



**MORE HOUSING**  
W I S C O N S I N

HELPING COMMUNITIES DEVELOP  
HOUSING SOLUTIONS.

WHITEPAPER SERIES  
Briefing Paper **12**

**FEBRUARY 2025**

# Municipal Housing *Solutions*

**LEAGUE**  
OF WISCONSIN  
MUNICIPALITIES

**WISCONSIN  
BUILDERS  
ASSOCIATION**

**WRA**  
Wisconsin REALTORS<sup>®</sup> Association



# More Housing Wisconsin

Wisconsin is experiencing a **significant housing shortage**. A recent study estimates Wisconsin will need to build **over 200,000 housing units by 2030** to accommodate all the people who want to live and work here.<sup>1</sup> More Housing Wisconsin, a collaboration between the League of Wisconsin Municipalities, Wisconsin REALTORS® Association, and the Wisconsin Builders Association, seeks to educate and inform Wisconsin city and village leaders and staff about zoning changes and other strategies communities can use to help **address this state's housing shortage**. Our goal is to bring tools, resources, and best practices to municipalities to help communities initiate housing solutions that meet their unique needs and **strengthen our economy**.





**THIS  
MONTH'S TOPIC  
FEBRUARY 2025**

## **What local governments must do to participate in WHEDA's workforce and senior housing low interest loan programs.**

In 2023, the Wisconsin Legislature and Governor Evers passed several pieces of legislation<sup>ii</sup> creating and funding three low interest loan programs to assist developers and communities in creating more workforce and senior housing. Total funding for the three low interest revolving loan programs is a remarkable \$475 million.

Before a developer of a proposed workforce or senior housing project may take advantage of these loan programs, however, the municipality where the project is to be located must meet certain statutorily specified requirements. The same municipal eligibility requirements apply to all three loan programs. This paper describes each of these requirements and explains how local officials can place their municipalities in the best position possible to recruit and work with developers of workforce and senior housing projects interested in using the loan products the state is offering.

The three new loan programs are administered by the Wisconsin Housing and Economic Development Authority (WHEDA) and are described in more detail below:

1. Infrastructure Access<sup>iii</sup> (\$275 million in funding)

- Help finance the cost of installing, replacing, upgrading or improving public infrastructure related to workforce housing or senior housing, including curb, gutter, or sidewalk, roads, alleys, or bridges, sanitary sewer systems, water distribution systems, and storm sewer systems.
- Available to developers and municipalities, but municipalities are eligible only after the developer receives a loan.

2. Restore Main Street<sup>iv</sup> (\$100 million in funding)

- Help finance the cost of creating or restoring second and third-floor rental housing over commercial space.
- Available to rental housing property owners.

3. Vacancy-to-Vitality<sup>v</sup> (\$100 million in funding)

- Help finance the cost of converting vacant commercial properties, like vacant big box stores or strip malls, into single-family or multi-family workforce or senior housing.
- Residential housing developments must consist of 16 dwelling units or more to be eligible for a loan under this program.
- Available to developers.

### **Legislature created a carrot to induce municipal action on housing.**

It needs to be stressed that one of the Legislature's goals in establishing and funding these loan programs was to create an incentive to motivate local governments to voluntarily remove regulatory barriers, allow for more density, decrease parking requirements, lower development fees, speed up approval processes, or take other actions reducing the cost of new housing developments. That is why a key municipal eligibility qualification requires the municipality to show WHEDA how zoning code modifications or other actions the community has taken reduce the cost of the workforce or senior housing project applying for one of the above-described loans. If these loan programs are not utilized and fail to accomplish the goal of municipal regulatory reform, state legislators will likely propose future legislation mandating local zoning changes and development fee reductions designed to increase the supply and reduce the cost of new housing.

## **MUNICIPAL ELIGIBILITY REQUIREMENTS**

All municipalities must meet three requirements to enable a developer of a workforce or senior housing project within the community to qualify for the Infrastructure Access, Vacancy to Vitality, or Restore Mainstreet low interest loan programs. Communities over 10,000 in population must show they comply with two additional existing planning requirements that apply to larger communities. Each of these requirements are spelled out below.

