

A low-angle photograph of the Wisconsin State Capitol building, showing the large dome and classical columns against a clear blue sky with a few wispy clouds. The building is made of light-colored stone.

# REGULATORY ISSUES

CORI LAMONT

Wisconsin REALTORS® Association

06.23.2022



The image shows the interior of a grand, domed capitol building. The architecture is highly detailed, featuring a central mural of a woman holding a scale and a sword, with the word "LIBERTY" written on a banner. The dome is supported by a series of columns and arches, with a grid of decorative panels on the ceiling. The lighting is bright, highlighting the intricate details of the structure.

# WRA ADVOCACY



- State agencies
- Legislative
- Legal
- Education
- Foundation





# DSPS





# Mandatory Use July 1, 2022

WB-24 Option to Purchase

WB-40 Amendment to Offer

WB-41 Notice Relating to Offer

WB-44 Counter-offer

WB-45 Cancellation Agreement & Mutual Release

Resource: [Wra.org/formsupdate](http://Wra.org/formsupdate)





# LEGISLATURE





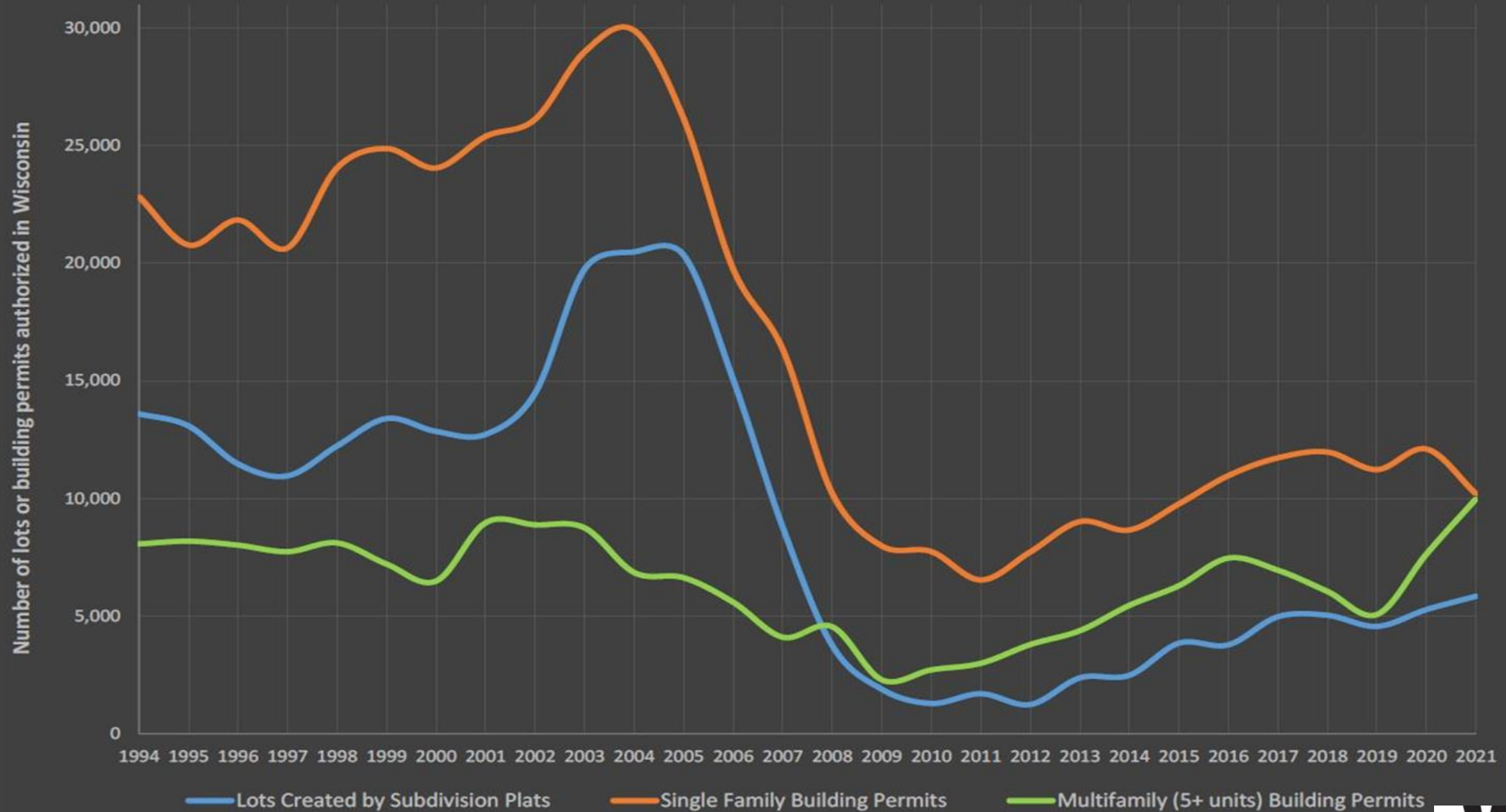
# Workforce Housing

# Why a Workforce Housing Shortage?

- **New housing production is low**
- **Not enough inventory**
- **Time delays for plat approvals**
- **Local regulations drive up cost of constructions**
- **Housing shortage impacts the local and state economy**
- **Housing affordability is declining**
- **Existing housing stock is old**
- **More job openings than houses**
- **Employers have no place for employees to live**



## Housing Construction and Subdivision Activity in Wisconsin have not Recovered from Great Recession, Remain at Historically Low Levels



Source: Subdivision Lots from Wis. Dept. Admin.; Building Permits Database, U.S. Census Bureau. \*2021 building permit data is preliminary.



