



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 Outdated land use regulations drive up the cost of housing.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/