### **1. Confirming compliance with existing planning law requirements.**

To the extent they apply based on population, a municipality must be in compliance with requirements under:

- a. Wis. Stat. Sec. 66.1001 – Comprehensive Plan adoption and update at least once every 10 years. WHEDA's loan application asks all municipalities to self-attest that they have adopted a comprehensive plan and have updated it at least once every ten years, as required by state law. WHEDA will verify a community's statement of compliance against Wisconsin Department of Administration (DOA) records of updated Comprehensive plans.<sup>vi</sup>

To ensure that your municipality is in the best position possible to work with potential developers of workforce and senior housing, municipal elected officials should check with staff on when the municipality’s comprehensive plan was last updated. Municipal officials and staff should also check DOA’s online record of comprehensive plans that have been updated to make sure that their community’s updated comprehensive plan is listed. <https://doa.wi.gov/Pages/LocalGovtsGrants/Comprehensive-Planning-Library-of-Plans.aspx>

While state law, [s. 66.1001\(2\)\(i\)](#), requires comprehensive plans to be updated no less than once every 10 years, the law does not define “update.”

DOA says, “At a minimum, the community must go through the process outlined in Wis. State sec. 66.1001(4) to adopt the updated plan or readopt a version of the original plan if it still meets the community’s needs.”

Local governments are required to notify DOA of any plan amendments or updates adopted by ordinance. According to DOA’s 2023 inventory report of comprehensive plans<sup>vii</sup>, most plans have not been comprehensively updated, or even amended in the last 10 years. Bear in mind that a comprehensive plan and any amendments or updates to the plan must be adopted by ordinance to take effect. This does not mean that the entire comprehensive plan is an ordinance, rather the elected body (e.g., village board or common council) must adopt an adoption ordinance (typically a 1-2 page document). However, according to DOA, many local governments have adopted comprehensive plans and plan amendments by resolution or by motion, which does not technically comply with state law.

b. Wis. Stat. Sec. 66.10013 – Housing Affordability Report (Requiring cities and villages over 10,000 in population to annually prepare and post on the municipality’s website a report on the municipality’s implementation of the housing element of its comprehensive plan.) Municipalities over 10,000 in population must self-attest, as part of the loan application process, that the community has complied with the Housing Affordability Report requirement under Wis. Stat. Sec. 66.10013.

c. Wis. Stat. Sec. 66.10014 – Housing Fee Report (Requiring cities and villages over 10,000 to prepare and post a report listing all residential development fees and the amount of those fees that the municipality charges.) Municipalities over 10,000 in population must self-attest, as part of the loan application process, that the community has complied with the Housing Fee Report requirement under Wis. Stat. Sec. 66.10014.

**2. Updating the housing element of the Comprehensive Plan.** The municipality must have updated the housing element of its comprehensive plan under Wis. Stat. sec. 66.1001 (2) (b) within the 5 years immediately preceding the date of the loan application. WHEDA asks municipalities on the loan application to self-attest that they comply with this requirement. Compliance will be verified by WHEDA against DOA records of updated comprehensive plans. As noted above, state law does not define “update.” At a minimum, the community must go through the process outlined in s. 66.1001(4) to adopt the updated housing element or readopt a version of the original housing element if it still meets the community’s needs. Any amendments to the housing element of the comprehensive plan must be adopted by ordinance and notice of the amendment must be sent to DOA. More information about sending a notice of comprehensive plan amendments and updates is available on DOA’s website: <https://doa.wi.gov/Pages/LocalGovtsGrants/Send-DOA-Notice-of-Comp-Plan-Adoption.aspx>

Municipal elected officials should check with staff on whether the housing element of the municipality’s comprehensive plan has been updated within the last five years. If it hasn’t, then the community should begin the process of doing so to ensure that it is in the best position possible to work with potential developers of workforce and senior housing.

**3. Reducing the cost of the housing project.** The municipality must take action to reduce the cost of residential housing in connection with the project. This can be accomplished by voluntarily revising zoning ordinances, subdivision regulations, or other land development regulations to increase development density, expedite approvals, reduce impact, water connection, and inspection fees, or reduce parking, building, inspection, or other development costs with respect to the project. These actions must be taken after January 1, 2023. Any zoning changes or other actions taken prior to that date do not count for purposes of qualifying for the loan.



State law specifically says “The municipality, in cooperation with the developer, must submit to WHEDA a cost reduction analysis in a form prescribed by WHEDA and signed by the developer and the mayor or village president showing the cost reduction measures undertaken since January 1, 2023, that have reduced the cost of residential housing in connection with the project. The analysis must show for each time saving or cost reduction measure the estimated time or dollar amount saved by the developer and the estimated percentage reduction in housing costs.”<sup>viii</sup>

**More Housing Wisconsin briefing papers offer guidance.** Municipal officials can find information on different ways to reform the community’s zoning code, speed up the permit approval process, reduce development fees, and take other actions designed to decrease the cost of housing developments in the More Housing Wisconsin series of briefing papers posted on the League of Wisconsin Municipalities website: <https://www.lwm-info.org/1706/More-Housing-Wisconsin>

## EXAMPLES OF COST REDUCTION ACTIONS

1. WHEDA provides the following example of municipal action reducing the cost of a housing project seeking an infrastructure access loan.

