

League of Wisconsin Municipalities: Applauds action to promote housing

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Toni Herkert, the Government Affairs Director of the League of Wisconsin Municipalities, released the following statement after today's broad bipartisan Senate action on Assembly Bill 194 and Senate Bill 480. These bills had previously passed the Assembly and now head to the Governor's desk.

"Housing is one of the top concerns we hear from members. Some cities and villages haven't seen new housing developments in years, sometimes decades, while other communities are simply unable to offer affordable workforce and senior housing options for their residents. A lack of housing development blocks the growth local leaders work tirelessly to promote. There's no one catch-all fix to advance the availability and affordability of housing options for Wisconsinites. Addressing Wisconsin's housing crisis requires an 'all the above' approach, and today's laudable actions in the Senate provides new and exciting opportunities.

"Many Wisconsin municipalities have made significant efforts to promote housing. The passage of AB 194 and SB 480 allows these communities to see their aspirations come to fruition. **Because of today's action, foundations will be poured, shingles will be laid, and Wisconsinites will cross the threshold into new homes.** With these new tools in the toolbox, developers, municipalities, and realtors can work together to advance the range of new housing options that will soon emerge throughout the state in communities of all sizes.

"We want to express our deepest appreciation to the authors of AB 194 and SB 480, Senators Quinn and Feyen and Representatives Armstrong and Brooks, for their continued leadership on the promotion of housing solutions for Wisconsin! We'd also like to thank all the bipartisan co-sponsors and supporters of these bills. The League is honored to have been and continue to

be one of a handful of groups at the table as part of our ongoing efforts to address Wisconsin's housing crisis. We look forward to the Governor's signature on these two important initiatives for local leaders."

Additional information on these bills is included below.

Assembly Bill 194 - Modifications to Housing Loan Programs

In the 2023-2024 Legislative Session, the Legislature passed a monumental initiative to combat Wisconsin's housing crisis head on by investing \$525 million in low-interest workforce housing loan programs at the Wisconsin Housing and Economic Development Authority (WHEDA). The Infrastructure Access, Restore Main Street, and Vacancy-to-Vitality Loan Programs are all designed to tackle holes in housing affordability by ensuring that financing gaps don't prevent workforce and senior housing projects in cities and villages.

While this historic investment was included in the 2023-2025 State Budget, barriers in the accompanying legislation have prevented these programs from being as widely utilized as we had all hoped. AB 194 is a result of a coordinated effort with the authors and stakeholders to determine how this investment can live up to its full potential within the steady direction provided by the Legislature last session.

The passage of AB 194 ensures more Wisconsinites can afford to live in the communities they love and will provide a nationwide model for successful state, local, and private housing partnerships. AB 194 will:

- allow tax incremental financing and historic tax credits to be stacked with housing loans to ensure that all financing gaps and cost constraints may be addressed,
- increase the maximum loan amounts that may be awarded in all three programs, measured either as a percentage of project cost or a per unit dollar figure,
- lower the number of dwelling units that must be created in the Vacancy-to-Vitality Program for municipalities under 10,000 in population from 16 or more to 4 or more,
- allow mixed-use developments to qualify for the Vacancy-to-Vitality Program while ensuring loan funds are only used for the residential portion of the

development, and

- move the lookback date from January 1, 2023 to January 1, 2020 for municipal ordinance or other regulatory changes necessary for the cost reduction analysis.

Senate Bill 480 - Workforce Housing Tax Incremental Districts

Tax incremental financing (TIF) is one of the few proactive economic development tools that Wisconsin municipalities have available. However, TIF has historically been structured to promote commercial and industrial development, not residential. With SB 480, that history changes.

This legislation allows municipalities to create Workforce Housing TIDs. These TIDs would be developer-financed with eligible expenses limited to the infrastructure necessary for dense new single-family or duplex residential developments. Workforce Housing TIDs would be capped at 3% of equalized value but are exempt from the current 12% threshold. This tool will be available to cities and villages starting on October 1st.

A TID under SB 480 could be created if the following conditions are met:

- the total value of all Workforce Housing TIDs does not exceed 3% of total equalized value of the municipality, the TID lifespan does not exceed 20 years, and the costs are limited to supporting the necessary infrastructure and certain related expenses,
- the development is for owner-occupied single-family or duplex residences that are 1,500 square feet or less for single story residences or 2,000 square feet or less for two-story residences, and
- the lot sizes and widths are not greater than 7,500 square feet and 70 feet for single-family or 12,500 square feet and 80 feet for duplexes and, for either, side setbacks are not greater than 10 feet.