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To: Assembly Committee on Housing and Real Estate
From: Toni Herkert, Government Affairs Director, and Evan Miller, Government Affairs Specialist
League of Wisconsin Municipalities
Date: September 30, 2025
RE: Assembly Bills 449, 450, 451, 452, 453, and 455 - Housing Package

Chairman Brooks, Vice-Chair Murphy, 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. Efforts to make this investment more accessible to developers have regrettably stalled this session in the Legislature. 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 local private or nonprofit interests 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 Chair, Representative Rob Brooks, the authors of these initiatives, and 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. However, given this expedited process, we do have several additional suggestions and concerns on these proposals which will be summarized below.

**AB 449 - Accessory Dwelling Units**

AB 449 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, AB 449 does just that. However, AB 449 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.

**AB 450 - Commercial Building Code**

AB 450 delays the implementation of the revised Commercial Building Code in Wisconsin to plans submitted on or after April 1, 2026. The League raises no concerns with the premise of allowing plans that have certain local approvals or have undergone a significant amount of planning and preparation to continue to utilize the previous building code. These projects may already have significant investments made in these earlier planning and preparation steps, and they shouldn't be hindered by this rapid change.

However, the League is testifying for information only on this legislation because we are concerned that the legislation may allow new commercial building plans to be crafted and submitted prior to April 1, 2026, even if those plans are not complete or finalized, just to meet this deadline. The proposal incentivizes rushed work that will need to be patched later, creating significant local workload on municipalities delegated to review commercial building plans.

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The League believes there must be some cutoff for plans submitted utilizing the 2015 standards before the new Commercial Building Code is implemented. We also understand the desire for a delay, similar to the delays that the Department of Safety and Professional Services has already provided. However, we do not believe April 1, 2026 is an appropriate cutoff date and would recommend an earlier date is considered.

**AB 451 - Workforce Housing TID**

AB 451 creates 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 in support of this bill as it provides another tool in the toolbox to promote affordable housing developments.

However, given the strict parameters for qualification in this legislation, the League would caution that we're not certain this tool could be utilized widely throughout the state. For example, one member from a Northern Wisconsin municipality noted they recently tried to promote a denser housing development similar to the parameters of the legislation for their growing community. Residents in the area simply did not want to move into those denser housing subdivisions, and builders didn't want to provide the residences if there wasn't a market for these new homes. While some developments may be sparked by passage of this legislation which is why the League is supportive, we simply do not want any legislators to later question the largely stagnant creation of Workforce Housing TIDs given its lack of functionality.

To address this limitation, 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 density is highly variable from municipality to municipality. This modification would ensure this tool could be more widely utilized.

Further, these Workforce Housing TIDs will need to be initiated by developers. As they are developer-financed and require strict 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.

In addition to the cautions and concerns expressed above, the League would like to request an amendment to AB 451 addressing other questions and concerns we've flagged, including:

- Workforce Housing TIDs should be exempt from prohibitions on the use of TIF for newly-platted residential in s. 66.1105 (2) (f) 3., Wis. Stats., to allow these types of new, dense developments. Workforce Housing TIDs most likely will be greenfield development, which is generally considered newly-platted under statutory definitions.

- Workforce Housing TIDs should have a clear maximum lifespan created in statute. The League would suggest a lifespan of 20 years which matches the lifespan of a mixed-use TID.

- As drafted, Workforce Housing TIDs could be utilized for single-family or duplex residential development, and the lot size requirements are adjusted in the legislation for duplex development. However, lot width and residence square footage are not adjusted. We'd suggest these numeric requirements are doubled for duplexes.

**AB 452 - Subdivision Plat Approvals**

AB 452 makes a number of 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 thus far to this legislation, we would request an amendment to address a few other concerns that have been flagged since the bill's introduction. The League believes all three items raised below do not conflict with conversations we've had on this initiative with legislators or stakeholders. These recommended changes include:

- Currently, prior to the approval of a new plat, municipalities have three options to ensure that public infrastructure is built with the new subdivision: requiring the infrastructure to be pre-built, requiring an agreement to build the new infrastructure, or requiring financial security for the installation of the public infrastructure. The League understands the intent of removing the first option to require pre-built public infrastructure given the plat is not finalized. If a plat is changed or not approved, this investment would be a substantial loss for a developer.

