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To: Senate Committee on Insurance, Housing, Rural Issues and Forestry
From: Toni Herkert, Government Affairs Director, and Evan Miller, Government Affairs Specialist
League of Wisconsin Municipalities
Date: October 15, 2025
RE: SB 479/AB 452, SB 480/AB 451, SB 481/AB 455, SB 473, and SB 472/AB 453 - Housing Package

Chairman Quinn, Vice-Chair Stafsholt, and Committee Members,

The League of Wisconsin Municipalities is a nonpartisan, nonprofit membership organization that advocates for the interests of our over 600 member cities and villages, large and small, urban and rural, throughout the state.

Thank you for the opportunity to provide testimony today on this package of housing legislation. Of the state's 608 cities and villages, only 186 have seen their population grow by at least 2% from 2020 to 2025, or approximately 31%. Approximately 16%, or 96 municipalities, have seen their population grow by at least 5% in the same period, averaging at least 1% growth in population per year.

Housing is one of the top concerns the League hears from its members. Whether cities and villages have been unable to see any new housing developments in recent years, sometimes decades, or whether these communities are simply unable to offer affordable housing options for their working residents, a lack of housing development blocks the growth local leaders work tirelessly to promote. While many of the League's members have faced hurdles promoting housing, our members' issues vary widely due to their populations ranging from less than 60 residents up to over a half a million residents.

Advancing the availability and affordability of housing options for Wisconsinites has no simple solution. Land costs, inflation, supply chain issues, market uncertainty, labor availability, and yes, federal, state, and local regulations are all pieces of a more complex puzzle leading to Wisconsin's current housing crisis. There's no one solution to the housing crisis we're currently facing, and many Wisconsin municipalities that have made significant efforts to promote housing are yet to see the fruits of their labor.

That's why the League was one of a handful of groups at the table last session as the Legislature passed a historic investment in affordable workforce housing in Wisconsin. We're hopeful that these efforts to make this investment more accessible to developers will pass the Senate this fall. The League has also partnered with the Wisconsin Builders Association and Wisconsin Realtors Association to launch the More Housing Wisconsin initiative, an effort which produced monthly briefing papers and educational videos that serve as a practical toolkit for municipal officials.

While municipalities are seeking to be good partners in the effort to alleviate Wisconsin's housing crisis, we cannot forget that municipalities do not provide housing. Our members are at the mercy of private developers and, if they're lucky, have private or nonprofit interests in their communities to assist in the promotion of a range of housing options. But each municipality is different, and the unique housing problems of each municipality highlights the need for community-first decision-making.

Local leaders serve the same constituents as legislators, but local leaders are closer to problems that are hampering the availability and affordability of housing in their communities. When given enough tools in the toolbox to tackle these problems, we will see a range of new housing options emerge throughout the state. When their hands are tied by statewide policies created based on unique and localized concerns, many local leaders will once again find themselves unable to promote growth in their communities.

The League would like to thank the authors of these initiatives, Representative Rob Brooks, and our fellow stakeholders, the Wisconsin Builders Association and Wisconsin Realtors Association, for inviting us to the table to articulate these concerns. While this package is not perfect, we have been able to make some substantial changes to these bills prior to their introduction despite a short window to review earlier drafts and advocate for many changes. Additional changes based on League suggestions came following the Assembly hearing through the amendment process. We'll summarize our remaining suggestions and concerns and stance on each of the five bills we're speaking on today below.

SB 479 and AB 452 - Subdivision Plat Approvals

SB 479 and AB 452 make several changes to Ch. 236 governing the approval of subdivision plats. The League appreciates the Wisconsin Builders Association working to address many concerns we've raised in this legislation, and with those changes prior to introduction, we are testifying for information only.

Municipalities that are looking to promote the development of more affordable housing often are looking to promote a range of housing options to achieve this goal and best serve their residents' various needs and economic realities. Further, to promote denser, more affordable housing, these municipalities are often also looking to promote a range of transportation options, limiting the parking needs and ensuring residents of all ages can participate in the community and economy. We're pleased that this proposal recognizes these efforts by promoting a variety of housing options and complete streets.

While the League is appreciative of the changes made prior to the introduction of this legislation, we would request that the author, Senator Feyen, introduces a companion amendment to Assembly Amendment 1 to the Senate version of this legislation. The amendment addresses a few other concerns that were flagged following the bill's introduction, including ensuring that the cost of public infrastructure does not fall on existing residents, specifying when building permits are released in the process, and clarifying the municipal responsibilities to certify a final approved plat.

The additional changes made in Assembly Amendment 1 were within the intent of the original legislation but were needed to ensure clarity and consistency in the interpretation and application of the proposed statutory language across the state. We would ask the committee for its support of the introduction of a companion amendment prior to further action on this legislation.

