



State of Wisconsin
2023 - 2024 LEGISLATURE

LRB-1648/P2
EVM:emw

DOA:.....Quinn, BB0448 - Workforce Housing TIF

FOR 2023-2025 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; **relating to:** the budget.

Analysis by the Legislative Reference Bureau

LOCAL GOVERNMENT

Workforce housing initiatives

This bill authorizes workforce housing initiatives and makes changes that affect tax incremental districts (TIDs) and state housing grants. The bill creates a definition for “workforce housing,” changes the definition of a “mixed-use development” TID, increases the maximum number of years a city or village may extend the life of a TID to improve its affordable and workforce housing, requires a TID’s project plan to contain alternative economic projections, and changes the method of imposing certain impact fees.

Under the bill, a political subdivision may put into effect a workforce housing initiative by taking one of several specified actions and posting on its website an explanation of the initiative. Workforce housing initiatives include the following: reducing permit processing times or impact fees for workforce housing; increasing zoning density for a workforce housing development; rehabilitating existing uninhabitable housing stock into habitable workforce housing; or implementing any other initiative to address workforce housing needs. Once an initiative takes effect, it remains in effect for five years. After June 30, 2024, if a political subdivision has in effect at least three initiatives at the same time, DOA must give priority to housing grant applications from, or related to a project in, the political subdivision.

The bill defines “workforce housing” to mean the following, subject to the five-year average median costs as determined by the U.S. Bureau of the Census:

1. Housing that costs a household no more than 30 percent of the household's gross median income.

2. Housing that is comprised of residential units for initial occupancy by individuals whose household median income is no more than 120 percent of the county's gross median income.

Under current law, a mixed-use development TID contains a combination of industrial, commercial, or residential uses, although newly platted residential areas may not exceed more than 35 percent of the real property within the TID. Under the bill, newly platted residential areas may not exceed either the 35 percent limit or 60 percent of the real property within the TID if the newly platted residential use that exceeds 35 percent is used solely for workforce housing.

The bill also requires a TID's project plan to include alternative projections of the TID's finances and feasibility under different economic situations, including a slower pace of development and lower rate of property value growth than expected in the TID.

Currently, a city or village may extend the life of a TID for up to one year for housing stock improvement if all of the following occurs:

1. The city or village pays off all of the TID's project costs.
2. The city or village adopts a resolution stating that it intends to extend the life of the TID, the number of months it intends to do so, and how it intends to improve housing stock.
3. The city or village notifies DOR.

Current law requires the city or village to use 75 percent of the tax increments received during the period specified in the resolution to benefit affordable housing in the city or village and 25 percent to improve the city's or village's housing stock.

Under this bill, a city or village may extend the life of a TID for up to three years to improve its housing stock or increase the number of affordable and workforce housing improvements, with at least 50 percent of the funds supporting units for families with incomes of up to 60 percent of the county's median income.

Under current law, if a city, village, or town imposes an impact fee on a developer to pay for certain capital costs to accommodate land development, the city, village, or town may provide in the ordinance an exemption from, or a reduction in the amount of, impact fees on land development that provides low-cost housing. Under the bill, the impact fee exemption or reduction provisions also apply to workforce housing. Current law prevents the shifting of an exemption from or reduction in impact fees to any other development in the land development in which the low-cost housing is located. The bill applies this provision to workforce housing as well.

Because this bill may increase or decrease, directly or indirectly, the cost of the development, construction, financing, purchasing, sale, ownership, or availability of housing in this state, the Department of Administration, as required by law, will prepare a report to be printed as an appendix to this bill.

For further information see the state and local fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 66.0617 (7) of the statutes is amended to read:

66.0617 (7) LOW-COST OR WORKFORCE HOUSING. An ordinance enacted under this section may provide for an exemption from, or a reduction in the amount of, impact fees on land development that provides low-cost housing, ~~except that no or workforce housing, as defined in s. 66.1105 (2) (n).~~ Under no circumstances may the amount of an impact fee for which an exemption or reduction is provided under this subsection may be shifted to any other development in the land development in which the low-cost housing or workforce housing is located or to any other land development in the municipality.

