



# TOM TIFFANY

STATE SENATOR • 12TH SENATE DISTRICT

## **Testimony on Senate Bill 388 Senate Committee on Insurance, Housing, and Trade October 17, 2017**

Thank you members of the Senate Committee on Insurance, Housing, and Trade for listening to my testimony on Senate Bill 388 (SB 388). SB 388 is one of two pieces of legislation that I have worked on with Representative Adam Jarchow related to property rights. We've named these bills the Homeowner's Bill of Rights.

SB 388 has eight provisions intended to address housing affordability. Even with historically low mortgage rates, housing affordability remains a challenge – especially for middle-class families. For example, affordable homes – those priced under \$200,000 – make up only 16 percent of new, for-sale construction. In 2010, these homes made up 44 percent of the market. According to the National Association of Home Builders, there has been a 29.8 percent increase in regulatory costs to build an average single-family home in 2016 compared to 2011. The same organization also estimates that 24.3 percent of the final price of a new single-family home is due to government regulations.

### **Review of State Electrical Wiring Code**

Requires DSPS to review the state electrical wiring code that apply to one-family and two-family dwellings every six years. This would require the review to happen in a similar timeframe as the review for the building code.

### **Formal Requisites for Recording Sewer Easements**

The provision simply adds sewer lines or facilities to the list of entities on the real estate record that do not need to contain a full legal description. Electric, gas, railroad, water, telecommunications, and telephone lines are already included.

### **Tax Incremental Financing, Impact Fees**

This is a novel idea that would allow municipalities to create workforce housing development tax incremental districts. Workforce housing is defined to only include housing that costs no more than 30 percent of the household's gross median income and the construction costs is no more than 80 percent of the median price for new construction in the county. The TIF would require a unanimous vote from the joint review board and would include a 50 percent reduction in the amount of impact fees.

### **Development Regulation**

The provision attempts to address an issue that was raised in the case *McKee v. City of Fitchburg*. Currently, an application for a development permit is grandfathered from changes to local ordinances if the application must be approved by multiple local governments, but not multiple approvals by the same local government. This would clarify that an application is grandfathered once it has been submitted even if the local government has multiple permit

requirements for the development. It is unfair to have the rules of the game changed after an individual has begun the development approval process.

### **Propane Transport**

Many Wisconsin residents depend on propane to heat their homes. This provision would provide exemptions from special or seasonal weight limits for propane haulers. This would make it easier for propane haulers to get the fuel to people who rely on it in times of need.

### **Forestation State Property Tax**

Eliminate the state's portion of the property tax. Similar to the action taken in the 2017-19 state budget.

### **Reports on Bills and Rules Affecting Housing**

Requires DOA to prepare a report on any bill or proposed administrative rule that would substantially affect the development, construction, cost, or availability of housing in Wisconsin.

### **Riprap**

Increases the amount of riprap that may be laid to 200 continuous feet instead of 100 continuous feet.

Thank you again to the committee chair and members for hearing testimony on SB 388. I would ask for your support to help protect private property rights while limiting potential government encroachment.



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# ADAM JARCHOW

STATE REPRESENTATIVE • 28<sup>TH</sup> ASSEMBLY DISTRICT

**Testimony – AB 480**  
**Assembly Committee on Housing and Real Estate**  
**Senate Committee on Insurance, Housing, and Trade**  
**Joint Hearing – Tuesday, October 17, 2017**

Housing affordability is a major issue in Wisconsin, one that needs to be addressed in order to facilitate continued growth and prosperity within our state. This bill cleans up the current law and extends protections to property owners while creating affordable housing growth. The current law needs to include sewers in the list of public utilities so that it does not sit in limbo legally in regard to property rights. The bill would also move DSPS to a six year review for the electrical code, bringing it in line with the six year cycle of the building code.

Middle class Wisconsinites face high regulatory costs that are associated with building a new home. Workforce housing development tax incremental districts are a possible solution to these rising costs. This provision provides benefits to diverse areas of our state and can help with community development in the form of affordable workforce housing. From Northern Wisconsin communities that are losing populations to communities that will house Foxconn's workforce, this bill provides the means to attract hardworking Wisconsinites to cities, villages, and towns across the state.

Another way to attract development is to make the law fair and honest. Currently, development permits are grandfathered from any local ordinances if the application must be approved by multiple local governments. However, that same development permit is not immune to multiple approvals by the same local government. That is unfair and allows the government to change the rules mid-stream. This bill makes it positively clear that property owners, like those in *McKee v. City of Fitchburg*, will know the rules once they receive a permit. Property owners will have their permits grandfathered from any ordinance changes that occur during their development. This is a common sense reform that protects property owners from the whims of government.

Common sense also dictates that we need to better protect rural Wisconsinites during the winter with an exemption from special or seasonal weight limits on propane haulers. Back in the winter of 2013-2014, Wisconsin was in a state of emergency. Too many felt the effects of the propane shortage that hit the most vulnerable parts of the state. Rural residents who depend on propane to heat their homes in the winter will not be hindered if road weight descriptions are eased while still maintaining safety standards.

Finally, this bill eases the burdens felt by property owners and developers due to regulations. Regulations account for 20% of housing costs. That is a massive barrier to home ownership. The Department of Administration would be required, under this bill, to report on any bill or administrative rule that would substantially affect housing in Wisconsin. This would include any rule or law affecting development, construction, cost, or availability of housing. If the rule promulgated is proposed by an agency, that agency would also have to prepare a housing impact analysis. This would hold the government accountable when creating rules and regulations that could increase housing costs unnecessarily.



