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WRA Wisconsin REALTORS® Association



WORKFORCE HOUSING

REALTOR® MESSAGE

The WRA supports creating financial incentives to increase the supply of workforce housing in Wisconsin.

STATUS

The 2021-23 state budget, currently being considered by the Joint Finance Committee, includes various initiatives aimed at increasing the supply of workforce housing. The legislature is also considering AB 156/SB 172, providing tax credits to increase the supply of workforce housing.

BACKGROUND

Wisconsin employers are finding it increasingly difficult to recruit workers unless the nearby area has attractive and affordable housing options. With statewide housing inventory levels at historic lows, median home prices continuing to rise, and apartment rent increases outpacing wage growth, Wisconsin has a major workforce housing shortage problem. Unless this workforce housing problem is fixed, Wisconsin will be unable to keep and attract the skilled workers necessary for our economy to thrive.

While numerous factors play a role, a recent study by University of Wisconsin-Madison professor of urban and regional planning Dr. Kurt Paulsen, Ph.D., AICP, identifies the following reasons for Wisconsin's workforce housing shortage:

1. Wisconsin has not built enough homes to keep up with population and income growth. Compared to pre-2009 recession levels, Wisconsin is creating 75% fewer lots and 55% fewer new housing units.
2. Construction costs are rising faster than inflation and incomes.
3. Outdated land use regulations drive up the cost of housing. Local regulations such as large minimum lot sizes, prohibitions on non-single-family housing, excessive parking requirements, requirements for high-end building materials, and long approval processes raise the cost of housing.

2021-23 state budget initiatives

- Workforce housing tax increment finance (TIF) districts: Increases the percentage of housing allowed in a mixed-use tax increment district (TID) from 35% to 60% if an extra 25% of the housing is workforce housing.

- State housing tax credit program: Increases funding from \$42 million to \$100 million for WHEDA's state housing tax credit program.

- Affordable housing development fund: Provides \$50 million for local housing development funds.

Legislative initiative, AB 156/SB 172

- Creates a 4% state tax credit for the development of new rental housing for individuals within 61% to 100% of the area median income.
- Provides a 10-year restrictive covenant would be recorded on the rental housing units to ensure they remain affordable.

TALKING POINTS

More workforce housing is necessary to attract and retain workers to Wisconsin.

- Additional workforce housing will help Wisconsin employers attract the necessary workers to fill the numerous job openings across the state.
- Without an increase in workforce housing options, employers statewide will struggle to retain workers.

Financial incentives are necessary to increase the supply of workforce housing.

- Labor shortages and construction costs, among other things, have resulted in a significant increase in housing costs over the last decade.
- Moreover, income levels have not kept pace with the rise in housing costs.
- Financial incentives such as tax credits are necessary to help bridge the gap between housing costs and what people can afford to pay.

Wisconsin's economy will benefit from new workforce housing.

- New workforce housing will help create and retain jobs, increase state and local revenues, and create a ripple effect on Wisconsin's overall economy.
 - New residential construction alone employs 126,000 people and generates \$5.6 billion in earnings in Wisconsin.
 - Every new single-family home creates three jobs and generates \$89,000 in federal, state and local revenues.
 - With every home purchased, owners spend approximately \$5,171 on average on furniture, appliances, and lawn care equipment or services.

Learn more:

ACTION.WRA.ORG/GROWING-OUR-ECONOMY-WITH-MORE-WORKFORCE-HOUSING/



PROPERTY TAXES

REALTOR® MESSAGE

The WRA opposes the proposed property tax increase in the 2021-23 state budget allowing local levy limits to be increased by a minimum of 2% annually and encourages new adequate, alternate funding to be determined.

STATUS

The 2021-23 state budget proposes to increase local levy limits by a minimum of 2%. The state budget is currently being considered by the Joint Finance Committee.

AB 232/SB 279 allocates \$1 billion of the federal stimulus money for property tax relief. The WRA has not taken a position on AB 232/SB 279. This bill is waiting for floor votes in both houses.

BACKGROUND

Property taxes affect the affordability of homes and the profitability of businesses. High property taxes create a barrier to homeownership and job growth in Wisconsin. This increase makes housing less affordable, makes it more costly to do business in Wisconsin, and emphasizes that Wisconsin must find alternative funding sources.

Since 2011, Wisconsin has successfully controlled property tax increases by placing strict levy limits on municipalities and counties, saving Wisconsin families and businesses billions of dollars.

Property taxes remain too high for the following reasons:

- Wisconsin property tax is the highest tax.
- In 2020, Wisconsin homeowners and businesses paid \$10.26 billion in net taxes, which is the largest growth in a decade.
- Wisconsin property owners pay the 5th highest property taxes in the country.
- Wisconsin property taxes are quickly becoming a second mortgage and often impact a buyer's decision to move to Wisconsin or purchase a property.
- Wisconsin is deemed the 7th least-friendly tax state for retirement.

TALKING POINTS

Wisconsin relies too heavily on property taxes to fund local governments, schools and technical colleges.

- Property taxes on a \$217,500 Wisconsin home are approximately \$4,027.
- REALTORS® know the importance of good schools and strong local communities to homeowners and a successful real estate market.
 - Property taxpayers in Wisconsin already pay more than their fair share.
 - Wisconsin must find a different way to fund local governments and schools.

Increasing property taxes will make it more difficult to attract workers to Wisconsin.

Loosening levy limits will only make the workforce housing shortage problem worse.

