



To: Members, Senate Committee on Housing, Rural Issues and Forestry

From: Tom Larson, Executive Vice President

Date: May 18, 2023

Re: SB 293/AB 264, SB 294/AB 265, SB 295/AB 268 – Housing Financing Tools

REALTOR® Message – The WRA supports SB 293/AB 264, SB 294/AB 265, SB 295/AB 268, legislation aimed at creating new financing tools to fund (a) infrastructure investments for new housing, (b) the rehabilitation of older housing stock, and (c) the conversion of vacant commercial buildings into workforce housing.

Background -- Wisconsin employers are having difficulty recruiting workers to fill thousands of job openings due to a historic shortage of affordable housing options for workers. 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.

A recent study titled, “Falling Behind: Addressing Wisconsin’s Workforce Housing Shortage,” authorized by Professor Kurt Paulsen, UW-Madison, indicates that Wisconsin’s workforce housing shortage makes it harder for businesses to recruit or retain workers, harming Wisconsin’s economic competitiveness. Real estate is an economic development driver and housing that working families can afford must be available to attract and to retain employees and employers to Wisconsin communities.

Legislative Solutions – SB 293/AB 264, SB 294/AB 265, SB 295/AB 268 are aimed at limiting the ability of NIMBYs to stop or delay the development of new housing through all of the following:

1. Residential development infrastructure loan program (SB 293/AB 264)– Creates a loan program at the state level to fund infrastructure (street, water, sewer, sidewalks, etc.) for residential developments.
 - Loan terms – 0% interest up to 20% of total development costs (including land)
 - Eligible housing
 - Single-family or multi-family
 - Workforce housing or senior housing
 - To be eligible, a project must be located in a community that has done all the following:
 - In full compliance with state housing requirements
 - Updated housing element of a comprehensive plan
 - Housing affordability analysis
 - Lowered the cost of housing through regulatory reform
2. Main Street Residential Housing Rehab Loan Program (SB 294/AB 265)– Provides low-interest loans for the rehabilitation (windows, lead paint, electrical, plumbing, etc.) of second and third story apartments over main level businesses.

- Loan terms – 0% interest up to 20K/unit or 25% of total rehab costs, whichever is less
 - Eligible housing
 - Workforce housing; rental only
 - Located on second or third floor
 - Constructed before 1983 (40 years)
 - Has not been significantly improved w/in the last 30 years
 - To be eligible, a project must be located in a community that has done all the following:
 - In full compliance with state housing requirements
 - Updated housing element of a comprehensive plan
 - Housing affordability analysis
 - Lowered the cost of housing through regulatory reform
3. Vacant Commercial To Housing Conversion Loan Program (SB 295/AB 268)– Provides low-interest loans for the conversion of vacant commercial buildings to workforce housing.
- Loan terms – 0% interest up to 20% of total development costs (including land)
 - Eligible housing
 - Single-family or multi-family
 - Workforce housing or senior housing
 - Building must be vacant for 2+ years
 - Zoning must allow for 16+ units
 - To be eligible, a project must be located in a community that has done all the following:
 - In full compliance with state housing requirements
 - Updated housing element of a comprehensive plan
 - Housing affordability analysis
 - Lowered the cost of housing through regulatory reform

Talking Points

- **New infrastructure financing tools will help create more workforce housing, which is necessary attract workers to Wisconsin.** – With statewide housing inventory levels at historic lows and median home prices continuing to rise, Wisconsin has a major workforce housing shortage problem. Employers are often unable to successfully recruit new employees to fill job openings because affordable and attractive housing options are unavailable. New infrastructure financing tools will help increase the supply of workforce housing to help Wisconsin employers compete in the global marketplace, which will benefit our state and local economies.
- **Infrastructure financing tools can attract private investment to support the development of workforce housing.** By leveraging public funds with private investment, local communities can increase the supply of workforce housing without relying solely on government funding.
- **Infrastructure financing tools can support the development of mixed-use projects that combine workforce housing with other types of development, such as retail space or community facilities.** This can create more vibrant and livable neighborhoods that are accessible to people of all income levels.

We respectfully request your support for SB 293/AB 264, SB 294/AB 265, SB 295/AB 268. If you have questions or need additional information, please contact us.