To: Members, Assembly Housing and Real Estate Committee and Senate Insurance, Housing and Trade Committee

From: Tom Larson, WRA Senior Vice President of Legal and Public Affairs and Chief Lobbyist for NAIOP-WI

Date: October 17, 2017

Re: AB 480, as amended by ASA 1/SB 388, as amended by SSA 1 – Homeowners Bill of Rights (Housing Affordability)

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The Wisconsin REALTORS® Association and NAIOP-WI support AB 480/SB 388, as amended by ASA1 and SSA1 respectively, legislation aimed at making housing more affordable for Wisconsin families by, among other things, creating a more fair and predictable development process, authorizing municipalities to use tax increment financing for workforce housing, and providing the legislature with more information about the potential impact of administrative rules and bills on the cost, availability and affordability of housing.

**Background** – Due to a shortage of construction labor, increased material costs, and the limited availability of financing for new residential development, the cost of housing continues to outpace the average wage increases throughout Wisconsin, which makes it more challenging for Wisconsin families to own a home. Moreover, with states competing for a limited, skilled workforce, housing affordability and lower start-up costs for businesses are becoming more important considerations for existing and start-up businesses in deciding where to locate.

**Proposed legislation** – To address these housing affordability challenges, AB 480/SB 388 includes the following key provisions:

1. Vested rights – Clarifies that an application for a development permit is grandfathered from any changes to local ordinances at the time the application is submitted even if the local government has multiple permit requirements for the development. Current law, grandfathers the application for a development permit from changes to local ordinances if the application must be approved by multiple local governments, but not multiple approvals by the same local government. In doing so, the legislation makes it crystal clear that property owners, like the ones in *McKee v. City of Fitchburg*, will not have the rules of the game unfairly changed after they begin the development approval process.
2. Workforce housing TIF – Authorizes municipalities to use tax increment financing (TIF) to develop housing that is affordable to their workforce. Under the bill, a workforce housing TID must meet the following requirements:

- Used only for “workforce housing” which is defined as owner-occupied or rental housing that
  - (a) costs a household no more than 30% of the household’s gross median income, or
  - (b) is valued at no more than 80% of the median price for new residential construction in the county.
- Maximum life of 15 years
- Must receive unanimous support of the Joint Review Board

The bill also authorizes municipalities to waive or reduce any impact fees for land development that provides work force housing or low-cost housing.

3. Housing Impact Statement – Modifies the current requirement for a housing impact report to be prepared for administrative rules and bills that have a substantial impact on the development, construction, cost, or availability of housing in the state by making the following changes:
  - Changes the name from “report on [bills/rules] affecting housing” to “analysis on [bills/rules] affecting housing”
  - Clarifies that the agency preparing the rule is the agency to complete the analysis
  - Clarifies when a housing impact analysis is required
  - Identifies who is to receive a copy of the housing impact analysis (similar to the economic impact report)
  - Provides additional guidance on the contents of a housing impact analysis
  - Clarifies what happens if a state agency does not prepare a housing impact statement if one is required
4. Right to Challenge Property Tax Assessments – Codifies the Wisconsin Supreme Court’s recent decision in *Milewski v. Town of Dover* (2017 WI 79) by restoring the fundamental right of all homeowners to challenge property tax assessments they believe to be incorrect, regardless of whether they deny assessors entry into their homes. In doing so, the provision will allow property owners to protect their right to privacy, without waiving their right to due process. Specifically, this provision does the following:
  - Allows property owners who deny assessors entry into their personal residence to challenge their property tax assessments before the board of review and circuit court.
  - Requires assessors to provide written notice to property owners of their right to deny assessors entry into their homes
  - Clarifies that denial of entry into a home cannot be the sole reason for increasing an assessment



A division of GROWMARK, Inc.

October 17, 2017

Chairman Lasee, Chairman Jagler, and members of the Senate and Assembly committees,

Thank you for the opportunity to testify today in support of Assembly Bill 480 / Senate Bill 388. Specifically, for the provision that provides relief from spring road postings for the delivery of propane for home heating purposes.

My name is Ben Huber and I am an Energy Sales Manager for Insight FS. Insight FS is a cooperative providing agri-finance, agronomy, energy, feed, grain marketing and turf products and services in Wisconsin and the upper peninsula of Michigan. We service over 18,000 propane customers within our trade area.

We work closely with our patrons to ensure they have an adequate supply of propane for home heating purposes. We are able to utilize technology that allows us to plan the most efficient routes for deliveries and ensure we are making as few trips as possible across local roads. Each year we can encounter challenges in making deliveries when weight limits are posted on local roads due to the spring thaw. This issue was intensified this spring when we saw warmer February temperatures and as a result, roads were posted earlier in the year, but our customers still needed propane.

Currently, we have to contact the local road commissioner before we can make a delivery on a posted road. An average delivery route can take us through eight different townships, increasing the number of officials that need contacted. Our relationship with these officials varies from township to township and it should be noted that their role as commissioner is often a part-time role beyond their full-time responsibilities. We have challenges getting ahold of these officials, but once we do, we are typically allowed to make the delivery. However, some town officials will require us to deliver in the early morning hours, from 2 AM – 5 AM, which they view is a safer time for the roads, but this is not a safe time for our delivery specialists. Operating in the dark, wee hours of the morning poses safety concerns and hours of service challenges, not to mention an annoyance to the awoken homeowner.

We respect the need for local officials to protect transportation infrastructure, especially amidst funding challenges, and we share that need. Good roads and sound infrastructure are critical to all aspects of our business and for our member owners. We feel that Assembly Bill 480 / Senate Bill 388 balances the need to protect infrastructure with the need to provide homeowners with a safe, reliable supply of propane for home heating purposes.

We ask that you support the provision for deliveries of propane in this legislation.

I thank you for your time and attention and would be happy to answer any questions you may have.