SB 480 and AB 451 - Workforce Housing TID

SB 480 and AB 451 create a new process for tax incremental financing (TIF) to be utilized to promote affordable, dense residential developments. Known as Workforce Housing Tax Incremental Districts (TIDs), the legislation sets strict requirements on qualifying costs and eligible projects. The League is conditionally in support of this bill as it provides another tool in the toolbox to promote affordable housing developments by expanding on the most powerful economic development tool Wisconsin has.

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While the strict parameters for qualification in this legislation may limit the uptick in usage of Workforce Housing TIDs, this will be a valuable tool to promote new developments in communities of all sizes throughout the state. Further, these Workforce Housing TIDs will need to be initiated by developers. As they're privately developer-financed and require adherence to building footprints and lot size requirements, municipalities may assist in the promotion of these TIDs but have little to no capacity to usher the creation of a Workforce Housing TID without the enthusiastic participation of a residential development partner.

To address these limitations, the League would suggest that lot size, lot width, and side setback requirements are amended and applied based on local zoning codes. Under this recommendation, these three dimensional requirements would be required to be 10% or 20% less than the most restrictive residential zoning code of that municipality, but cannot be required to be less than the standards included in the legislation. This compromise would promote denser development but also recognizes that there is high variability on what would be considered dense developments from municipality to municipality. This modification would ensure this tool could create the workforce housing needed in each municipality.

Prior to Assembly floor action, Assembly Amendment (AA) 2 was introduced based on feedback received from stakeholders including the League. Among other changes, it ensures that statutory barriers on newly-platted residential developments in TIDs do not apply to these new workforce housing projects, establishes a maximum lifespan of these TIDs, and increases the lot frontage for duplex development.

While the League is supportive of the changes made to AB 451 in AA 2, we raised substantial and numerous concerns with item one in AA 1 regarding town qualifications for the creation of Workforce Housing TIDs. This language created implications for the presumed extension of utility service for cities and villages. The extension of utility service needs to be a collaborative, planned, long-term process and controls need to be in place to ensure the costs of utility extensions do not fall on other ratepayers.

Assembly Amendment 2 clears up that confusion, ensuring that the town sewerage system or a sanity district within the town will provide the utility service to these developments that will be too dense for septic tanks. The Assembly author, Representative Armstrong, and Legislative Reference Bureau have assured us that, despite the Assembly's adoption of both amendments, the language in item one of AA 1 will be repealed by implication in the enrollment process. The League's support of legislation is conditional on that repeal. To ensure clarity for legislators in the consideration of AB 451, the League would request that AB 451 is engrossed prior to further action. Additionally, we would request that a companion amendment identical to Assembly Amendment 2 is introduced to SB 480.

SB 481 and AB 455 - Condo Conversion Grants

SB 481 and AB 455 establish a grant program for the conversion of multi-family housing into condominiums. The League is supporting this legislation because of our continued support for the provision of grants to assist in the promotion of affordable housing. Grant costs will not need to be

factored into sale or rental prices, unlike loan costs which, even if they may help to close financing gaps and offer lower interest, still will have to factor into the price that consumers pay each month.

Since last session, we've continually raised the prospect of grants to lower the cost of converting or renovating buildings to add or update elevators and sprinkler systems in multi-family housing. These costs are often a substantial barrier to the promotion of affordable housing and members routinely note that these hidden costs have dampened the prospect of local housing development and killed commercial conversion projects. To date, we have not seen a grant initiative to cover these costs introduced.

The process of converting rental housing into condominiums is complex and outside of our area of expertise. Further, this legislation does not have affordability requirements like the other programs created and proposed from last session's $525 million historic investment into workforce housing. However, when it comes to state assistance for housing, the League believes we need an all the above approach, and that all the above approach should include multi-family owner-occupied housing.

SB 473 - Accessory Dwelling Units

SB 473 allows each single-family residence in the state to have a permitted use of an accessory dwelling unit (ADU), subject to certain conditions. The League understands the desire to promote ADUs. These housing options can serve a number of benefits, including providing a closer place to live for the parents of a young family that may need assistance with childcare or more care as they age. Typically however, these arrangements can happen even without the establishment of an ADU. An ADU may also be beneficial to grow the housing stock and provide additional revenue options to homeowners.

The League will always raise concerns with proposals that limit community-first decision-making. Ultimately, SB 473 does just that. However, SB 473 does strike a better balance between community-first decision-making and state mandates than we've seen with other proposals, which is why the League is testifying for information only on this proposal. The key local authority retained by this effort is local zoning powers which regulate height, dimensional standards, and lot coverage. These aspects are crucial for community planning, including preparing for heavy rain events and the allocation of utility services.