SECTION 2. 66.10012 of the statutes is created to read:

66.10012 Workforce housing. (1) DEFINITIONS. In this section:

- (a) “Housing agency” means the department of administration.
- (b) “Housing grant” means any grant administered by the department of administration under s. 16.303 or 16.309.
- (c) “Political subdivision” means any city, village, town, or county.
- (d) “Workforce housing” means housing to which all of the following apply, as adjusted for family size and the county in which the household is located, based on the county’s 5-year average median income and housing costs as calculated by the U.S. bureau of the census in its American community survey:

1. The housing costs a household no more than 30 percent of the household’s gross median income.

2. The residential units of the housing are for initial occupancy by individuals whose household median income is no more than 120 percent of the county's gross median income.

(2) HOUSING INITIATIVES. (a) Subject to par. (b), to implement a workforce housing initiative, a political subdivision may enact an ordinance, adopt a resolution, or put into effect a policy to accomplish any of the following:

1. Reduce by at least 10 percent the processing time for all permits related to workforce housing.

2. Reduce by at least 10 percent the cost of impact fees that a political subdivision may impose on developments that include workforce housing units.

3. Reduce by at least 10 percent the parking requirements for developments that include workforce housing units.

4. Increase by at least 10 percent the allowable zoning density for developments that include workforce housing units.

5. Establish a mixed-use tax incremental district with at least 20 percent of the housing units to be used for workforce housing.

6. Demonstrate compliance with a housing affordability report under s. 66.10013.

7. Rehabilitate at least 5 dwelling units of existing, uninhabitable housing stock into habitable workforce housing.

8. Modify existing zoning ordinances to allow for the development of workforce housing in areas zoned for commercial or mixed-use development or in areas near employment centers or major transit corridors.

9. Extend the life of a tax incremental district under s. 66.1105 (6) (g) 1.

10. Reduce by at least 10 percent the cost of roads for developments that include workforce housing units.

11. Implement any other initiative to address the workforce housing needs of the political subdivision.

(b) After a political subdivision completes one of the actions specified in par. (a), the workforce housing initiative shall be considered in effect once the political subdivision submits to the department of administration a written explanation of how the action complies with the workforce housing initiative and posts the explanation on the political subdivision's website.

(c) Once a political subdivision's action takes effect under par. (b), its workforce housing initiative remains in effect for 5 years. A political subdivision may put into effect more than one of the workforce housing initiatives under par. (a). After June 30, 2024, if a political subdivision has in effect at the same time at least 3 of the workforce housing initiatives under par. (a), the housing agency shall give priority to housing grant applications from, or that relate to a project in, the political subdivision. The department of administration shall promulgate rules establishing how and based on what information the department will give priority to housing grant applications under this paragraph and prescribing the form of application for receiving priority.

SECTION 3. 66.1105 (2) (ab) of the statutes is renumbered 66.1105 (2) (n) (intro.) and amended to read:

66.1105 (2) (n) (intro.) "Affordable Workforce housing" means housing ~~that costs a household no more than 30 percent of the household's gross monthly income. to which all of the following apply, as adjusted for family size and the county in which the household is located, based on the county's 5-year average median income and~~

housing costs as calculated by the U.S. bureau of the census in its American community survey:

SECTION 4. 66.1105 (2) (cm) of the statutes is renumbered 66.1105 (2) (cm) (intro.) and amended to read:

66.1105 (2) (cm) (intro.) “Mixed-use development” means development that contains a combination of industrial, commercial, or residential uses, except that lands proposed for newly platted residential use, as shown in the project plan, may not exceed ~~35~~ either of the following:

1. Thirty-five percent, by area, of the real property within the district.

SECTION 5. 66.1105 (2) (cm) 2. of the statutes is created to read:

66.1105 (2) (cm) 2. Sixty percent, by area, of the real property within the district if the newly platted residential use that exceeds 35 percent is used solely for workforce housing.

