

**2023 Senate Bill 188****HOUSING IMPACT ANALYSIS**

**SUMMARY:** The proposed bill codifies in statute and expands the authority for the Department of Safety and Professional Services (DSPS) and local units of government to allow a building owner to start construction of certain building components while a commercial building plan review is pending. Under current administrative rules, DSPS allows a building owner who has submitted commercial building plans for examination by DSPS or a local unit of government to request permission to start construction of footings and foundations while plan review is pending. Under the proposed bill, the allowable work performed by a building owner is expanded to also include construction of underground plumbing and exterior plumbing. The rules specify that a building owner who is granted permission to start construction of footings and foundations may proceed at the owner's own risk, without assurance that a conditional approval will be granted for the building. Under the proposed bill, this risk is retained by the building owner during the review period.

**IMPACTS:** The proposed changes under SB 188 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 codifying administrative rules into statute and increasing the scope of work that may be performed while a commercial building plan is under review may potentially result in both time and cost savings associated with the construction of affordable housing units, 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 codifying administrative rules into statute and increasing the scope of work that may be performed while a commercial building plan is under review may potentially result in both time and cost savings associated with the construction of affordable housing units, 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. The potential cost changes under SB 188 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 codifying administrative rules into statute and increasing the scope of work that may be performed while a commercial building plan is under review may potentially result in both time and

cost savings associated with the construction of affordable housing units, 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. The potential cost changes for the purchase price of new homes under SB 188 are indeterminate at this time. SB 188 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 codifying administrative rules into statute and increasing the scope of work that may be performed while a commercial building plan is under review may potentially result in both time and cost savings associated with the construction of affordable housing units, 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 SB 188 are indeterminate at this time. SB 188 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 codifying administrative rules into statute and increasing the scope of work that may be performed while a commercial building plan is under review may potentially result in both time and cost savings associated with the construction of affordable housing units. Thus, SB 188 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 SB 188 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 SB 188 are indeterminate at this time. It could be argued that codifying administrative rules into statute and increasing the scope of work that may be performed while a commercial building plan is under review may potentially result in both time and cost savings associated with the construction of affordable housing units. Thus, SB 188 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 SB 188 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 codifying administrative rules into statute and increasing the scope of work that may be performed while a commercial building plan is under review may potentially result in both time and cost savings associated with the construction of affordable housing units. 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 SB 188 are indeterminate at this time.

Prepared by the Department of Administration

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