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2023 Housing Package & Funding

The Legislature passed a package of Housing Bills that will provide workforce and senior housing across the state. The Joint Finance Committee then provided $525 million in the state budget to fund the Housing Incentives Bills. The Governor signed the housing bills into law on June 22, 2023, finalizing a significant portion of the League's legislative agenda. The League supported four bills to create or enhance programs to finance housing infrastructure, rehabilitation, or conversion (from commercial). A fifth bill, that the League supported after considerable modifications, impacts the residential approval process.

Assembly Bill 264/Act 14

The Legislature provided $275 million in one-time funds for the newly created Residential Housing Infrastructure Revolving Loan Fund at WHEDA to support the creation of new affordable and senior housing.

Under the program, a developer may apply to WHEDA for a loan to cover the costs of installing, replacing, upgrading, or improving infrastructure related to workforce housing or senior housing. The housing associated with an infrastructure loan must be new single-family or multi-family housing for rent or for sale. The housing constructed in connection with an infrastructure loan must remain workforce housing or senior housing for 10 years following initial occupancy.
If WHEDA awards an infrastructure loan to a developer, WHEDA may also award a loan to the local government that approved the developer's loan. The local government may use this loan to cover infrastructure costs incurred by the local government in connection with the developer's project. The amount of the loan to the local government may not exceed 10 percent of the total cost of the residential housing development supported by the infrastructure loan.

Assembly Bill 265/Act 15

The Legislature is providing $100 million in one-time dollars to fund the newly created Main Street Housing Rehabilitation Revolving Loan Fund at WHEDA to improve rental workforce housing on the second or third floor of existing buildings. Under the program, an owner of rental housing may apply to WHEDA for a loan to cover the costs of an improvement to workforce housing to maintain it in a decent, safe, and sanitary condition or to restore it to that condition. An improvement can include remediating lead paint, asbestos, or mold.
To be eligible, the housing must satisfy all of the following:

- Is located on the second or third floor of an existing two-story or three-story building with a commercial use on the first floor, if the space devoted to commercial use constitutes no more than two-thirds of the building's gross square footage.
- Is vacant or has been underutilized.
- The housing must not have been significantly improved for at least 20 years prior to the date of the loan application or since the property was acquired by the current owner, whichever is later.

Assembly Bill 266/Act 16

The Truth in Zoning Bill. This new law limits the ability of municipalities to reject housing applications, and it also limits third party lawsuits challenging local housing projects. It does not represent a monumental shift in current practice, and the local governing body retains the ability to set standards and permitted uses in local ordinances. It does drive home the point that once permitted uses are established, communities must approve the associated administrative permits. There is local control to make decisions and the accountability to implement those decisions. In addition, the enactment of zoning amendments will be approved by a simple majority of a quorum of the members-elect, removing the supermajority vote that may have been required for protest petitions. However, a two-thirds vote may still be required for a down zoning ordinance pursuant to Wis. Stat. § 66.10015(3)(b) and for a zoning amendment when an airport protest petition is brought pursuant to Wis. Stat. § 62.23(7)(d)2m.

For more information see the League Analysis of Act 16.

Assembly Bill 267/Act 17

The Legislature provides $50 million in one-time funds to WHEDA to support a housing rehabilitation program to low- to moderate-income households to renovate or repair their current home and address hazards like lead, mold, and asbestos.

A home must be a single-family residence that the applicant occupies and that was constructed at least 40 years prior to the date of the loan application. An eligible rehabilitation is an improvement to housing that is either the removal of lead paint or certain structural improvements, including repairing or replacing a heating system, electrical system, plumbing system, roof, window, or exterior door. An eligible rehabilitation that is a structural improvement can also include repairing or replacing flooring or an interior wall or ceiling, but a plumbing system must be an internal plumbing system. The amount of a loan may not exceed the lesser of $50,000 or 100 percent of the appraised value of the home after rehabilitation.

Assembly Bill 268/Act 18

Allocates $100 million in one-time funding for the newly created Commercial-to Housing Conversion Revolving Loan Fund at WHEDA for the conversion of vacant commercial buildings to new residential developments of workforce or senior housing. Under the program, a developer may apply to WHEDA for a loan to cover the costs of converting a vacant commercial building to workforce housing or senior housing. The housing associated with a conversion loan must be new residential housing (for rent or for sale). It must consist of 16 or more dwelling units. A building is eligible for conversion if it has been vacant for one year or underutilized and is zoned for residential use. The housing associated with a conversion loan must remain workforce housing or senior housing for 10 years following initial occupancy.

