

Committee Name:

Senate Committee – Economic Development, Job Creation and Housing (SC–EDJCH)

Appointments

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Committee Hearings

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Executive Sessions

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Hearing Records

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Record of Committee Proceedings

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Wisconsin State Senator
Ron Brown
District 31

Testimony on Senate Bill 168

August 14, 2003

Good morning Chairman Stepp and members of the Senate Economic Development, Job Creation and Housing Committee. I am here today in support of SB 168, regarding inspections of one- and two-family homes.

Currently, all new homes are required to comply with Wisconsin's Uniform Dwelling Code. New single-family homes built in communities with a population of over 2,500 people must be inspected to ensure compliance with these standards. Inspection fees are paid by builders. These costs will be added to the final price of the home and amortized over the life of the mortgage.

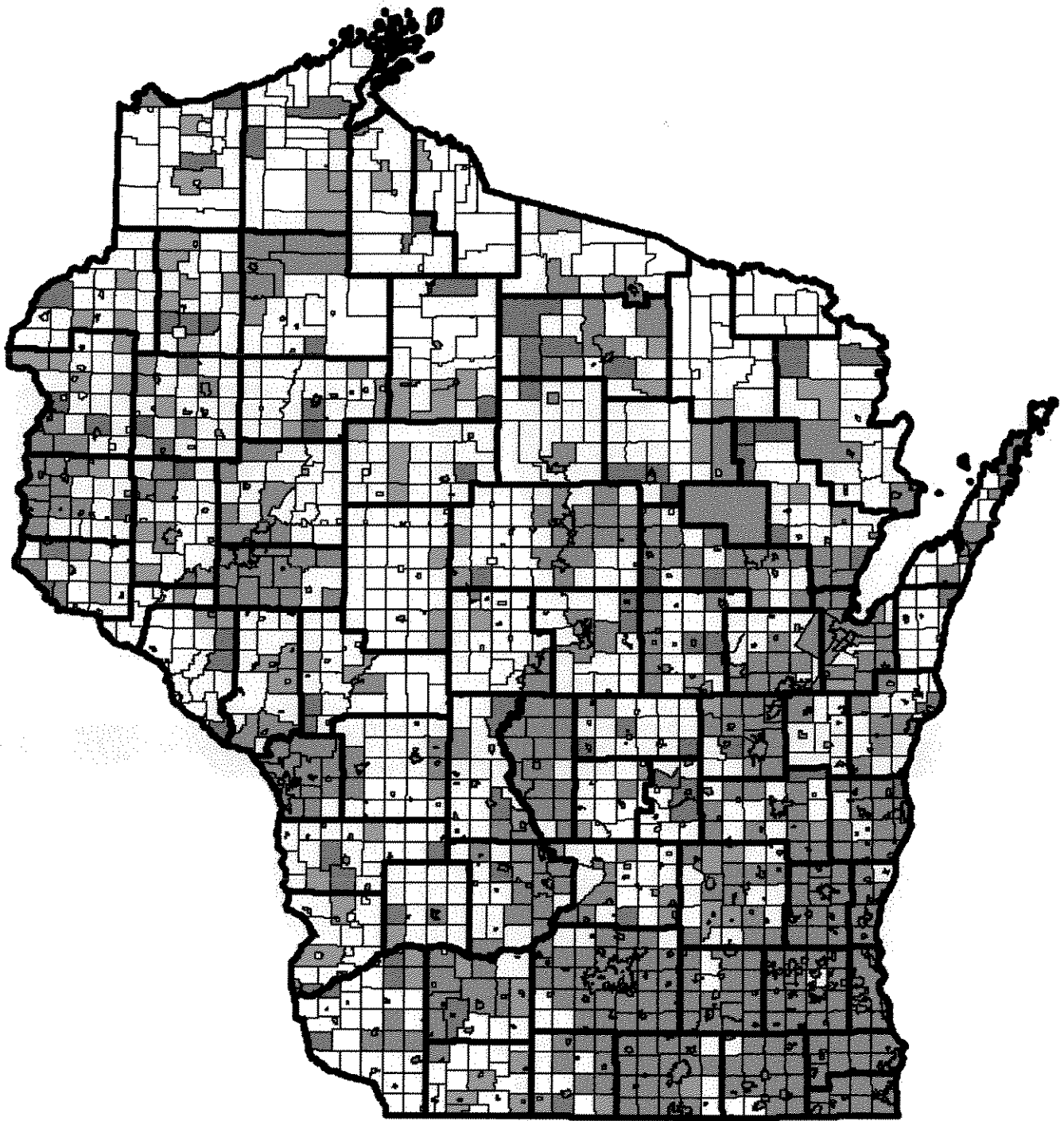
Right now, communities under 2,500 may opt out of this provision, meaning no inspection is done on these homes during construction. According to the Department of Commerce, approximately 906 communities do not currently inspect new homes. This represents about 20% or about 3,000 new homes built in Wisconsin each year.