Despite uptick in construction and subdivision lots (2019-2021), production remains less than half of historic trends.

### Wisconsin Building Permits and Subdivision Lot Summary

	1994 - 2004	2011 - 2018	2019 - 2021
Avg. Lots (by subdivision), per year	14,096	3,176	5,226
Avg. Building permits, per year	35,909	15,662	19,996
Avg. building permits per 1,000 population	6.78	2.72	3.41



# Existing Housing Stock

## Housing stock built before 1980

- Statewide = over 64%
- National = 57%
- Beloit = 71.2%
- Eau Claire = 61%
- Green Bay = 74.5%
- LaCrosse = 69.1%
- **Madison = 56%**
- Menomonie = 63%
- Milwaukee = 92%
- Wausau = 73%





## Many Wisconsin Counties Have More Jobs than Housing Units

County	Jobs/Housing Ratio 2019
Waukesha	1.48
Dane	1.42
Brown	1.39
Outagamie	1.38
La Crosse	1.34
Eau Claire	1.28
Sauk	1.23
Winnebago	1.20
Sheboygan	1.19
Marathon	1.16
Milwaukee	1.15
Ozaukee	1.12
Monroe	1.06
Portage	1.06
Fond du Lac	1.04
Wood	1.04

Source: BLS QCEW (jobs); Census (housing units)



# Declining Housing Affordability in Nearly All Wisconsin Metro Regions

Median-Price to Median-Income Ratio (Wis. Metros)	2015	2020	Change
Milwaukee-Waukesha-West Allis, WI	3.89	4.24	9.0% ↑
Madison, WI	3.68	4.03	9.5% ↑
Racine, WI	2.69	3.08	14.5% ↑
Green Bay, WI	2.57	2.99	16.3% ↑
Oshkosh-Neenah, WI	2.45	2.94	20.0% ↑
La Crosse-Onalaska, WI-MN	2.85	2.93	2.8% ↑
Sheboygan, WI	2.46	2.80	13.8% ↑
Appleton, WI	2.32	2.79	20.3% ↑
Janesville-Beloit, WI	2.38	2.60	9.2% ↑
Eau Claire, WI	2.83	2.58	-8.8% ↓
Wausau, WI	2.54	2.41	-5.1% ↓
Fond du Lac, WI	2.17	2.28	5.1% ↑
Chicago-Naperville-Elgin, IL-IN-WI	3.39	3.70	9.1% ↑
Minneapolis-St. Paul-Bloomington, MN-WI	3.11	3.69	18.6% ↑
Duluth, MN-WI	2.70	2.66	-1.5% ↓
<b>United States</b>	<b>3.97</b>	<b>4.37</b>	<b>10.1%</b> ↑

