

HOUSING IMPACT NOTE:

Re: 2009 SB 534 – Wisconsin Housing and Economic Development Authority (WHEDA) - Employer-Assisted Housing Program

SUMMARY:

This bill directs WHEDA to establish and administer a program to award tax benefits to an employer that implements a qualifying employer-assisted housing program. The bill defines an employer-assisted housing program as a plan established by the employer to pay for housing expenses, including closing costs, down payments, payments made to refinance a mortgage loan, or rental assistance paid on eligible property of an eligible employee, and costs to provide technical assistance to a participating employer. The employer-assisted housing program will be targeted to employees whose annual gross household income, adjusted for household size, does not exceed 120 percent of the area median gross household income, adjusted for household size. The participating employer may claim tax benefits in any year if, during that year, the employer incurs at least \$10,000 in qualified expenses. The employer may claim 50 percent of their qualified expenses or 90 percent, if the expenses are paid in connection with an employee purchase of an eligible property that is a foreclosure.

IMPACTS: Senate Bill 534 impacts housing in Wisconsin in the following ways:

- **Policies, strategies and recommendations of the state housing strategy plan.** The effect of this bill is consistent with the state Consolidated Plan priority to promote homeownership and affordability of housing. The state plan calls for preserving the availability of safe, sanitary housing for low and moderate income owners and improving the affordable rental housing and homebuyer opportunities for all households, especially those with severe residential cost burdens. The state's consolidated plan also prioritizes increasing economic opportunity in our communities, focusing on both workers and businesses. This bill will help address the need for affordable housing in Wisconsin for working families. According to the Joint Center for Housing Studies of Harvard University's report, "The State of the Nation's Housing 2008," high housing costs challenge many working Americans. Approximately 19 percent of severely burdened households have two or more full-time workers. Furthermore, for homeowners earning more than the area median income, the likelihood of being housing cost-burdened nearly doubled between 2001 and 2006. The UW Extension publication, "Wisconsin Families and the Communities Where They Live 2004," notes that while the cost of housing has increased, incomes have not. Working people are struggling to find affordable housing. In high-cost markets, employers are having a difficult time recruiting and retaining employees who can afford to purchase homes near their jobs. This bill will address the workforce housing challenges in communities across Wisconsin by encouraging employers to create employer-assisted housing programs which, according to studies, reduce employee commute time, reduce absenteeism and tardiness, promote employee morale, and stabilize communities. The funds generated by this bill may help to address federal housing program match obligations.

- **Cost of constructing, rehabilitating, improving, or maintaining dwellings.** Wisconsin's low- and moderate-income families often struggle with obtaining affordable housing. According to the National Low Income Housing Coalition study, "Out of Reach, 2004," an individual in Wisconsin would need to earn \$12.22 per hour working 40 hours a week to afford the HUD fair market rent for a two bedroom unit at 30% of income. Households in the low-income range have great difficulty finding adequate housing within their means and that accommodate their needs. This bill creates an incentive for employers to provide rent assistance and homebuyer assistance to low- and moderate-income employees. Finally, this bill offers additional incentives for the purchase of foreclosed homes. These incentives will help place foreclosed homes back into service and revitalize neighborhoods which have been impacted by the foreclosure crisis.
- **Housing costs for housing occupied by the owner** The bill creates an employer-assisted housing program, which will provide incentives to employers to offer housing assistance to their employees. The housing assistance targeting home ownership includes closing costs, down payments, and payments made to refinance a mortgage loan, which will encourage homeownership and assist low- and moderate-income families retain their homeownership status in today's tight housing credit market. This bill provides homebuyer assistance to employees whose annual gross household income, adjusted for household size, does not exceed 120 percent of the area median gross household income. Illinois implemented an employer-assisted tax credit housing program in 2000. Since the programs' implementation, more than 40 businesses have joined the program and more than 1,800 employees have purchased homes. SB 534 should help achieve Wisconsin's goal of creating affordable housing and increasing homeownership or affordable rental opportunities.

Prepared by Dept. of Commerce on 2/26/02 by;
Tarna Gahan-Hunter 608-267-9382
Marty Evanson 608-267-2713