

## PLEASE SUPPORT AB 39 / SB 40:

### *Housing Development Tax Credit Bill*

#### PRIORITY STATEMENT:

The Wisconsin Economic Development Association (WEDA) **SUPPORTS** Assembly Bill 39 / Senate Bill 40, important legislation that will enhance the current Wisconsin Low-Income Housing Tax Credit to better address the state's housing shortage and ultimately help Wisconsin employers recruit and retain workers. This simple, straightforward legislation would encourage the construction of much-needed multi-family housing that is affordable for Wisconsin workers and families.

#### BACKGROUND:

Like much of the nation, Wisconsin is currently experiencing a severe housing shortage, which has created a quality-of-life issue for Wisconsin residents and has magnified the significant workforce challenges faced by employers. The housing crisis touches every corner of the state and includes both a lack of owner-occupied housing and a shortage of rental units. In fact, according to a recent report, Wisconsin has a shortage of more than 120,000 rental units. Another new report by *Forward Analytics* found that Wisconsin needs to build up to 227,000 new housing units between 2020-30 to keep up with current demand, with most of the state's housing demands being driven by the need to accommodate younger individuals entering the workforce.

Simply put, there is not enough affordable housing to meet the needs of Wisconsin workers and their families. It is a key factor in the state's workforce shortage crisis and is a huge impediment to recruiting and retaining employees in the Badger State. WEDA believes it is critical for state policymakers to offer tools to help encourage the construction of needed housing in communities throughout the state.

#### BILL SUMMARY:

Under current law, the Low-Income Housing Tax Credit Program, which is administered by the Wisconsin Housing and Economic Development Authority (WHEDA), can allocate up to \$42 million in annual tax credits to spur the development of low-to-moderate income housing. AB 39 / SB 40 would increase the allowable amount of annual tax credits allocated by WHEDA to \$100 million. The bill also requires WHEDA, if possible, to direct at least 35% of the tax credits each year for housing projects in rural areas. In addition, the legislation expands eligibility for the tax credit program by removing the requirement that projects must be financed with tax-exempt bonds.

#### ACTION REQUESTED:

**Please support AB 39 / SB 40**, legislation to incentivize the construction of affordable housing for Wisconsin workers and families and to help ensure enough housing is being built to keep up with demand. If passed, this legislation will play a key role in addressing the state's housing crunch and the larger workforce shortage crisis that is threatening future economic growth.