SB 168 and its companion bill AB 347 would eliminate the opt-out provision so that all new homes must be inspected during construction. Building inspections provide independent, objective safeguards to ensure that new homes meet all safety standards. Inspections help ensure that the home is built properly, providing peace of mind to the owner, increasing the home's value and reducing insurance premiums. Inspections help the builder too, by catching any mistakes at the time of construction, when they're the cheapest to fix.

As a former fire chief, I know first-hand the importance of using safe and appropriate building techniques, especially in our family homes. For instance, improperly wiring a building can lead to electrical fires. The uniform building codes spell out required carpentry techniques, some of which are designed to impede the spread of smoke and fire. Failure to follow these building techniques can actually cause a fire to spread rapidly throughout a building. By inspecting our homes before they're completed, mistakes like these can be rectified before they have tragic consequences. Many new home buyers, especially first-time homeowners, do not know to ask for these inspections. This bill makes it automatic.

I've introduced Senate Substitute Amendment 1, which fixes an error in the first version of the bill. Our initial draft required the Department of Commerce, which oversees building inspections, to contract with the smaller municipalities to carry out inspections. The Department has indicated that the most efficient method of providing these services is to utilize private agencies to provide the inspections in these municipalities. Senate Substitute Amendment 1 provides for that method.

The bill is a step towards protecting new home owners, and has the strong support of the housing industry. I hope that you will vote to support SB 168, as amended by Senate Sub 1. Thank you.



UDC Enforcement Status, October 10, 2000

White = None

- Blue = Undecided - Defaults to State Enforcement**
- Medium shade = Municipal or County Enforcement**
- Dark shade = State Enforcement**

Capital of Wi. N. Capital 319 8-14-03
Bill to require inspections of new
homes.

It has been very stressful !! for over 2 yrs.

- checked on contractors work & references
for 1 yr or more. Called courthouse
to see if any cases against him.
Everything v'd out. Truly though
we could trust the guy! He
built several houses & the people
seemed satisfied.

- We came from a big city and thought
the rules there applied to all
areas of the country, example:
contractors had to be licensed, bonded
& insured. That inspections would
be done through out the project
and we would get a home owner
warranty among other things. None
of this was true.

- We stopped every morning and evening
for over 1 yr, trying to make
sure things were done right. Not
cutting corners, which was done
several times, ^{also making sure} and building the
home according to the plan & the way
we wanted it.

- Contractor & subs. very, very rude to me! Cussing at me and belittling me! Trying to get away with not doing things right. When I asked about a certain thing or questioned their work they told me to get out of here and that I was crazy & I did not know what I was talking about. ^{this} A lot of mental anguish on me.
- So we waited for an inspector to show up & set things straight. No inspector came so I asked subs & contractor when does the inspector come and they would not answer me. So I called the courthouse in Lancaster they told me who to call, so I did, and that person said our township does not do inspection. So we were at the mercy of the contractor & subs. which had no mercy!!
- We ended up spending over \$300K on the house and counting, which is over \$100K more than we planned on. We had to borrow this \$ which we can not afford and will probably lose the house

before it is all over.

- The bank & title company are to blame also for not sticking to the contract in getting lien waivers & receipts for the \$ we gave the contractor. They told us this would be done or the contractor would not get any more \$. Well we got very few lien waivers - last count we was \$60K short on waivers.

- The bid was for \$188K. we gave a check of \$2K to contractor to get started in Dec. 2001. \$89K to the cont. in Feb. \$24K in Sept. and \$20K in Jan 2003 this comes to \$155K. Plus we put in another \$29K of our money for a grand total of \$184K. All for a house not finish according to the contract, shoddy work, code violation and structural problems, and things just not finished. I believe our contractor saw he was not gonna make a lot of \$ so he up and left. Vinyl siding sat in the mud in our basement for 8 months. Late Sept. contractor threw siding on & demanded more \$ or he would not

work. We had no heat, water, plumbing or security and winter was coming on, basement was leaking water & cold air.

- To sum things up ~~I'm~~ We are so depressed we can't hardly function. We haven't unpacked anything, we only shower & sleep there. A lot wrong w/ house that we can't afford to fix and we don't have any skills to do it ourselves. Lawyer fees are in the thousands and don't know if we can pay that. On top of it all some subs are suing us because they did not get paid by our contractor. Plus we have a lot of lost wages & time off work trying to get things done, and get help.

Thank You for your time.

