

December 13, 2017

Statement by Mark Rohloff, City Manager, Oshkosh

Re: SB 640 – Developer Bill

To the Senate Committee on Insurance, Housing and Trade

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- Chairman Lasee and Members of the Committee, thank you for the opportunity to speak on SB 640, which will limit the ability of municipalities to regulate development in subdivisions and also significantly impact how communities regulate pre UDC homes.
- We were just recently made aware that a bill of this nature was being proposed; only within the past week were we made aware of its details.
- As it stands, SB 640 will swing regulations away from protecting the rights of taxpayers to protecting the financial interests of developers.
- SB 640 would return regulations back to pre-2008 levels, which led to taxpayers holding the bag on unfinished developments because developers had not fulfilled their responsibilities, specifically...
- SB 640 proposes to shift the risk and cost of newly installed infrastructure from developers to unsuspecting new home buyers, or worse, to taxpayers who have already paid their costs of development for their own subdivisions. We had instances leading up to 2008 in which developers went broke prior to them fulfilling their development responsibilities, leaving the cost to the property owners who had thought they had already paid for this infrastructure. SB 640 will return us to the days that caused the 2008 housing crisis and the Great Recession. We can't let taxpayers assume the risks of developers.
- SB 640 also proposes to redefine substantial completion of a project to when binder course is in place. While this seems OK on the surface (no pun intended), this could result in incomplete infrastructure before a home is finished. Not all infrastructure is beneath the road.
- I have always tried to accommodate developers and home builders to let them get early starts whenever possible. However, in some cases, a developer can suddenly slow down work on infrastructure once their buyers can begin work on a home. If utilities are not beneath the road, the home could be done before the infrastructure. In some cases, the developer walks due to financial issues, leaving the city to explain why a homeowner could not move into a house because the curb and gutter, or utilities, are not complete. I have seen situations in which homeowners literally carried in their belongings several blocks because infrastructure was incomplete. The city is left to explain why we did not hold the developer accountable. I don't want to give an excuse that some state legislation allowed this to happen.
- There are unclear proposals in SB 640 regarding storm water management that would transfer responsibility for storm water/flood control requirements from developers to cities. Specifically, the state standard of managing a two year storm for water quality would be the only requirement of developers. Meanwhile, the federal standards for larger storm events would be shifted entirely to cities, rather than having new development pay for its impact on our storm water system. For a city like Oshkosh with decades of storm water management issues, this is a

shift to our rate payers. We need to move forward on stormwater management, not backwards.

- SB 640 also proposes to prohibit a city from enforcing an ordinance that does not conform to the Uniform Dwelling Code (UDC), which generally applies to homes built since 1980.
- The majority of homes in Oshkosh were built prior to 1980; therefore, no standard would apply to these homes.
- Oshkosh inspectors use common sense approaches to address issues related to pre-1980 dwellings. SB 640 will remove the ability of our inspectors to adopt common sense solutions to pre-1980 dwellings. The UDC may work for pre-1980 homes in some cases; in most cases, pre-1980 dwellings would fail to comply at an alarming rate. This makes no sense for families who purchase pre-1980 homes as their first homes.
- SB 640 attempts to eliminate regulations on bedroom sizes or number of bedrooms in a rental unit. This is a major problem in Oshkosh. We have found numerous instances in which “so-called” bedrooms exist in a basement or attic with no means of exit in the event of a fire. These fire traps would effectively be legalized with SB 640.
- More bedrooms mean a bigger loan and more income for landlords. I know that our Fire Chief would not want to see safety compromised in order to give a landlord the ability to qualify for a larger loan. If the property can’t turn a profit with the original number of bedrooms that existed when it was a single family house, then perhaps it should not be used as a rental unit.
- If we are incorrect on any of the presumptions of this bill, it is because it has been introduced so late in the legislative session and we have not had sufficient time to review the depth of the bill, its impact, and in some cases, its inconsistency with other regulations.
- If development related issues related to municipalities need to be addressed, we encourage members of the development community to work with cities, villages and towns to find ways to mutually address issues.
- There are also proposals in SB 640 related to the regulation of TIFs and unfunded mandates to create reports on housing affordability and development fees. There seems to be a hodge podge of things in this bill that are unnecessary if we just talked through our concerns that led to these proposals.
- I request that the Committee respectfully ask the groups advocating for this legislation to work with the League of Municipalities and its members to develop common sense solutions to their concerns that will improve the development process for the benefit of developers, municipalities, and taxpayers alike.

Thank you for the opportunity to address the committee today.