



State of Wisconsin  
2021 - 2022 LEGISLATURE

LRB-4459/1  
EVM:cdc&amn

## 2021 ASSEMBLY BILL 609

October 8, 2021 - Introduced by Representatives ARMSTRONG, DITTRICH, KITCHENS, PENTERMAN, SINICKI and TRANEL, cosponsored by Senator L. TAYLOR. Referred to Committee on Housing and Real Estate.

\*\*\*AUTHORS SUBJECT TO CHANGE\*\*\*

- 1     **AN ACT to create** 66.1038 of the statutes; **relating to:** local housing investment  
2           fund programs.

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### *Analysis by the Legislative Reference Bureau*

This bill allows a municipality to establish a local housing investment fund program. Under such a program, a municipality may designate qualifying parcels as housing investment fund properties and collect tax revenues on any valuation increases on these properties. These revenues may be used only for certain purposes related to increasing the supply of housing available for persons with moderate income, including providing financing for the provision of new workforce housing units, funding infrastructure costs related to the provision of workforce housing, and funding improvements to workforce housing units owned by the municipality or the county in which the municipality is located.

Parcels that may be designated under the program are 1) parcels containing a vacant building that will be converted into dwelling units, 2) parcels that have been acquired by the municipality or the county in which the municipality is located through foreclosure, that contain existing dwelling units, and that will be sold to and improved by another person, 3) parcels consisting of land on which new dwelling units will be constructed, and 4) parcels on which additional dwelling units will be developed. When a property is designated, the municipality must determine the value of the taxable property located on the parcel. Then, for each year commencing after the completion of improvements on the designated property, the municipality must determine the valuation increase for the designated property by subtracting the base value from the equalized value of the taxable property located in that parcel

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for that year. If this amount is positive for a year, the portion of taxes collected on this valuation increase are paid to the designating municipality for deposit into the housing investment fund for use for purposes related to increasing the supply of housing available for persons with moderate income. Under the bill, a designating municipality may collect taxes on valuation increases for a particular property for two years, if the municipality is a first or second class city, or for five years, if the municipality is a third or fourth class city, a village, or a town.

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.

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

1           **SECTION 1.** 66.1038 of the statutes is created to read:

2           **66.1038 Local housing investment funds. (1) DEFINITIONS.** In this section:

3           (a) “Area gross median income” means the median household income for the  
4           municipality as determined by the federal department of housing and urban  
5           development.

6           (b) “Base value” means the amount determined under sub. (4) (a).

7           (c) “Designated property” means a property designated under sub. (2) (a).

8           (d) “Housing investment fund” means the fund established under sub. (3) (a).

9           (e) “Median income” means an income of not more than 100 percent of the area  
10          gross median income.

11          (f) “Municipality” means a city, village, or town.

12          (g) “Qualifying income” means an income of not more 130 percent of the area  
13          gross median income.

14          (h) “Valuation increase” means the amount calculated under sub. (4) (b).

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1 (i) "Workforce housing" means dwelling units intended for persons with  
2 qualifying income.

3 **(2) POWERS.** A municipality may by ordinance establish a local housing  
4 investment fund program. Under the program, a municipality may do any of the  
5 following:

6 (a) 1. Designate qualifying parcels as housing investment fund properties. Any  
7 of the following parcels may be designated under this paragraph:

8 a. Parcels containing a vacant building that will be converted into dwelling  
9 units.

10 b. Parcels that have been acquired through foreclosure by the municipality or  
11 the county in which the municipality is located, that contain existing dwelling units,  
12 and that will be sold to and improved by another person.

13 c. Parcels consisting of land on which new dwelling units will be constructed.

14 d. Parcels on which additional dwelling units will be developed.

15 2. Parcels that contain elements in addition to those identified under subd. 1.  
16 a. to d. may be designated under this paragraph.

17 (b) Expend housing investment fund moneys for purposes identified under sub.  
18 (3) (b).

19 **(3) REQUIREMENTS.** (a) A municipality that establishes a local housing fund  
20 investment program under sub. (2) shall establish a housing investment fund into  
21 which all proceeds under sub. (4) are deposited and from which only expenditures  
22 authorized under par. (b) may be made.

23 (b) A municipality may expend moneys from a housing investment fund only  
24 for the following purposes:

25 1. To provide financing for the provision of new workforce housing units.

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1           2. To fund the acquisition or razing of condemned buildings for the purpose of  
2 redeveloping the property to provide workforce housing.

3           3. To provide funds for infrastructure costs related to the provision of workforce  
4 housing.

5           4. To fund improvements to workforce housing units owned by the municipality  
6 or the county in which the municipality is located.

7           5. To employ consultants for the purpose of establishing or administering a  
8 program under this section.

9           (c) A municipality shall ensure that at least 50 percent of the moneys it expends  
10 from a housing investment fund is used for the purpose of providing workforce  
11 housing for individuals with median incomes.

12           (d) 1. No parcel may be designated under sub. (2) (a) that is within the  
13 boundaries of a tax incremental district.

14           2. No designated property may be included in a tax incremental district.

15           (e) Upon substantial completion and authorization for occupancy of the  
16 improvements of a designated property, a municipality shall provide a notice that the  
17 designated property is improved and that housing investment fund deposits with  
18 regard to the property will commence in the next year.

19           **(4) REVENUES.** (a) Upon the designation of a designated property, the  
20 municipality shall determine all of the following:

21           1. The value of the taxable property located on the parcel.

22           2. The amount of county, municipal, school district, and other local general  
23 property taxes levied on all taxable property located in the parcel for the year.

24           (b) For each year commencing after the notice of completion under sub. (3) (e)  
25 with regard to the designated property, the municipality shall determine the

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1 valuation increase for the designated property by subtracting the base value from  
2 the equalized value of the taxable property located in that parcel for that year.

3 (c) If the amount calculated under par. (b) is positive for a year, the municipality  
4 shall determine the amount of the housing investment fund deposit by multiplying  
5 the total county, municipal, school, and other local general property taxes levied on  
6 all taxable property located in the parcel by a fraction having as a numerator the  
7 value increase for that year and as a denominator that year's equalized value of all  
8 taxable property in the parcel.

9 (d) Notwithstanding any other provision of law, every officer charged by law to  
10 collect and pay over or retain local general property taxes shall, on the settlement  
11 dates provided by law, pay over to the treasurer of the municipality in which the  
12 designated property is located out of all the taxes which the officer has collected the  
13 proportion of the housing investment fund deposit due the municipality that the  
14 general property taxes collected in the municipality bears to the total general  
15 property taxes levied by the municipality for all purposes included in the tax roll,  
16 exclusive of levies for state trust fund loans, state taxes and state special charges.

17 (e) All amounts received under par. (d) shall be deposited into the housing  
18 investment fund.

19 (f) Determinations under par. (c) shall terminate at the following times:

20 1. For a 1st or 2nd class city, after the 2nd year commencing after a notice of  
21 completion with regard to the designated property is provided.

22 2. For a 3rd or 4th class city, a village, or a town, after the 5th year commencing  
23 after a notice of completion with regard to the designated property is provided.

24 **(5) MIXED-USE IMPROVEMENTS.** Notwithstanding sub. (4) (b), if the taxable  
25 property located on a designated property includes mixed-use improvements newly

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**SECTION 1**

1 constructed as part of the improvement of the designated property, in determining  
2 the valuation increase, the municipality shall include only the full taxable value of  
3 the residential improvements on the property.

4 (END)