For ALL INCENTIVES BILLS - Acts 14, 15 and 18:

The housing or building associated with the WHEDA loan must not have received financial assistance from tax increments generated by an active tax increment district.

WHEDA may not award a loan unless the eligible governmental unit demonstrate in WHEDA forms that all of the following apply:

- The eligible governmental unit has reduced the cost of residential housing in connection with the eligible project by voluntarily revising zoning ordinances, subdivision regulations, or other land development regulations to increase development density, expedite approvals, reduce impact, water connection, and inspection fees, or reduce parking, building, or other development costs with respect to the development of residential housing supported by the project.

- The governmental unit in cooperation with the developer (or owner in main street and commercial conversion programs) shall submit to WHEDA a cost reduction analysis signed by the developer and the head of the governmental unit's governing body that shows the cost reduction measures, including time saving measures, undertaken by the governmental unit on or after January 1, 2023, that have reduced the cost of residential housing in connection with the eligible project.
- The signed analysis shall clearly show for each time saving or cost reduction measure the estimated time or dollar amount saved by the developer and the estimated percentage reduction in housing costs.
- If applicable, the eligible governmental unit has updated the housing element of its comprehensive plan under s. 66.1001 (2) (b) within the 5 years immediately preceding the date of the loan application.

"Area median income" means the area median family income in the county in which the housing is located, adjusted for family size, as published annually by the federal department of housing and urban development.

"Governmental unit" means a city, village, town, or county or federally recognized American Indian tribe or band in this state.

"Senior housing" is workforce housing that is intended and operated primarily for occupancy by at least one person 55 years of age or older per dwelling unit.

"Workforce housing" is housing that costs a household no more than 30 percent of 140 percent of area median income (or 100 percent of area median income in the case of rental housing) and is for occupancy by individuals whose household median income does not exceed 140 percent of area median income (or 100 percent of area median income in the case of rental housing).

Additional Information Regarding the Housing Incentives Package

Act 14 – Residential Housing Infrastructure Revolving Loan Fund

"Developer" means a person other than a governmental unit that constructs or creates residential housing.

"Eligible governmental unit" means the governmental unit having jurisdiction of an eligible project, as determined by the authority.

"Eligible project" means a project for housing infrastructure for workforce housing or senior housing.

"Housing infrastructure" means that portion of the installation, replacement, upgrade, or improvement of public infrastructure, or private infrastructure in rural areas if transferred to public use, as determined by the authority, that relates to an eligible project.

"Public infrastructure" means any of the following that is or will be owned, maintained, or provided to or by a governmental unit:

1. A water distribution system.
2. A water treatment plant.
3. A wastewater treatment plant.
4. A sanitary sewer system.
5. A storm sewer system.
6. A stormwater retention pond.
7. A lift or pump station.
8. A street, road, alley, or bridge.
9. A curb, gutter, or sidewalk.
10. A traffic device.
11. A street light.
12. An electric or gas distribution line

Act 15 – Main Street Rehabilitation

"Housing rehabilitation" means that portion of an improvement to rental housing that relates to an eligible project if the improvement is to maintain the housing in a decent, safe, and sanitary condition or to restore it to that condition, including any of the following:

1. Repairing or replacing a heating system, electrical system, internal plumbing system, interior wall or ceiling, roof, window, exterior door, or flooring.
2. Repairing or replacing insulation or siding.
3. Remediating lead paint, asbestos, or mold in accordance with applicable local, state, and federal laws and regulations.

Act 16 – see separate League Analysis of Act 16

Act 17 – Housing Rehabilitation Loans – private property owners

Act 18 – Commercial to Housing Conversion Revolving Loan Program

"Commercial" means nonresidential.

"Eligible project" means a construction project for the conversion of a vacant commercial building to a new residential housing development that consists of workforce housing or senior housing if all of the following apply:

1. The building has been vacant for at least one year or has been underutilized, as determined by the authority.
2. The building's current zoning permits a residential use.
3. The building has not been the subject of a claim for a state or federal historic rehabilitation tax credit, as determined by the authority.
4. The building has not received financial assistance from tax increments generated by an active tax incremental district.

"Residential housing development" means residential housing that consists of 16 or more dwelling units.

The Wisconsin Policy Forum Report

The Wisconsin Policy Forum released a report last month detailing housing obstacles in Waukesha County. Four of our municipalities participated with WPF. Here is a link to the report: https://wispolicyforum.org/research/building-blocks-understanding-and-responding-to-waukesha-countys-housing-affordability-challenges/