  While we understand the concerns leading to the changes in Section 5, we would flag concerns with the language stating that municipalities may not require that public improvements be installed "or accepted" as a condition of plat approval. Municipalities may seek to require an agreement for the installation of public infrastructure. Without this agreement, there may be additional concerns or hesitancy of plat or development approval as the municipality has the responsibility to serve those new residents but may not have the funding to install the infrastructure themselves.

  The League would request removal of the words "or accepted" as a condition of plat approval from Section 5 on page 4, lines 22 to 23.

- Municipalities are currently required to release outstanding building permits to a developer upon substantial completion of public improvements. The change in Section 6 clarifies that this requirement applies to each home site on the plat. For additional clarity, the League would suggest that this requirement only applies to building permits that are otherwise approved and issued by a municipality in conformity with local and state building code standards.

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- Section 7 provides that a municipality shall certify a plat within ten days of a subdivider requesting a certificate for the approved plat. The League would request this provision is clarified so that, upon a subdivider's request, the plat shall be recorded with the register of deeds and, within ten days of the plat being recorded, the municipality shall certify the plat. Cities and villages cannot control how long it will take to have the final plat recorded with the register of deeds, and as a result, the League would recommend clarity on this timeline.

**AB 453 - Truth in Planning**

AB 454, 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 against this legislation. However, we would like to recognize the substantial progress that has been made to accommodate concerns raised by the League on the first three items and thank the legislators and stakeholders for listening to and adjusting for those concerns. The major concerns remaining for the League result from the three items outlined below:

- First and foremost, the reason we're speaking against today primarily resides with Section 21 which requires that all affordable housing TIF extension funding is utilized to purchase services or goods from for-profit entities. Thank you to the Chair for the introduction Assembly Amendment 2 which would remove this section. If Assembly Amendment 2 is adopted in committee, this concern would be resolved, but we must oppose the bill until the amendment is attached.

  While goods to promote affordable housing with these TIF extensions will likely be purchased from for-profit entities, it may be indirect as the funds will first be provided to a municipal housing authority, department of public works, or nonprofit partner before the services or goods are purchased. The language in Section 21 would upend those partnerships and procedures, negating the benefit of an extension from one-year to two years of the affordable housing TIF extension.

- In the initial and early feedback we've heard from members since this legislation was first unveiled last week, 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.

  The League appreciates the authors' delayed effective date of January 1, 2028. In practice, this should provide between 21 and 25 months before the legislation is in effect should it pass and be signed into law. With external planners currently backlogged in their workload by as much as three years in some regions of the state, the updates necessary to comprehensive planning to comply with the legislation's requirements may not be achievable in this timeline.

When comprehensive planning was first implemented, it was over a decade before the provisions first became effective. Further, 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 only. The League would request a further delay of the implementation of the legislation to ensure municipalities have time to update their comprehensive plans and would request that funding is provided to assist in the cost of updating a comprehensive plan and associated ordinances.

- Finally, if all the requirements of the legislation are met following a developer's request for rezoning of land slated for future residential development, under Section 14, a developer has two options. First, they could request the zoning classification in the municipality's ordinance that best matches the comprehensive plan and their planned development. Second, the developer could request that, in effect, a brand new zoning code conforming to their preference for requirements on setbacks, lot widths or frontage, lot sizes, and building sizes.

  These standards established in a zoning code are not just reflective of a community's preference. They're reflective of municipal services and responsible development, contemplating important considerations such as permeable surfaces for rainwater and snowmelt infiltration, sightlines for drivers at intersections, setbacks for snow storage along roadways, and the ability to add public infrastructure like utility service in compliance with stringent state and federal standards.

  The League would request that the second option outlined above is removed from the legislation in s. 66.10016 (3) (b) 3. b. of Section 14. This would allow developers to still choose their zoning classification, but only within the confines of the existing zoning ordinances.

**AB 455 - Condo Conversion Grants**

AB 455 establishes 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,

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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.

**Thank You for Your Consideration**

The League would once again like to thank the Chair, bill authors, and stakeholders for your 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.