Source: Joint Center for Housing Studies, Harvard University: State of the Nation's Housing, 2021

# Legislative Initiatives

**Support initiatives that will increase the supply of workforce housing by**

- **Reducing regulatory costs**
- **Expediting permitting processes**
- **Updating older housing stock**
- **Providing additional financial tools**



# Workforce Housing Package

- **Workforce housing tax credits (AB 156/SB 172)**
- **Shovel-ready residential development sites (AB 603/SB 629)**
- **Local ARPA funds (AB 605)**
- **Workforce housing materials sales tax exemption (AB 606/SB 631)**
- **Workforce housing rehabilitation loan program (AB 607/SB 877)**
- **Local regulatory reform (AB 608/SB 840)**
- **Local housing investment fund (AB 609)**
- **Property tax assessment reform (AB 610/SB 630)**

# Workforce Housing Definition

- Housing costs do not exceed 30% of the household's annual income.
- Household annual income
  - Rental = between 60% and 100% of the county median family income
  - Owner-occupied = Not more than 120% of the county median family income



# New Financial Tools

- New WFH tax credit program (\$42M)
- New local infrastructure financing tools
- WHEDA no-interest/low-interest loan program for rehabbing older housing stock
- Directs 10% of local ARPA Funds for WFH

# Expedites Approval Process

- Creates a mandatory 90-day local approval process for WFH
- Makes residential a permitted use in vacant, commercial areas
- Creates a “developer’s remedy” to seek court approval of projects
- State program to promote “shovel-ready” development sites



# Lowers the Cost

- Sales tax exemption for building materials
- No list/asking prices for property tax assessments
- Creates incentives to reduce local development fees



# End Result

- Two bills passed both houses
  - **Signed into law** -- Workforce housing rehabilitation loan program (AB 607) – 2021 Wis. Act 221
  - **Vetoed** -- Shovel-ready residential development sites (SB 629)
- Remaining bills will be re-introduced next legislative session



# Regulatory Reforms

# 36-month Permit Extensions

## 2021 Wis. Act 80

- Allows for an automatic 36-month extension of certain permits for ongoing construction projects.





# COVID-19 Civil Liability Exemption

## 2021 Wis. Act 4

- Provides REALTORS® and other businesses with immunity from civil liability resulting in exposure to COVID-19.



# Access Easements

## 2021 Wis. Act 174

- Eliminates 40-year statutory expiration date
- Access easements run in **perpetuity** IF
  - recorded on or after January 1, 1960.
  - recorded before January 1, 1960 and use can be proven from physical evidence.