Wisconsin Towns Association

Richard J. Stadelman, Executive Director

W7686 County Road MMM

Shawano, Wis. 54166

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E-mail: wtowns@frontiernet.net

To: Members of Senate Committee on Economic Development,
Job Creation, & Housing

From: Richard J. Stadelman, Executive Director

Re: SB 168 Elimination of Exemption for Towns and Villages under 2,500 in
population from Enforcement of 1 & 2 Family Dwelling Code

Date: August 14, 2003

Wisconsin Towns Association Board of Directors has reviewed SB 168, which repeals the current exemption from the requirement to enforce the one & two family dwelling code for new dwelling in towns and villages under 2,500. Our Board would oppose SB 168 because the repeal of the exemption as drafted would require that all towns and villages under 2,500 in population would be required to administer the inspection of all one and two family dwellings. The current law under Sec. 101.651 (2m) of Wis. Statutes allows towns and villages several options in regard to inspecting new one and two family dwellings.

First, current law under Sec. 101.651 (2)(a) of Wis. Statutes allows the towns and villages under 2,500 in population to adopt a resolution requesting the county to administer the inspections.

Second, current law under Sec. 101.651 (2)(b) of Wis. Statutes allows the towns and villages under 2,500 in population to adopt a resolution to state that it does not intend to inspect, nor request the county to inspect one and two family dwellings, thus opting totally out of any inspection.

Third, current law under Sec. 101.651 (2)(c) and Sec. 101.651 (3)(b) of Wis. Statutes allows a town or village to allow the Dept. of Commerce to provide inspection services to home owners and contractors who are building new one and two family dwellings, without the requirement of the town or village being involved in any administration of the inspections.

Fourth, current law under Sec. 101.65 allows the town or village to exercise jurisdiction over inspections of one and two family dwellings and administer a program of inspection either by an employed inspector or contracted inspector.

SB 168 repeals the first three options under current law and requires that all towns and villages regardless of their population must administer the inspection of new one and two family dwellings. This can be done by hiring an employee, contracting with an independent contractor inspector, or joining a intergovernmental cooperative agreement

with another municipality or county. However, under SB 168 all towns and villages must administer the program.

Our association's objection to this requirement has been in the past and remains that **although the costs of administering the program and the costs of inspections may be passed on to the home owner, the town or village must administer the program.** In many towns or villages, new home construction in any one year may be less than five or ten homes, yet the town or village is required to have a program in place.

Secondly our objection has been that the **costs of inspection by either employee inspectors or contracted independent contracted inspectors has been much higher in some parts of the state, in part due to the limited number of certified building inspectors available.** The higher costs do not seem justified in some of these areas (particularly the north of Eau Claire to Superior) for the modest home total construction costs. The current law allows the home owner or builder to hire an inspector at their own option, but SB 168 will require that every home owner must pay for the costs of such an inspection.

This whole subject of whether towns and villages wanted to require inspections was addressed just a few years ago, when in 1999 Wis. Act 9 (the state budget bill) the requirements of Sec. 101.651 (2m) were adopted requiring towns and villages under 2,500 in population to make a conscious decision to adopt a resolution if they wanted to opt out of required building inspection. It appears many towns and villages made that conscious decision, often with public input and public hearing in their own towns and villages. For those towns and villages who did not adopt such a resolution, Sec. 101.651 (3)(b) of Wis. Statutes provides that the Dept. of Commerce shall provide inspection services to these town and village home owners and builders without town or village involvement or administration. The exercise of discretion that was exercised by towns and villages under 2,500 after 1999 Wis. Act 9 became effective should indicate what each town or village decided.

SB 168 takes away the local control on whether one and two family dwelling inspections should be required in any one town or village. **There is no apparent reason to repeal the intent of 1999 Wis. Act 9 less than five years later, other than some believe that building inspections should be required statewide for all new one and two family dwellings. This is a position not shared by most towns and villages under 2,500 in population or they would have opted to either enforce inspections or do nothing allow the Dept. of Commerce to provide such inspections.**

On behalf of Wisconsin Towns Association we would respectfully request that SB 168 not be moved forward from committee. We would ask the legislative intent and local decisions made under the 1999 Wis. Act 9 changes be honored. Thank you for your consideration in this matter.

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Wisconsin Has a Problem...

