



February 4, 2005

Special Committee on Residential Property Tax Exemptions
Representative Jeff Fitzgerald, Chair
c/o Joint Legislative Council
Laura Rose, Deputy Director and Mary Mathias, Senior Staff Attorney
One East Main Street, Suite#401
PO Box \$2536
Madison, Wisconsin 53701

Fellow Committee Members:

With the meeting of our informal workgroup this coming Thursday, I thought this would be an appropriate time to reinforce our views on the some of the issues our committee has been wrestling with: specifically, those issues which most directly impact on the ability to provide residential housing for low-income families and individuals.

Access to affordable housing is absolutely one of the critical foundations of achieving self-sufficiency. Through their anti-poverty work, WISCAP's statewide network of community action agencies and single purpose agencies own and operate over 400 units of affordable housing to over 1,500 low-income individuals. It is from this perspective, that of providing affordable housing to low-income families, that our membership holds the following views.

- It is of critical importance that legislation be enacted to **broaden the current 'rent use' requirements** of the law. Our membership **wholeheartedly supports draft language presented to the special committee which would allow for use of rental income that would "... further the benevolent activities of the owner ..."** Current language inhibits development of affordable low-income housing two ways: first, by making it more difficult to develop financing for projects (at its best a complicated task) through current restrictions on the uses of rental income; and, second, by allowing for subjective determinations of what is 'maintenance and retirement of construction debt' which create local roadblocks to not-for-profit providers of low-income housing being granted appropriate exemption.
- While we do not feel it is essential to define a low-income household for the purpose of claiming and receiving the property tax exemption (there are various definitions used by various low-income funding sources and any definition too restrictive would complicate the ability of not-for-profits to put together financing packages and still maintain a much-needed exemption), wording which defines low-income housing as **"a unit where at least 67% of residents are at or below 80% of CMI"** would address the vast majority of concerns.

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- Lastly, our membership supports the **voluntary application** of Payment in Lieu of Taxes (PILOT) arrangements, where practicable. WISCAP does not support their mandatory imposition on residential housing currently eligible for the property tax exemption.

Thank you for your attention.

Sincerely,

Bob Jones,
Housing and Energy Director
WISCAP

Cc: Dick Schlimm, Executive Director, WISCAP
WISCAP Board of Directors