While some municipalities have implemented ordinances to allow or even promote the use of ADUs, others the League has heard from have not allowed ADUs as they fear it will do nothing to grow their housing stock but rather will just grow the available number of short-term rentals. This is particularly true in communities with or near a large tourism economy. Short-term rentals may cause many problems for the neighbors of these units, particularly when plopped down in the middle of a quiet neighborhood. That's why the League appreciates that municipalities would be allowed to prohibit new ADUs from becoming short-term rentals, ensuring these new units truly may address local housing needs.

Further, the League appreciates the authors working with the Wisconsin Realtors Association and the League on Senate Amendment 1 and its companion, Assembly Amendment 1. While municipalities would still be allowed to pass ordinances promoting new ADU structures, this amendment ensures that the by-right creation of an ADU only applies to existing structures. Municipalities go through great lengths to promote smart planning. This includes accounting for permeable surfaces in the construction of drainage and stormwater infrastructure and setbacks for transportation needs like intersection sightlines and snow clearance. Ensuring that the permitted use of an ADU is limited to existing structures will ensure those community planning efforts are not overturned in one fell swoop.

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SB 472 and AB 453 - Truth in Planning

SB 472 and AB 453, known as "Truth in Planning," has four major components, including: 1) revising the comprehensive planning statutes to require the land use element to identify densities of areas intended for future residential development; 2) making those densities regulatory if a qualifying rezoning request is submitted for those areas; 3) defining newly-platted residential for the purposes of tax incremental financing; and 4) increasing the affordable housing TIF extension to two years.

The League is testifying for information only on this legislation as amended. We would like to recognize the substantial progress that has been made to accommodate concerns raised by the League across all four elements of this legislation and thank the authors and stakeholders for listening to and adjusting for those concerns. The changes included in Senate Substitute Amendment 1, which reflect Assembly Amendments 1, 2, 4, and 5 which were adopted on the Assembly floor, are the result of substantial discussions between a wide array of stakeholders.

As amended, this legislation recognizes that residential growth is largely happening in cities and villages. Our communities of all sizes provide the places and spaces where businesses want to locate, residents want to live, and people want to visit. The changes to comprehensive planning and rezoning requests are only applicable within cities and villages and the League generally does not support being targeted by legislation removing community-first decision-making from any local governments but especially not when the subjected parties are just cities and villages. However, these processes created in SB 472 and AB 453 do still allow for smart planning in the areas of the state that are seeking growth and prosperity.

Further, the League greatly supports the addition of items three and four as listed above to this legislation. Item three, defining newly-platted residential for the purposes of tax incremental financing (TIF), has long been a thorn in the side of municipalities looking to promote redevelopment. As currently interpreted by the Department of Revenue, residential developments as part of a broader mixed use redevelopment effort are often prohibited in blight and conservation and rehabilitation tax incremental districts (TIDs) simply because newly-platted is interpreted to include the replatting of a redevelopment area. This definition ensures newly-platted only applies to its original purpose which was to limit greenfield development.

Item four, increasing the affordable housing TIF extension to two years, provides municipalities with an opportunity to become more actively engaged in promoting affordable housing. In 2024, 38% of TID closures utilized this one-year extension to promote affordable housing projects including downpayment assistance, affordable housing partnerships with nonprofit and for-profit developers, public improvements for future developments, homeowner loans to eliminate hazards and blight, and more. By utilizing the increment following the initial closure date of a TID, these extensions have proven to be a powerful tool, and another year of increment will double the impact across the state.

While the League is for information only on this proposal, we would like to raise one item for consideration. In the feedback we've heard from members since this legislation was first unveiled, we've heard interest from large and small communities in the process created for density-based standards and

more expedited approval for residential developments that fall within these standards. However, those same members have flagged logistical concerns on the practicality of implementing this proposal.

When comprehensive planning was first implemented, grants were provided to municipalities for the completion of a comprehensive plan. A member survey the League conducted earlier this year found that plan updates often cost upwards of $100,000 with land use ordinance revisions following a comprehensive plan often costing another $50,000 or more. These expenses are unbudgeted for municipalities and would result in hard choices potentially necessitating cuts to public safety or public works without state assistance for these unbudgeted expenses.

An earlier version of this legislation provided $62.4 million to municipalities for comprehensive plan updates, a figure that reflects the estimated cost to cities and villages. The League would request that funding is provided to assist in the cost of updating a comprehensive plan and associated ordinances.

Thank You for Your Consideration

The League would once again like to thank the bill authors and stakeholders for their work to collaborate with the League on these proposals. We appreciate committee members' consideration of the League's comments on this package of legislation. If you have any questions, you may contact Toni Herkert at therkert@lwm-info.org or Evan Miller at emiller@lwm-info.org.