
State Capitol Update

Top 3 Priorities

Tom Larson, Executive Vice President
Wisconsin REALTORS® Association

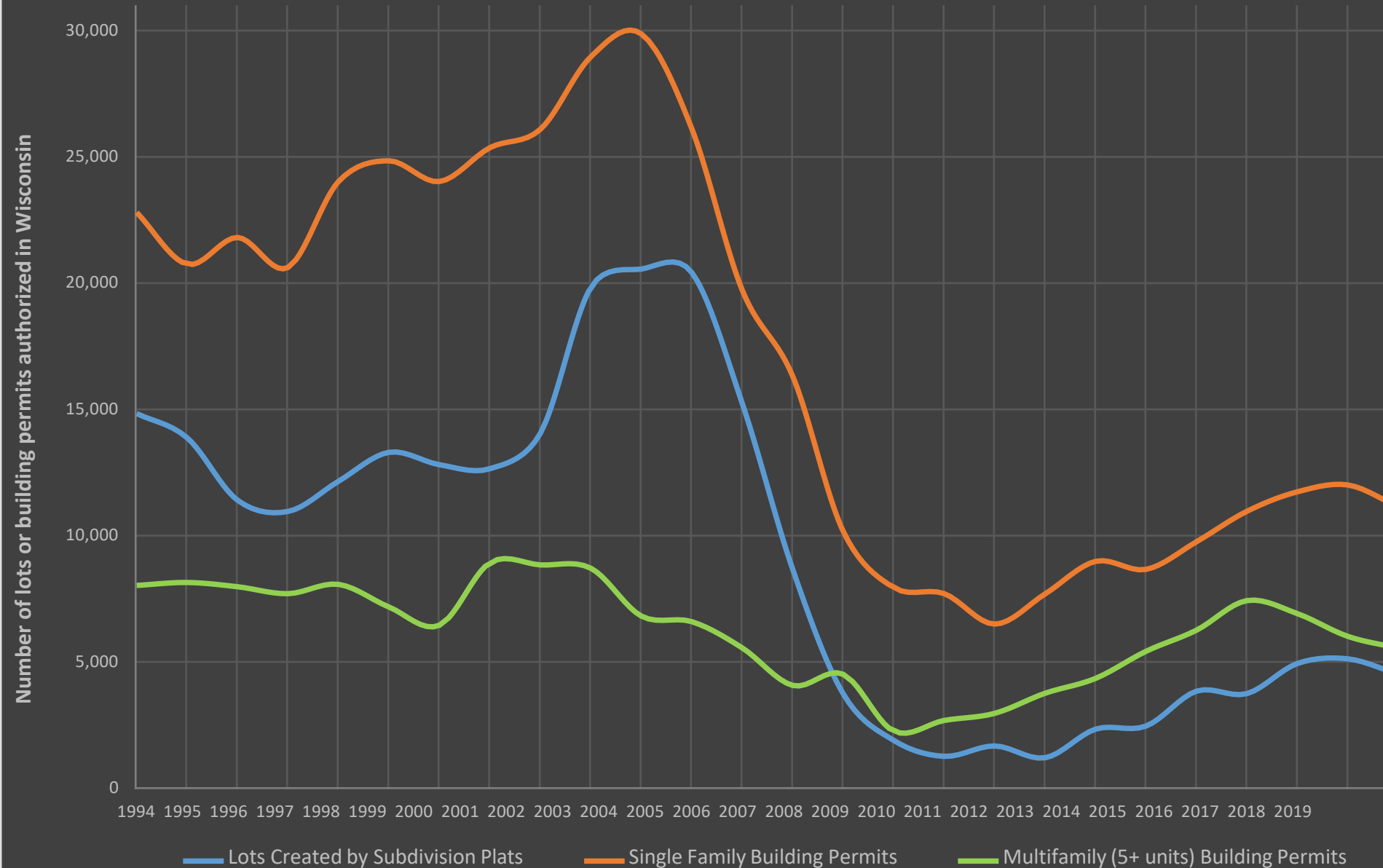
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Workforce Housing

State Budget & Legislative Session

- **WRA Message** = Increase supply of workforce housing to address major supply shortages throughout Wisconsin
- **Workforce housing** = supply of housing in a community that meets the needs of the workforce
 - **For renters**, up to 60 % of area median income (AMI)
 - **For owners**, up to 120 % of area median income (AMI)

Housing Construction and Subdivision Activity in Wisconsin have not Recovered from Great Recession, Remain at Historically Low Levels