# Foreclosure Equity Theft

## 2021 Wis. Act 216

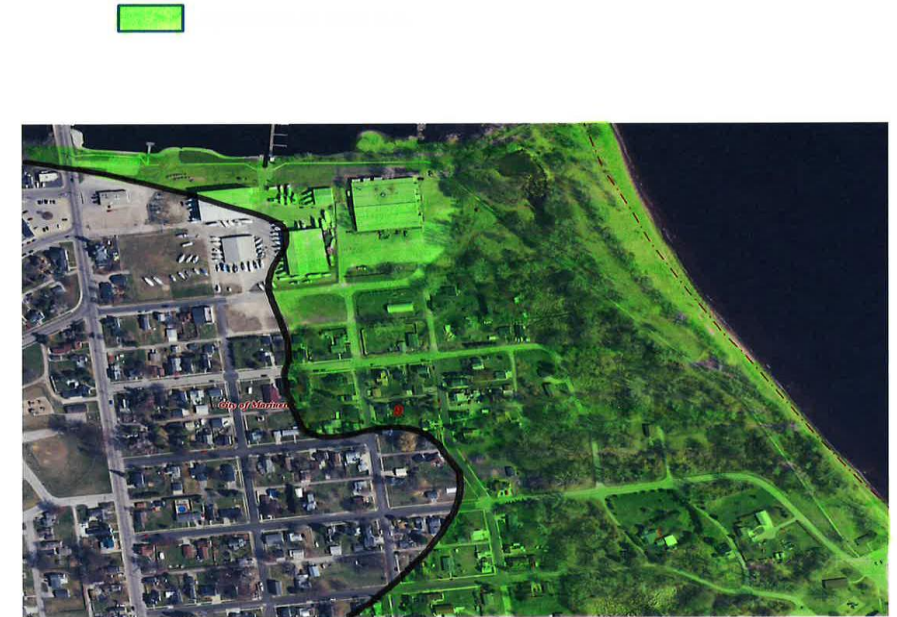
- Requires counties to pay any net proceeds in a property tax foreclosure sale to the former property owner.
  - Counties continue to be fully reimbursed (penalties, interest, costs)
  - All other lien holders are paid off first

# Filled Lands

## AB 849/SB 900

The legislation does the following:

- Resolves **title issues** on land formerly lake bed/riverway that has been filled since 1977
- Example – **The Couture Project**, Milwaukee
- Scope of Problem – Every WI **Great Lake City** – MKE, Racine, Kenosha, Sheboygan, Marinette, Ashland, Bayfield, Superior
- Vetoed by Governor Evers



# Commercial Building Plans

## AB 152/SB 167

Exempts commercial building plans from DSPS approval if all the following:

- Single story less than 200,000 cu. ft
- Not classified by DSPS as intended for certain occupancies and uses
- A registered architect or professional engineer signs or stamps the building plans.
- Vetoed by Governor Evers



# Next Session

# Tax Reform

- Income Taxes

- WI = 7.95%
- IL = 4.95%
- MI = 4.25%
- IA = 3.9%
- IN = 2.9%

- Property Taxes

- Increase sales tax to lower property tax

- Personal Property Taxes



# Regulatory Reform

- Professional licensure
- Rent control
- Levy limits





# Workforce Housing Focus

- Doesn't Cost Anything
- No local government opposition
- No TIF expansion





# LEGAL



# WRA's Legal Action Program

## Established in 1978

- To support REALTORS<sup>®</sup> and property owners involved in legal matters that have significance for WRA members and the real estate industry
- Cases may include:
  - Real estate law and practice,
  - land-use or environmental issues,
  - private property rights
  - development rights



# WRA's Legal Action Program

- Acting through the Legal Action Program
  - Amicus curiae brief
  - Or as member of a coalition of similarly interested parties
  - as a party to the lawsuit
  - or by providing legal, environmental, land use or other research
  - assists in funding cases of interest
- Commonly involved in cases on appeal
- Have participated at circuit court or administrative hearing level

# Recent Cases

- Nudo Holdings, LLC v. City of Kenosha (2022 WI 17)
  - Decided by WI SCT on 4/12/22
  - Vacant land must be used primarily for agricultural use to qualify for use value
  - Vacant land can be classified as “residential” *based upon possible, future use.*
- Fassett v. City of Brookfield (2019AP1618)
  - Issue – Whether the City’s denial of a proposed land division due to property owner’s refusal to dedicate property and install a public road constitutes an unconstitutional exaction.

# Recent Cases

- Bird Glass Ordinance – City of Madison
  - City of Madison adopted an ordinance that certain buildings must meet new “bird-safe glass treatment requirements.”
  - Ordinance undercuts and disregards Wisconsin’s uniform building code est. 2014
  - Lawsuit has been filed
- Pagoudis v. Keidl (2020AP225)
  - Waiting decision
  - Liability of seller to third-party assignees and transferees
  - Deciding if commonly owned LLCs are treated as separate entities





**THANK YOU**

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