1/5 of all new homes built in WI are not inspected

Rural residents are penalized for choosing to live in small communities

Current law protects some citizens but not others -- this disparity is unfair



Over 3,000 WI families are at risk each year

Consumers spend \$1/2 billion per year with little or no protection

Lack of inspection threatens:

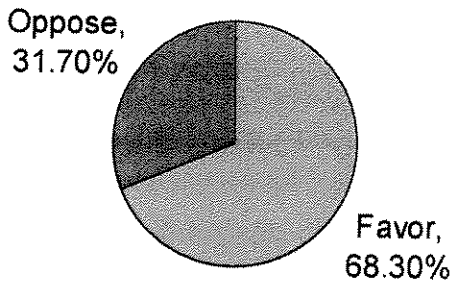
- * Property Value
- * Insurance Rates
- * The Environment
- * SAFETY

Lawmakers Have the Opportunity to Fix It:

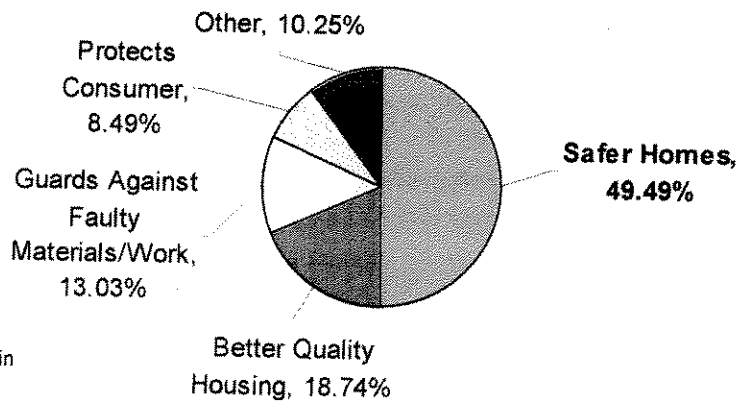
Support AB347/SB168 Wisconsin's Home Safety Act:

Protecting Families, Preserving the American Dream

More than 68% of Residents Support Statewide Inspection*



50% Look to Inspections for SAFETY



* Survey done by the Wisconsin Builders Association of registered voters in communities of less than 2,500 people. +/-3.2% margin of error.



HOUSING FACT:

In Fiscal Year 2001-2002, 18,172 new single-family homes were built in Wisconsin, costing consumers approximately \$3 billion. A total of 3,346 of those new homes may or may not meet Wisconsin's minimum standards for health and safety...we may never know because these homes were not inspected during construction.

A product of a lifetime commitment to hard work and family, home ownership is a bedrock of the American Dream. It's a symbol of achievement. And it's one of the largest and often safest investments a family will make during their lifetime.

Inspections not only reveal construction oversights early on, when they are the least expensive to repair, but they also serve as a double-check that a home will be safe and will endure for many years.

As damage and structural problems surface in new homes that weren't properly inspected, it is not just the homeowner who suffers. Neighbors are affected because property values in their neighborhood fall when a nearby home is reduced in value. And homeowners across the state are obligated to pay higher insurance rates to help pay for the costs of repairing damage in new homes.

There is an environmental reason to inspect homes as well. Soil erosion from unprotected construction sites is a threat to Wisconsin's lakes and rivers. Soil erosion control is expensive and the temptation to avoid its use in remote areas can be strong.



WHEN THE DREAM BECOMES A NIGHTMARE

This is an actual case that has been brought to the attention of the Wisconsin Builders Association. Names and addresses have been deleted because this situation may become the subject of legal action.

A home was built in 1996. It was purchased in the fall and was completed shortly after the family moved in. Problems were noticed immediately, including discolored molding, poor quality of finish work and a basement stairway that bounced when used. Within a short time, the homeowners began to see cracks in the walls and ceilings, a bulge appeared in the living room, nails began to pop out of the walls, and the concrete floor in the garage began to flake away. Ominously, electrical circuit breakers began to snap open for no apparent reason, and lights in various parts of the home would go on and off without any switch being thrown.

Builders, electricians and building inspectors were called in. Entire walls of the home needed to be removed, concrete broken up and completely replaced, and the kitchen needed to be stripped to bare walls and all cabinets re-installed. Roof leaks were detected, siding was sagging, and the floor was not adequately supported.

The total cost to repair this home was \$43,164, and the homeowners learned that these expenses were not covered by insurance. Inspections for errors and code violations during construction could have saved this family far more than the cost of repairs.

Homes built along Wisconsin lakes must observe very strict setback regulations. The cost to a homeowner for a simple mistake can be catastrophic. Several new homes in Wisconsin have been torn down because they were built a few feet too close to the water; a problem that an inspection would have caught prior to construction.

Most importantly of all, inspections can greatly reduce serious safety concerns. New homes need to meet all the current building codes, including those addressing such important things as fire, electrical, insulation, etc. Without inspections, how can families feel safe in the one place they should be able to feel the most safe of all -- their home?

By enhancing the Uniform Dwelling Code to ensure inspections for all Wisconsin homes at a cost to builders—not communities—we can help provide homeowners, communities, and our environment with protection against damage and deterioration which occurs in homes not built to minimum Wisconsin safety and health standards.

Please join WBA in supporting
Wisconsin's Home Safety Act

AB347/SB168



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