1994-2004 per year:
14,225 lots
35,908 building permits

= 6.78 building permits
per 1,000 residents

2012-2019 per year:
3,552 lots
16,640 building permits

= 2.88 building permits
per 1,000 residents

Wisconsin's 20 Largest Counties Underproduced Over 20,000 Housing Units from 2006-2019

| | Growth in households (2006-2019) | Growth in housing units (2006-2019) | Housing "Underproduction" (2006-2019) | Previous Report Gap (2006-2017) |
|--------------------------------------|-------------------------------------|--|--|------------------------------------|
| Milwaukee County | 7,426 | 11,999 | | |
| Dane County | 43,063 | 31,997 | 11,066 | 11,206 |
| Waukesha County | 14,321 | 13,294 | 1,027 | 2,213 |
| Brown County | 12,323 | 9,770 | 2,553 | 1,661 |
| Racine County | 3,751 | 2,994 | 757 | |
| Outagamie County | 6,668 | 7,499 | | |
| Winnebago County | 4,364 | 5,581 | | |
| Kenosha County | 4,378 | 4,212 | 166 | |
| Rock County | 2,954 | 1,954 | 1,000 | 1,036 |
| Marathon County | 2,864 | 3,957 | | |
| Washington County | 5,290 | 5,021 | 269 | |
| La Crosse County | 3,873 | 4,629 | | |
| Sheboygan County | 2,116 | 1,814 | 302 | 332 |
| Eau Claire County | 2,122 | 3,757 | | |
| Walworth County | 4,936 | 3,268 | 1,668 | 537 |
| Fond du Lac County | 3,882 | 3,251 | 631 | 798 |
| St. Croix County | 3,515 | 4,255 | | |
| Ozaukee County | 3,152 | 2,590 | 562 | 827 |
| Dodge County | 2,187 | 1,692 | 495 | |
| Jefferson County | 2,718 | 2,586 | 132 | 1,228 |
| 20 Largest Wisconsin Counties | 135,903 | 126,120 | 20,628 | 19,838 |

Source: Author's calculations based on 2006 and 2019 1-year American Community Survey data, U.S. Census Bureau. Households are 1- or more persons who occupy a housing unit. Housing units include vacant structures for sale or rent.

State Budget - Workforce Housing Initiatives

- 1. Workforce Housing TIF Districts** – Increases % of housing allowed in a mixed-use TID (from 35% to 60%) if extra 25% is workforce housing (2019 AB 859/SB 811)
- 2. State Housing Tax Credit Program** – Increases funding (from \$42M to \$100M) for WHEDA's State Housing Tax Credit program.
- 3. Affordable Housing Development Fund** – Provides \$50M for local housing development funds.
- 4. First-time Homebuyers Tax Credit** – Creates a state tax-free savings account for first-time homebuyers.

Legislation - Workforce Housing Initiatives

1. Workforce Housing Tax Credit Program (AB 156/SB 172)–

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

2. Older Housing Rehabilitation Tax Credit (not yet introduced) –

Creates a tax credit up to \$15k/year (10% of up to \$150k spent) on rehab expenses on single-family, owner-occupied residences built before 1980 and have a fmV equal or less than median home price in the same county.

Broadband Expansion

State Budget

- **WRA Message** = Statewide Broadband Coverage Is A Necessity, Not A Luxury
- Prior to COVID-19, broadband availability had a **6% impact on property values** (National Association of REALTORS®).
- Today, broadband has an **estimated 25% impact on property values**.

Wisconsin Ranks Low In Broadband Service

Wisconsin ranks behind other states in broadband accessibility, speed, and cost. (www.broadbandnow.com)

- **20% (approx.) of Wisconsin is not covered by HSIS**
 - PSC indicates only 7% of WI population not covered
- **Ranks 30th in U.S.**
- **Ranks 2nd to last in Midwest**
 - Higher = Illinois (#6), Michigan (#19), Minnesota (#20), Indiana (#21), and Ohio (#24)
 - Lower = Iowa (#45)

Recent Polling

Wisconsin voters identify **expanded broadband coverage as a top priority** and recognize it as a necessity for K-12 students, workers, and the general public.

- 88% agree HSIS is necessary for K-12 students
- 84% agree HSIS is necessary for employees
- 80% agree HSIS is essential for households

When moving to a new home or apartment, almost two-thirds (62%) identify HSIS as the most important or a top priority, another 24% said it would be important (86% total)

State Budget - Broadband

Broadband Expansion – Provides over \$200M to expand broadband access throughout Wisconsin.

