additional inflationary costs. The potential cost changes to the housing costs as defined in s. 16.301 (3) (a) and (b), Wis. Stats., due to any changes to the new funding and requirements provided under AB 43 are indeterminate at this time.

6. **The density, location, setback, size, or height of development on a lot, parcel, land division, or subdivision.** The provisions of AB 43 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.**

The Bill makes several investments in existing grant, loan and tax credit programs as well as creates new grant or loan programs providing housing, housing rehabilitation, shelter or services to low- and moderate-income households both across Wisconsin as well as in targeted locations. Over \$820 million in new funding for new and existing grant, loan and tax credit programs, to a variety of agencies are proposed under the Bill. The Bill changes existing tax incremental financing to authorize workforce housing initiatives, granting priority for workforce housing funding. The Bill creates a new water utility assistance program for low-income households. The Bill consolidates youth services programs for a variety of purposes, including increasing youth access to housing. The Bill creates certain programs enabling households with disabilities to create tax sheltered accounts to pay for qualified expenses, including housing.

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Prepared by the Department of Administration

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