Current levy limits empower taxpayers to raise their own property taxes. The Wisconsin Policy Forum found that property taxes are driven by an increase in school property taxes, which rose because of factors that included the success of recent voter referenda as well as increases in state-imposed revenue limits on schools.

We need to find alternative revenue sources to fund local governments, schools and technical colleges.

One possible solution: allow a local sales tax increase for a dollar-for-dollar tax decrease.

Learn more:

ACTION.WRA.ORG/HOLDING-THE-LINE-ON-PROPERTY-TAXES/



COVID-19 LOSSES FOR LANDLORDS

REALTOR® MESSAGE

The WRA supports making landlords whole for losses due to government-imposed responsibilities, including tenant municipal utility bills and the COVID-19 eviction moratorium.

STATUS

The WRA supports AB 252/SB 258, clarifying that landlords who do not qualify for rental assistance are eligible for a tax deduction for paying a tenant's unpaid municipal utility bill. This bill is waiting to be scheduled for a public hearing in the respective committees in both houses.

BACKGROUND

Landlords have navigated four eviction bans at the state and federal level over the last 13 months. The current moratorium was recently extended until June 30, 2021. With the current Centers for Disease Control and Prevention (CDC) eviction moratorium in place, rental assistance like the Wisconsin Emergency Rental Assistance (WERA), is critically important.

TALKING POINTS

40% of rental units across the nation are owned by "mom and pop" owners¹ who struggle to keep up with their financial obligations. Many of these owners rely on their rental income to cover their own necessities, including food, housing and medical needs.

The eviction moratorium placed significant burden on landlords during the pandemic, including:

- Loss of unpaid rents
- Responsibility for tenants' unpaid municipal utility bills

Municipal Utility Service (AB 252/SB 258):

- Current law allows a municipal utility to place a lien on a property for unpaid utility bills.
- Further, current law allows a municipal utility to place a lien on the landlord's property for any unpaid municipal utility bills and any associated late fees owed by the tenant.
- Therefore, a landlord is on the financial hook for paying off a tax lien for any unpaid municipal utility bills and late fees owed by the tenant.
- AB 252/SB 258 clarifies landlords who don't qualify for rental assistance are eligible to recover losses via a tax deduction for paying tenants' unpaid municipal utilities.
- The WRA supports AB 252/SB 258 because landlords who do not qualify for utility bill assistance under the WERA program are eligible to recover some of their losses through a tax deduction for paying the municipal utility bills left behind by tenants.

Your support of AB 252/SB 258 for qualified landlords will help make landlords whole during the COVID-19 pandemic and eviction moratorium.

¹ According to the National Association of REALTORS® (NAR)

Learn more:

ACTION.WRA.ORG/PROTECTING-RENTAL-PROPERTY-OWNERS/



BROADBAND

REALTOR® MESSAGE

The WRA supports the expansion of broadband services throughout Wisconsin.

STATUS

The 2021-23 state budget includes approximately \$200 million for the expansion of broadband services throughout Wisconsin. The state budget is currently being considered by the Joint Finance Committee.

AB 239/SB 278 allocates \$500 million of the federal stimulus money for broadband expansion. The WRA has not taken a position on AB 239/SB 278. This bill is waiting for floor votes in both houses.

BACKGROUND

Broadband internet is no longer a luxury; it is a necessity. The term “broadband” is used to describe high-speed internet access various technology platforms such as cable, telephone wires and wireless technologies. It gives users the ability to send and receive data at volumes and speeds much greater than dial-up internet access provided by traditional telephone lines.

While availability and reliability of broadband continues to improve, Wisconsin is significantly behind other states when it comes to accessibility, speed and cost. The challenges Wisconsin faces with broadband contribute to decreased property values and less desirable homebuying options across our great state.

According to the national consumer broadband advocacy website, www.broadband.now, Wisconsin ranks as follows:

- Approximately 20% of Wisconsin is not covered by broadband.
- Wisconsin currently is 30th in the country for broadband availability, pricing and average download speeds.
- Compared to other Midwest states, Wisconsin is second to last, far behind Illinois (6), Michigan (19), Minnesota (20), Indiana (21) and Ohio (24). Iowa (45) is the only Midwest state with greater broadband challenges than Wisconsin.

TALKING POINTS

Expanded broadband coverage is necessary to grow our economy.

- To compete for economic development opportunities, grow our workforce, increase property values and expand our tax base, Wisconsin must make a significant investment in broadband.
- From healthcare and education to agriculture and business, every aspect of our society will continue to rely heavily on the use of broadband to perform essential functions.
- The increased demands of working remotely and distance learning make it essential for potential homebuyers to live where affordable, high-speed internet is available.

According to recent polling, broadband availability is necessary to increase property values and attract workforce to Wisconsin.

- Almost two-thirds, or 62%, of Wisconsinites said having broadband internet is either a top priority or the most important priority in buying a home.
- Approximately 50% would pay more for a home with broadband internet.
- 80% agree there is a need for high-speed internet across Wisconsin, and state government should prioritize bringing high-speed internet service to rural and underserved areas.

Broadband availability increases property values.

- Prior to 2020, broadband availability had nearly a 6% impact on property values, according to the National Association of REALTORS®.
- According to REALTORS® across Wisconsin, the impact of broadband on property values has risen significantly to almost 25%, due to growing broadband dependence during the last 12 months.

Learn more:

ACTION.WRA.ORG/GROW-BROADBAND-ACCESSIBILITY/

THANK YOU!

To all our attendees and our legislators

Don't forget to save the date for next year!

02/09/22

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4801 Forest Run Road
Madison, Wisconsin 53704
1-833-723-8245 / www.wra.org

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