

HOUSING IMPACT ANALYSIS

Senate Bill 639 – The authority of political subdivisions to regulate rental and historic properties, of municipalities to inspect dwellings, public utility service to rental dwelling units, landlord and tenant regulations, fees imposed by a political subdivision, certain levy limit reductions, certain procedural changes in eviction actions, information available on the consolidated court automated internet site, discrimination in housing against individuals who keep certain animals, falsely claiming an animal to be a service animal, municipal administrative procedure, enforcement of the rental unit energy efficiency program and providing penalties.

SUMMARY: This bill makes numerous changes to the existing laws governing tenant and landlord regulations, limits the ability of municipalities to inspect rental properties under certain circumstances and extends the period in which the Wisconsin Supreme Court System must maintain eviction records and modifies existing laws related to the provision of housing throughout the state.

IMPACTS: Senate Bill 639 impacts the provision of housing in Wisconsin in the following ways:

- 1. Policies, strategies and recommendations of the state housing strategy plan.** The bill's effects on the state Consolidated Plan are indeterminate. Wisconsin's Consolidated Plan calls for expanding the availability of safe, sanitary housing for low to 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.

Under SB 639, current and prospective landlords housing low and moderate-income tenants would have a lower regulatory burden and increased uniformity for compliance with municipal ordinances statewide. It could be argued that changes under SB 639 would reduce regulations in Wisconsin, thus increasing the likelihood of landlords increasing the number of affordable housing units in Wisconsin.

However, it could also be argued that certain changes under SB 639 have the potential for either reducing the availability of affordable rental housing in Wisconsin or making housing less affordable because reduced inspections could lead to less maintenance and upkeep of existing rental units. This could lead to units not meeting the "safe and sanitary" requirement; therefore, potentially rendering them ineligible for occupancy by renters receiving housing subsidies.

The extent to which these factors affect the availability of rental property are dependent upon a number of factors including: existing local ordinances, local rental market and the degree to which landlords avail themselves of these provisions. The ultimate impact on the rental market is indeterminate.

- 2. Cost of developing, constructing, rehabilitating, improving, maintaining or owning single-family or multifamily dwellings.**

Impacts to owner-occupied housing under SB 639 are indeterminate. Under SB 639, current and prospective landlords housing low and moderate-income tenants would have a lower regulatory burden and increased uniformity for compliance with municipal ordinances statewide. It could be

argued that changes under SB 639 would reduce regulations in Wisconsin, thus increasing the likelihood of landlords increasing the number of affordable housing units in Wisconsin. Current and prospective landlords housing low and moderate-income tenants would have a lower regulatory burden and increased uniformity for compliance with municipal ordinances statewide.

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3. The purchase price of new homes or the fair market value of existing homes.

Impacts to purchase price and fair market value of owner-occupied housing under SB 639 are indeterminate. It is unlikely that SB 639 would impact the purchase price of new rental housing. The impact on the fair market value of existing rental units under SB 639 is likely to be minimal.

4. The cost and availability of financing to purchase or develop housing.

It is unlikely that SB 639 would impact the cost and availability of financing to purchase or develop housing.

5. Housing costs, as defined in s. 16.301 (3) (a) (b).

s. 16.301 (3):

(a) For housing occupied by the owner, any of the following:

1. The principal and interest on a mortgage loan that finances the purchase of the housing.
2. Closing costs and other costs associated with a mortgage loan.
3. Mortgage insurance.
4. Property insurance.
5. Utility-related costs.
6. Property taxes.
7. If the housing is owned and occupied by members of a cooperative or an unincorporated cooperative association, fees paid to a person for managing the housing.

(b) For rented housing, any of the following:

1. Rent.
3. Utility-related costs, if not included in the rent.

Impacts to Housing costs, as defined in s. 16.301 (3) (a) under SB 639 are unlikely.

It could be argued that changes under SB 639 to 16.301 (3) (b) would reduce regulations in Wisconsin, thus increasing the likelihood of affordable rental housing in Wisconsin. Under SB 639, current and prospective landlords housing low and moderate-income tenants would have a

lower regulatory burden and increased uniformity for compliance with municipal ordinances statewide. Current and prospective landlords housing low and moderate-income tenants would have a lower regulatory burden and increased uniformity for compliance with municipal ordinances statewide.

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The density, location, setback, size or height of development on a lot, parcel, land division or subdivision.

The federal Fair Housing Act prohibits discrimination in the sale or rental of housing, residential real estate-related transactions, and the provision of brokerage services. Chapter 106, Subchapter II of the Wisconsin State Statutes, the Open Housing Law, identifies the principles of Wisconsin’s fair housing law:

106.50 Equal Rights. (1) Intent. It is the intent of this section to render unlawful discrimination in housing. It is the declared policy of this state that all persons shall have an equal opportunity for housing regardless of sex, race, color, sexual orientation, disability, religion, national origin, marital status, family status, status as a victim of domestic abuse, sexual assault, or stalking, lawful source of income, age or ancestry and it is the duty of the political subdivisions to assist in the orderly prevention or removal of all discrimination in housing through the powers granted under ss. §66.0125 and §66.1011.

Subsection 66.1011(1) prevents political subdivisions – cities, villages, towns and counties – from passing local ordinances that would undercut state law and encourages them to enact local non-discrimination ordinances as “a matter...of local interest...” This subsection also gives political subdivisions the opportunity to pass more inclusive antidiscrimination ordinances.

Section 106.50 proscribes housing discrimination in sales, rentals, and leasing of existing housing, new construction, and house lots; financing (including loans for home improvements, repairs or maintenance); advertising; and insurance.

As identified above, state law prohibits local units of government from perpetuating housing discrimination through the use of restrictive ordinances. The changes to existing state law identified in SB 639 are unlikely to impact the provision of either rental property or single-family housing under this section.

Prepared by the Department of Administration

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