- 2019-2021 State Budget -- \$48M
- 2021-2023 State Budget Surplus -- \$1.9B
- Governor's Broadband Task Force identified 2025 as a goal date for statewide broadband coverage.

Property Taxes

State Budget

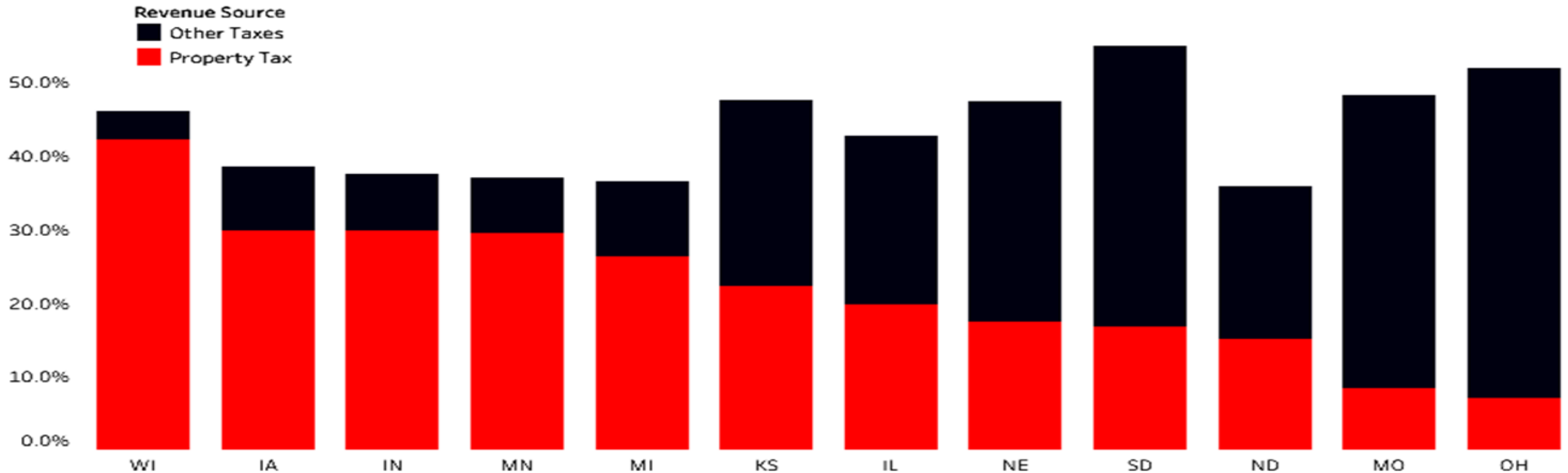
- **WRA Message** = Property Taxes Are Too High and Local Governments Must Have Alternative Funding Sources
- **The Property Tax Is Wisconsin's Largest Tax**
 - Property Tax = \$11.02B
 - Ind. Income Tax = \$8.48B
 - Sales Tax = \$5.45B
- **The Property Tax Is The Most Onerous Tax for Wisconsin Businesses and Homeowners**
 - 60% of voters feel property taxes are too high
 - 42% of voters would cut property tax (34% chose income tax, 22% chose sales tax)

5TH HIGHEST PROPERTY TAXES

| Rank (1=Lowest) | State | Effective Real-Estate Tax Rate | Annual Taxes on \$194K Home* | State Median Home Value | Annual Taxes on Home Priced at State Median Value |
|--------------------|---------------|--------------------------------|------------------------------------|----------------------------|--|
| 51 | New Jersey | 2.44% | \$4,725 | \$321,100 | \$7,840 |
| 50 | Illinois | 2.31% | \$4,476 | \$179,700 | \$4,157 |
| 49 | New Hampshire | 2.20% | \$4,257 | \$244,900 | \$5,388 |
| 48 | Connecticut | 2.07% | \$3,999 | \$270,100 | \$5,582 |
| 47 | Wisconsin | 1.94% | \$3,756 | \$169,300 | \$3,286 |

WI RELIES MOST ON PROPERTY TAX

Wisconsin Relies Most on Property Tax in Midwest
Property and other taxes as % of municipal revenue, 2015



Sources: U.S. Census Bureau, Willamette University

State Budget - Property Taxes

- **Property Tax Increase** -- Allows local governments and technical colleges to raise local levies by 2% or net new construction, whichever is higher.
- **Local Sales Tax Increase** – 0.5% sales tax increase option for both counties and municipalities with a population of 30K+
 - Must be passed by local referendum
 - No property tax relief requirement

Thank you.