“The developer is planning an adaptive reuse and new construction housing development that will yield 30 housing units. The public infrastructure needed for this project is new roads, curbs, sidewalks and an upgrade to the electric and gas distribution lines. The developer owns the property and is realizing holding costs for insurance, utilities and taxes totaling \$250 a day. The city has agreed to expedite the approval process for this development, saving the developer 20 days of holding costs. The savings for this development is \$5,000 or \$166 a unit.”<sup>ix</sup>

2. The City of Plymouth provided the following list of actions reducing the cost of a proposed housing project enabling the project to qualify for an Infrastructure Access loan from WHEDA:
  - Rezoned the property to allow single family homes.
  - Created a new Zoning Code for High Density Multi-Family Residential (Eligible for all multi-family residential projects).





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- Amended the High-Density Zoning District to adjust the conditional uses and lot size requirements to reduce costs of a project. (Eligible for all multi-family residential projects)
  - Letter of Credit requirement waived. Currently, the City is not requiring a full Letter of Credit for the housing development infrastructure, which reduces the cost of the Letter of Credit (\$38,781) and also allows access by the applicant to use their funds for implementation of the housing project. (Only for Applicant Project)
3. The Village of Whitefish Bay took the following actions to reduce the cost of a proposed apartment building, enabling the project to qualify for an Infrastructure Access loan from WHEDA.
- During the development approval process the village removed a requirement that the developer provide underground parking in conjunction with the project.
  - The village reduced by 50% the amount it would ordinarily charge the developer for the cost of reimbursing the village for time that village professional staff spent reviewing project compliance with village development standards.
4. The City of Neenah took the following actions to reduce the cost of a proposed affordable senior housing apartment building, enabling the project to qualify for a Vacancy to Vitality loan from WHEDA:
- Repealed a provision in the zoning code allowing property owners near a proposed housing project seeking a zoning change to file a protest petition requiring the council to approve the change by a  $\frac{3}{4}$  vote.
  - Granted a variance from a city fire code provision requiring dead-end drive aisles over 150 feet in length to include a fire truck turnaround, which required a 55-foot radius. The city estimated that granting the variance to remove the fire truck turnaround area saved the development \$47,000.

## OTHER PRE-CONDITIONS FOR LOAN ELIGIBILITY

Municipalities should be aware of two additional conditions that must be met before a proposed workforce or senior housing project may qualify for the Infrastructure Access, Vacancy to Vitality, or Restore Mainstreet low interest loan programs.

1. The housing project has not been the subject of a claim for a state or federal historic rehabilitation tax credit.
2. The housing project may not be the recipient of financial assistance from tax increments generated by an active tax incremental district. However, WHEDA has clarified that a housing development is eligible for low interest loans under the Vacancy to Vitality, Restore Main Street, and Infrastructure Access loan programs if it also receives TID affordable housing extension dollars that come from a TID that is now closed and no longer active.<sup>x</sup>

## MORE INFORMATION:

1. WHEDA Municipal Guide Sheet  
<https://www.wheda.com/globalassets/documents/developers/competitive-loan-financing/municipality-guide-sheet.pdf>
2. WHEDA FAQ page on the Vacancy to Vitality, Infrastructure Access, and Restore Main Street loan programs V

<sup>i</sup>Forward Analytics, *A Housing Hurdle: Demographics Drive Need for More Homes*; January 2023.

<sup>ii</sup>2023 Wisconsin Acts 14,15, 18, and 19 (2023-2025 Biennial Budget).

<sup>iii</sup><https://www.wheda.com/globalassets/documents/about-wheda/legislative-policies/infrastructure-access-developer-term-sheet.pdf>

<sup>iv</sup><https://www.wheda.com/globalassets/documents/about-wheda/legislative-policies/restore-main-st-loan-term-sheet.pdf>

<sup>v</sup><https://www.wheda.com/globalassets/documents/about-wheda/legislative-policies/vacancy-to-vitality-loan-term-sheet.pdf>

<sup>vi</sup><https://doa.wi.gov/Pages/LocalGovtsGrants/Comprehensive-Planning.aspx>

<sup>vii</sup><https://doa.wi.gov/DIR/2023-Comp-Plan-and-Land-Regs-Inventory-Report.pdf>

<sup>viii</sup>Wis. Stats. Sec. 234.66(4)(a)5

<sup>ix</sup><https://www.wheda.com/globalassets/documents/developers/competitive-loan-financing/infrastructure-access-checklist2.pdf>

<sup>x</sup><https://www.wheda.com/developers-and-property-managers/competitive-loan-financing/competitive-loan-financing-faqs>