SECTION 6. 66.1105 (2) (n) 1. of the statutes is created to read:

66.1105 (2) (n) 1. The housing costs a household no more than 30 percent of the household’s gross median income.

SECTION 7. 66.1105 (2) (n) 2. of the statutes is created to read:

66.1105 (2) (n) 2. The residential units of the housing are for initial occupancy by individuals whose household median income is no more than 120 percent of the county’s gross median income.

SECTION 8. 66.1105 (4) (f) of the statutes is amended to read:

66.1105 (4) (f) Adoption by the planning commission of a project plan for each tax incremental district and submission of the plan to the local legislative body. The plan shall include a statement listing the kind, number and location of all proposed public works or improvements within the district or, to the extent provided in sub.

(2) (f) 1. k. and 1. n., outside the district, an economic feasibility study, a detailed list of estimated project costs, and a description of the methods of financing all estimated project costs and the time when the related costs or monetary obligations are to be incurred. The project plan shall also contain alternative projections of the district's finances and economic feasibility under different economic scenarios, including the scenario in which work on a public work or improvement specified in the project plan begins 3 years later than expected and the scenario in which the rate of property value growth in the district is at least 10 percent lower than expected. The plan shall also include a map showing existing uses and conditions of real property in the district; a map showing proposed improvements and uses in the district; proposed changes of zoning ordinances, master plan, if any, map, building codes and city ordinances; a list of estimated nonproject costs; and a statement of the proposed method for the relocation of any persons to be displaced. The plan shall indicate how creation of the tax incremental district promotes the orderly development of the city. The city shall include in the plan an opinion of the city attorney or of an attorney retained by the city advising whether the plan is complete and complies with this section.

SECTION 9. 66.1105 (4m) (b) 2. of the statutes is amended to read:

66.1105 (4m) (b) 2. No tax incremental district may be created and no project plan may be amended unless the board approves the resolution adopted under sub. (4) (gm) or (h) 1., and no tax incremental base may be redetermined under sub. (5) (h) unless the board approves the resolution adopted under sub. (5) (h) 1., by a majority vote within 45 days after receiving the resolution. For actions described under this subdivision, a majority vote is required, and, except for a multijurisdictional tax incremental district, 3 affirmative votes are required to

constitute a majority. With regard to a multijurisdictional tax incremental district created under this section, each public member of a participating city must be part of the majority that votes for approval of the resolution or the district may not be created. The board may not approve the resolution under this subdivision unless the board's approval contains a positive assertion that, in its judgment, the development described in the documents the board has reviewed under subd. 1. would not occur without the creation of a tax incremental district. The board may not approve the resolution under this subdivision unless the board finds that, with regard to a tax incremental district that is proposed to be created by a city under sub. (17) (a), such a district would be the only existing district created under that subsection by that city.

SECTION 10. 66.1105 (6) (g) 1. a. of the statutes is amended to read:

66.1105 (6) (g) 1. a. The city adopts a resolution extending the life of the district for a specified number of months. The resolution shall specify how the city intends to improve its housing stock or increase the number of affordable and workforce housing stock units, as required in subd. 3.

SECTION 11. 66.1105 (6) (g) 3. of the statutes is amended to read:

66.1105 (6) (g) 3. If a city receives tax increments as described in subd. 2., the city shall use ~~at least 75 percent of the increments received~~ that are not supporting housing stock improvements to benefit affordable housing in the city. ~~The remaining portion of the increments shall be used by the city to improve the city's~~ increase the number of the city's affordable and workforce housing stock units, with at least 50 percent of the funds supporting units for families with incomes of up to 60 percent of the county's median household income.

SECTION 9430. Effective dates; Local Government.

(1) WORKFORCE HOUSING INITIATIVES. The treatment of s. 66.10012 takes effect on January 1, 2024.

(END)