

Attachment 5 – DOA Housing Impact Note

2016 ECONOMIC IMPACT ANALYSIS

DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICES

SPS 305 and 316

HOUSING IMPACT NOTE

Re: SPS 305 and 316 - Duties and powers of the Department of Safety and Professional Services as promulgated by Administrative Code

SUMMARY: The proposed administrative rule changes make numerous updates to the Wisconsin Commercial Building Code, Uniform Dwelling Code and the Wisconsin State Electrical Code (Volume I) as administered by the Department of Safety and Professional Services and interprets existing laws related to the provision of housing throughout the state. Most changes included in the Department's proposed code promulgations relative to the provision of housing in Wisconsin are related to updating Wisconsin's electrical code to the 2017 edition of the National Electrical Code.

IMPACTS: The Department's proposed Administrative Code changes impact the provision of housing in Wisconsin in the following ways:

- 1. The cost of constructing, rehabilitating, improving or maintaining single family or multifamily dwellings.** The Department's proposed Administrative Code changes will apply both to single family housing as well as multifamily dwellings as both would be subject to the updated National Electrical Code. In addition, the proposal prohibits municipalities from enacting or enforcing an ordinance or rules that are more restrictive than the Department's proposed rule promulgation.

It could be argued that changes under the proposal would provide up-to-date electrical codes in Wisconsin, thus increasing the likelihood of the construction of safe, sanitary housing for low and moderate income owners in both single-family and multifamily dwellings regulated under the Wisconsin Commercial Building Code, Uniform Dwelling Code and the Wisconsin State Electrical Code (Volume I). With an up-to-date set of regulations to follow statewide, current commercial and non-commercial builders considering constructing qualifying single-family or multifamily dwellings targeted to low and moderate income owners would benefit from the new standard set of electrical regulations, many of which have already been or are in the process of being adopted by neighboring states. However, it could also be argued that the increased construction and material standards under the proposed changes to SPS 305 to 316 could potentially increase the cost of construction, thus potentially reducing the number of affordable single-family and multifamily buildings constructed or rehabilitated statewide. The potential cost increases due to any increased material and construction standard are indeterminate at this time.

- 2. Housing costs for housing occupied by the owner.** The Department's proposed Administrative Code changes will apply both to single family housing as well as multifamily dwellings as both would be subject to the updated National Electrical Code. In addition, the proposal prohibits municipalities from enacting or enforcing an ordinance or rules that are more restrictive than the Department's proposed rule promulgation.

It could be argued that changes under the proposal would provide up-to-date electrical codes in Wisconsin, thus increasing the likelihood of the construction of safe, sanitary housing for low and moderate income owners in both single-family and multifamily dwellings regulated under the Wisconsin Commercial Building Code, Uniform Dwelling Code and the Wisconsin State Electrical Code (Volume I). With an up-to-date set of regulations to follow statewide, current commercial and non-commercial builders considering constructing qualifying single-family or

multifamily dwellings targeted to low and moderate income owners would benefit from the new standard set of electrical regulations, many of which have already been or are in the process of being adopted by neighboring states. However, it could also be argued that the increased construction and material standards under the proposed changes to SPS 305 to 316 could potentially increase the cost of construction, thus potentially reducing the number of affordable single-family and multifamily buildings constructed or rehabilitated statewide. The potential cost increases due to any increased material and construction standard are indeterminate at this time.

- 3. Policies, strategies and recommendations of the state housing strategy plan.** The proposal's effects on the state Consolidated Plan are indeterminate. Wisconsin's Consolidated Plan calls for expanding the availability of safe, sanitary housing for low and moderate income owners and improving the affordable rental housing and homebuyer opportunities for all households, especially those with severe residential cost burdens. Wisconsin's Consolidated Plan also prioritizes increasing economic opportunity in Wisconsin's communities, focusing on both workers and businesses.

It could be argued that changes under the proposal would provide up-to-date commercial building regulations in Wisconsin, thus increasing the likelihood of the construction of safe, sanitary housing for low and moderate income owners in multifamily dwellings regulated under the Wisconsin Commercial Building Code. With an up-to-date set of regulations to follow statewide, current commercial builders considering constructing qualifying multifamily dwellings targeted to low and moderate income owners would benefit from the new standard set of commercial construction and fire prevention regulations, many of which have already been or are in the process of being adopted by neighboring states. However, it could also be argued that the increased construction standards under the proposed changes to SPS 361 to 366 could potentially increase the cost of construction, thus potentially reducing the number of affordable multifamily buildings constructed or rehabilitated statewide. The potential cost increases due to any increased construction standard are indeterminate at this time.

Prepared by the Department of Administration

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